

CNSOPB



CANADA-NOVA SCOTIA
OFFSHORE PETROLEUM BOARD

2023 - 2024 ANNUAL REPORT

Introduction

The Canada-Nova Scotia Offshore Petroleum Board (CNSOPB) Annual Report is produced digitally, with printed copies available upon request. Additional information on our team and what we do is available on our website at www.cnsopb.ns.ca.

The CNSOPB encourages the public to check the [CNSOPB website](#), X (formerly known as Twitter) ([@CNSOPB](#)), and [CNSOPB LinkedIn](#) accounts regularly for the latest news and to stay up-to-date on the regulation of oil and gas activity in the Canada-Nova Scotia offshore area.

Should any of the links in this year's Annual Report fail to lead you to the correct page, please go to the main page of the [CNSOPB website](#) and search by specific interest or contact us directly by email to info@cnsopb.ns.ca or by phone at 902-422-5588.

Should you wish to obtain a printed copy of the 2023-2024 Annual Report, please submit your request by email to info@cnsopb.ns.ca or by phone at 902-422-5588.

CNSOPB Organization

Board

Our Board consists of up to seven members who are appointed for fixed terms of office. The Chair is jointly appointed by both the Government of Canada and the Government of Nova Scotia. Each Government may appoint two Board members, and each Government may also appoint one alternate Board member. The term for each appointment is six years.

Board Member	Appointment Type
Barbara Pike	Chair
Corrina Bryson	Federal Board Member
Bernard Miller	Federal Board Member
Dr. Tareq Al-Zabet	Alternate Federal Board Member
Jim MacDonald	Provincial Board Member
Roger Percy	Provincial Board Member
Robert MacQueen	Alternate Provincial Board Member

Staff

Reporting to our Board is the Chief Executive Officer, Christine Bonnell-Eisnor, who is responsible for leading the day-to-day operations of our organization, with a total staff complement of 22 personnel with a wide range of expertise and skills, including health, safety, environmental protection, resource and lands management, engineering, geoscience, governance, policy development, finance, information management, human resources, communications, industrial benefits and corporate administration. Learn more [here](#).

Table of Contents – 2023-2024 CNSOPB Annual Report

Message from the Chief Executive Officer	1
1.0 Summary of Offshore Work and Activities	2
1.1 Authorization Process	2
1.2 Sable Offshore Energy Project Post-Abandonment Monitoring	2
1.3 Authorizations and Approvals	3
1.4 Monitoring and Oversight	3
1.5 Preparing for the Offshore Renewable Energy Mandate Expansion.....	4
2.0 Health, Safety and Environmental Protection	7
2.1 Safety Performance	7
2.2 Environmental Performance.....	8
2.3 Environmental Compliance Monitoring.....	9
2.4 Environmental Assessments	9
3.0 Rights Management	10
3.1 Call for Bids for Exploration Licences and Licensing Update	10
4.0 Resource Management.....	12
4.1 Geoscience, Resource Management and Resource Assessment Studies	12
5.0 Industrial Benefits	12
5.1 Sable Offshore Energy Project.....	12
6.0 Regional, National and International Collaboration.....	12
7.0 Information Services	13
8.0 Financial Statements.....	14

Message from the Chief Executive Officer

In May 2023, [Bill C-49](#), an Act to amend the *Canada-Newfoundland and Labrador Atlantic Accord Implementation Act* and the *Canada-Nova Scotia Offshore Petroleum Resources Accord Implementation Act* was introduced in the House of Commons and is undergoing legislative review. Once the *Accord Acts* amendments are brought into force, the mandate of the CNSOPB will be expanded to include regulation of offshore renewable energy in the Canada-Nova Scotia offshore area. The CNSOPB's name will change to the Canada-Nova Scotia Offshore Energy Regulator (CNSOER). The CNSOPB is actively preparing for the passage of Bill C-49 and will be ready to be the lead and lifecycle offshore energy regulator in the Canada-Nova Scotia offshore area and deliver on this expanded mandate. We are trusted and recognized for the high standards to which we hold the oil and gas industry accountable, and we will continue to deliver regulatory excellence in our mandate expansion to offshore renewable energy.

In anticipation and in preparation for taking on these important new regulatory responsibilities, our mission, vision, and values were reviewed and updated and we developed our [five-year strategic plan](#) that describes our strategic priorities for 2024-2029. These strategic priorities will ensure that we continue to focus and deliver on our current mandate and properly prepare for our expanded mandate as the offshore energy regulator and the first offshore wind Call for Bids anticipated to occur in 2025.

We continue to engage with Indigenous groups, the fishing sector, the public, and other stakeholders and to support the many government-led initiatives currently underway to refine and modernize the offshore energy regulatory regime.

During the 2023-2024 fiscal year, our staff conducted oversight of post abandonment monitoring of the Sable Offshore Energy Project operated by ExxonMobil Canada Ltd. This review is now complete, the Operations Authorization has been revoked, and the project closed.

Call for Bids NS22-1 resulted in one successful bid; however, the federal Minister of Energy and Natural Resources and the provincial Minister of Natural Resources and Renewables jointly set aside (vetoed) the fundamental decision to issue an Exploration Licence. The Ministers' joint statement about this decision was posted on the [CNSOPB's website](#).

In 2023-2024 we also reviewed our organizational structure and skills to determine the required changes for the future growth, development, and success of the organization as our mandate expands. We also implemented enhancements to our online digital Data Management Centre and loaded legacy data to help prepare for offshore renewable energy projects.

I would like to acknowledge the hard work and dedication of our staff and Board Members. Our team is comprised of passionate, diligent, and exceptional people who are committed to taking on the challenges and seizing the opportunities over the coming years. Because of our technical and regulatory experience and expertise, I am confident we will continue to deliver results as an independent and competent regulator.



Christine Bonnell-Eisnor, P. Eng., ICD.D
Chief Executive Officer

1.0 Summary of Offshore Work and Activities

1.1 Authorization Process

No petroleum-related activity can take place in the Canada-Nova Scotia offshore area without a specific authorization from the CNSOPB. Operators undergo a rigorous process prior to the CNSOPB issuing any authorization, which includes submission of a comprehensive suite of documents, including but not limited to (as applicable), for review and acceptance:

- Summary of Proposed Operations;
- Safety Plan;
- Certificate of Fitness;
- Project-Specific Environmental/Impact Assessment (EA/IA), which includes opportunities for public input;
- Environmental Protection Plan;
- Emergency Response, Spill Response, and Contingency Plans;
- Canada-Nova Scotia Benefits Plan;
- Financial Requirements; and
- Declaration of Operator.

The CNSOPB requires Operators to conduct audits and inspections of all vessels and installations (e.g., drilling units, production units, heavy lift vessels, supply, and support vessels) to be used in any program prior to the granting of an authorization. In addition, the CNSOPB conducts its own independent audits and inspections as part of the authorization process.

1.2 Sable Offshore Energy Project Post-Abandonment Monitoring

After 19 years of production, cessation of production at Sable Offshore Energy Project (SOEP) occurred on December 31, 2018. SOEP safely produced gas for almost two decades, within sight of the Sable Island National Park Reserve, without significant adverse environmental impacts. All production facilities were removed by November 2020.

In the late summer/fall of 2021, ExxonMobil conducted post-abandonment monitoring to re-confirm the integrity of the SOEP well plugging and abandonment program and to confirm that there was nothing on the seabed that could pose a potential hazard to other commercial ocean users. On September 18, 2021, during this initial post-abandonment monitoring program, small bubbles of methane gas were observed to be intermittently released from the abandoned well. Since this initial observation, ExxonMobil conducted six additional monitoring programs, three in 2022 and three more in 2023, of the abandoned Alma 2 well location to further observe, investigate and gather data on the condition of the well.

The data collected during the three 2023 monitoring programs confirmed a decreasing trend in methane gas releases to zero, with no bubbles of methane observed during the September 2023 monitoring program.

After assessing the remotely operated vehicle (ROV) videos from all seven programs, their associated logs, the isotopic analyses of gas samples, and the third-party commissioned reports that utilized the acquired data, the CNSOPB was satisfied that no further monitoring is required at Alma 2 and the post-abandonment monitoring requirements have been met. The Operations Authorization for the SOEP was revoked in February 2024, and the project officially closed.

1.3 Authorizations and Approvals

In the 2023-2024 fiscal year, the authorizations and approvals issued by the CNSOPB were three amendments for the Alma 2 post-abandonment monitoring programs. Following completion of these programs, the CNSOPB revoked ExxonMobil’s Operations Authorization and the project was officially closed.

Figure 1 provides a summary of work activity authorization applications that were submitted and approved between April 1, 2023, and March 31, 2024.

Figure 1: Authorizations and Approvals 2023-2024

<u>Date Issued</u>	<u>Operator</u>	<u>Authorization</u>
May 31, 2023	ExxonMobil	Operations Authorization – Removals (Amendment)
July 18, 2023	ExxonMobil	Operations Authorization – Removals (Amendment)
September 18, 2023	ExxonMobil	Operations Authorization – Removals (Amendment)

1.4 Monitoring and Oversight

For the duration of a project, the CNSOPB has an effective monitoring and oversight program to evaluate Operator compliance with regulatory requirements while authorized petroleum-related work activities are being conducted. Operators are required to submit reports (daily, monthly, quarterly, and/or annually) detailing the status of their work programs, along with other documentation to demonstrate ongoing compliance with regulatory requirements. Additionally, CNSOPB Occupational Health and Safety Officers, Operational Safety Officers and Conservation Officers perform audits and inspections. A summary of these audits and inspections is updated quarterly on the [CNSOPB website](#).

Operators found to be noncompliant may face enforcement action, including facilitated compliance, issuance of orders or directives, cancellation or suspension of authorizations or approvals, monetary penalties, and/or prosecution through the courts.

In 2023-2024, all application documentation for the amendments to the Operations Authorizations – Removals were reviewed to ensure that activities would be conducted to the high safety, environmental and operational standards required by the regulations. All results of the monitoring programs were reviewed by CNSOPB staff to determine if the programs were conducted in compliance with accepted plans and to review the results of the programs for decision-making.

1.5 Preparing for the Offshore Renewable Energy Mandate Expansion

On [April 11, 2022](#), the Governments of Canada and Nova Scotia announced their intention to expand the CNSOPB's mandate to include the regulation of offshore renewable energy. During the 2023-2024 fiscal year, the CNSOPB participated in meetings and working groups with both Governments and provided input as requested related to this mandate expansion. The CNSOPB also collaborated with the Canada-Newfoundland and Labrador Offshore Petroleum Board (C-NLOPB) and the Canada Energy Regulator in preparation for the expanded mandate and was also guided by the CNSOPB's internal Offshore Renewable Energy Transition Plan.

In the transition to become the regulator for offshore renewable energy, the CNSOPB continues to participate in regional, national, and global groups and organizations, as well as working with other global offshore renewable energy regulators. The CNSOPB is a member of the Global Offshore Wind Regulators Forum, which provides participating organizations the opportunity to share best practices, important information, resources, and experiential learning on the regulation of offshore wind projects and resources.

In 2024, the CNSOPB joined the Management of Ocean Noise by Multinational Energy Regulators (MONMER), which focuses on the effects of ocean noise on marine wildlife. The CNSOPB also participates in the newly formed International Regulators' Forum Offshore Renewable Energy Subcommittee (IRFORES) to build awareness and competency in respect of safety risks in offshore renewables.

The CNSOPB will continue to be involved as an active participant in the above and similar forums. Members of the senior leadership team and key staff have also participated in webinars, conferences, meetings, and other learning opportunities to advance knowledge of offshore renewable energy, in particular offshore wind energy.

On [May 30, 2023](#), the Honourable Jonathan Wilkinson, federal Minister of Energy and Natural Resources, in partnership with the Governments of Nova Scotia and Newfoundland and Labrador introduced Bill C-49, An Act to amend the *Canada-Newfoundland and Labrador Atlantic Accord Implementation Act* and the *Canada-Nova Scotia Offshore Petroleum Resources Accord Implementation Act* and to make consequential amendments to other Acts. The amendments included in Bill C-49 set the legislative framework to expand the CNSOPB's mandate to include the regulation of offshore renewable energy. Throughout the 2023-2024 fiscal year, Bill C-49 continued to progress through the legislative process, which is detailed on the [Parliament of Canada's website](#).

On February 5, 2024, the CNSOPB's CEO, Christine Bonnell-Eisnor, and Board Chair, Barbara Pike, appeared as witnesses before the House of Commons Standing Committee on Natural Resources to discuss Bill C-49. Ms. Bonnell-Eisnor's opening statement to this Committee is posted to the [CNSOPB website](#).

Tim Houston, the Premier of Nova Scotia, announced on [September 20, 2022](#) that the first offshore wind Call for Bids will be in 2025 and that the Province of Nova Scotia has set a target to offer licences for five gigawatts of offshore wind energy by 2030. Throughout the 2023-2024 fiscal year, CNSOPB staff have been following the [Regional Assessment of Offshore Wind Development in Nova Scotia](#), as led by the Independent Committee appointed by Governments of Canada and Nova Scotia, and working with governments to understand and develop the process for the CNSOPB to administer the first offshore wind Call for Bids on behalf of governments.

With respect to Indigenous engagement, we continue to follow the processes established in the [Memorandum of Understanding](#) with Governments related to every organization's role with respect to the Crown's Duty to Consult and accommodate Aboriginal peoples in relation to offshore oil and gas activities in the Canada-Nova Scotia offshore area. In 2023-2024, we began discussions with Governments regarding the role of the CNSOPB in Indigenous engagement for offshore renewable energy. These discussions will continue in the new fiscal year. We provided Indigenous training to CNSOPB staff and Board Members with several training sessions held in the 2023-2024 fiscal year by external parties.

The CNSOPB's Fisheries Advisory Committee continues to meet regularly and in 2023-2024 the CNSOPB facilitated discussions between the Fisheries Advisory Committee and governments regarding offshore renewable energy matters (specifically offshore wind). The Fisheries Advisory Committee's Terms of Reference is in the process of being reviewed to incorporate consideration of offshore renewable energy and the work is expected to be completed before the CNSOPB's regulatory mandate is expanded.

In preparation for taking on these important future regulatory responsibilities through our expanded mandate, our mission, vision, and values were reviewed and updated to reflect our upcoming role as an offshore energy regulator. A five-year strategic plan (2024-2029) was developed that detailed three strategic priorities that will help the CNSOPB achieve its mission and vision as it transitions to become the Canada-Nova Scotia Offshore Energy Regulator (CNSOER). This strategic plan is posted on the [CNSOPB website](#) and has been shared with Indigenous groups, our Fisheries Advisory Committee, and other stakeholders.

Figure 2 provides a summary of the 2024-2029 Strategic Plan, outlining the CNSOPB's strategic priorities that were developed to help achieve our mission and vision.

MISSION

Independent regulatory oversight of offshore energy development.

VISION

A trusted regulator for the safe and environmentally responsible lifecycle development of offshore energy.

VALUES



INTEGRITY

We follow the principles of fairness, trust, and accountability.



INCLUSIVITY

We recognize the importance of equity, diversity, and inclusion.



TRANSPARENCY

We will provide clear information on risk-based decisions, operations, and actions.



INNOVATION

We continue to learn, adapt, and transform.



EXCELLENCE

We are an efficient regulator who recognizes the importance of engagement, effective teamwork, and professional development.



COLLABORATION

We engage with Indigenous groups, fishers, stakeholders, communities, and the offshore workforce to foster trust and confidence in decision making.

STRATEGIC PRIORITIES

MANAGING CHANGE

Predicting, preparing for, adapting to, and embracing change in our legislative mandate, regulatory activities, and organizational practices to innovate and keep pace with the evolving global landscape.

ORGANIZATIONAL EXCELLENCE

Promote a culture of learning, engagement, and collaboration with a focus on continual improvement. Provide access to the necessary information, tools, and systems required for informed decision-making and regulatory oversight.

INFORMATION & TECHNOLOGY TRANSFORMATION

Developing and enhancing a framework for managing information and technology in a way that aligns with our mission, legal requirements, and regulatory obligations. This transformation will encompass people, processes, and technology to ensure that information is accurate, reliable, accessible, and secure.

Figure 2 – CNSOPB’s Mission, Vision, Values and 2024-2029 Strategic Priorities

2.0 Health, Safety and Environmental Protection

2.1 Safety Performance

In 2023-2024, approximately 6,895 person hours were worked under CNSOPB authority in the Canada-Nova Scotia offshore area, all of which were related to the post-abandonment monitoring programs at the Alma 2 well location.

CNSOPB Occupational Health and Safety Officers and Operational Safety Officers follow up on all employee injuries and other incidents to ensure that root causes are identified and that necessary corrective actions have been taken to prevent reoccurrence. Disabling injury statistics and person hours are shown in **Figure 3**. There were no disabling injuries in the 2023-2024 fiscal year.

Figure 3: Disabling Injury* Statistics

Number of Disabling Injuries	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Installations	3	1	2	0	0	0
Vessels	1	0	1	0	0	0
Aviation	0	0	0	0	0	0
Personnel Transport	0	0	0	0	0	0
Total	4	1	3	0	0	0

Person Hours	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Installations	1,336,712	694,470	894,169	0	0	0
Vessels	452,087	294,194	203,329	46,908	5,021	6,895
Aviation	6,992	2,628	970	0	0	0
Personnel Transport	24,980	10,312	5,845	0	0	0
Total	1,820,771	1,001,604	1,104,313	46,908	5,021	6,895

Frequency Rate (Per 200,000 Person Hours)**	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Installations	0.45	0.29	0.45	0	0	0
Vessels	0.44	0	0.98	0	0	0
Aviation	0	0	0	0	0	0
Personnel Transport	0	0	0	0	0	0
Total	0.44	0.20	0.54	0.00	0.00	0.00

Continued from previous page.

* *Injury statistics are based on the term “disabling injury,” which means an employment injury or an occupational disease that (a) prevents an employee from reporting for work or from effectively performing all the duties connected with the employee’s regular work on any day subsequent to the day on which the disabling injury occurred, whether or not that subsequent day is a working day for that employee, (b) results in a loss by an employee of a body member or part thereof or in a complete loss of its usefulness, or (c) results in the permanent impairment of a body function of an employee.*

** *The frequency rate is calculated by dividing the number of disabling injuries by the number of person hours and multiplying by 200,000.*

Refer to our [Quarterly Disabling Injury Statistics](#) for more information.

Offshore activity safety performance and the CNSOPB’s activities to administer and enforce the offshore occupational health and safety regime are a focus of the Canada-Nova Scotia Offshore Area Occupational Health and Safety Advisory Council (OHS Advisory Council). The OHS Advisory Council meets twice per year and is made up of representatives of the Governments of Canada and Nova Scotia and the CNSOPB, as well as minister-appointed industry and employee representatives. CNSOPB staff also meet quarterly with government representatives to discuss occupational health and safety matters.

2.2 Environmental Performance

Operators must report spills and unauthorized discharges that occur in the Canada-Nova Scotia offshore area. Each spill and/or unauthorized discharge is reviewed by CNSOPB Conservation Officers, with an emphasis on prevention of recurrence. Staff conduct trends analysis of spill incidents on a regular basis. If a trend with a particular installation or piece of equipment is observed, the Operator is notified, and appropriate follow-up is conducted to ensure concerns are addressed.

In 2023-2024, no new spills or unauthorized discharges occurred (**Figure 5**). The small, intermittent release of methane bubbles from the Alma 2 well, initially observed in 2021, remained low and exhibited a decreasing trend, with zero bubbles of methane observed during the last monitoring program. Geochemical analysis of the gas samples collected during well monitoring indicated the bubbles were primarily methane gas with no liquid hydrocarbons and the estimated volume of methane gas released did not exceed 15 litres per day. No methane gas or sheens were detected at the water’s surface. The other 20 former SOEP production wells were monitored, and no issues or leaks were observed.

The spills to the sea described in **Figure 4** relates to the Alma 2 well. For more information on the low rate of release for the Alma 2 well, refer to the Spills to the Sea Reports on the [CNSOPB website](#).

Figures below are continued from previous page.

Figure 4: Spills to the Sea (L=Litres) in 2023-2024

Material	Less than 1L	1-10L	1L-150L	Greater than 150L	Total
Natural Gas (Methane)	-	-	-	1	1
Total	-	-	-	1	1

Refer to the [2023-2024 Spills to the Sea Report](#) for more information.

Figure 5: Unauthorized Discharges to the Sea (L=Litres) in 2023-2024

Material	Less than 1L	1-10L	1L-150L	Greater than 150L	Total
Non-Hydrocarbon Hydraulic Fluid	-	-	-	-	0
Total	-	-	-	-	0

Refer to [the 2023-2024 Unauthorized Discharges Report](#) for more information.

2.3 Environmental Compliance Monitoring

During the post-abandonment monitoring programs at the Alma 2 well, CNSOPB staff continued to monitor all operations to ensure they were conducted in compliance with environmental requirements.

2.4 Environmental Assessments

Strategic Environmental Assessments

Prior to issuing a Call for Bids within a given area, the CNSOPB typically conducts Strategic Environmental Assessments (SEAs) to identify specific environmental sensitivities, and to provide a preliminary assessment of potential mitigation measures that may be required, should exploration activity be proposed within the area in the future. The completion of a SEA provides early opportunities for input from Indigenous communities, interested stakeholders, and the public in advance of the CNSOPB’s consideration of the issuance of Exploration Licences within the study area, and are published on the CNSOPB website to inform Indigenous communities, interested stakeholders, potential bidders, and the public. No new SEAs were written or updated in the 2023-2024 fiscal year.

CNSOPB SEAs are reviewed and updated as appropriate. To view the current and archived SEAs, click [here](#).

Project-Specific Environmental Assessments

No new Environmental/Impact Assessments (EAs/IAs) were completed for work in the Canada-Nova Scotia offshore area this year. An archive of previously completed EAs are published on the [CNSOPB website](#).

3.0 Rights Management

3.1 Call for Bids for Exploration Licences and Licensing Update

Call for Bids NS22-1 was announced on September 29, 2022, and included five deep-water parcels located on the central Scotian Slope and three shallow-water parcels located in the Sable Subbasin. The CNSOPB invited Indigenous communities and the public to provide written comments during a 60-day public comment period for Call for Bids NS22-1, which closed on November 28, 2022. A written comments summary report for Call for Bids NS22-1 is available on the [Call for Bids NS22-1 website](#).

On September 19, 2023, Call for Bids NS22-1 closed, and two bids were submitted to the CNSOPB prior to closing. One bid was received for Parcel #5 and one bid was received for Parcel #8.

For a bid to be considered for Parcels #1 to #5, the terms and conditions of Call for Bids NS22-1 required each bid to be accompanied by a confirmation of operating experience that satisfies the CNSOPB that the bidder, its parent company or an affiliated company has operated, or has been a joint operator, in the drilling of exploration wells in water depths greater than 800 meters in the past ten years. Upon review of the information submitted by the bidder for Parcel #5, the CNSOPB determined that the bidder did not demonstrate that it satisfied this requirement and, therefore, the bid remained sealed and was returned to the bidder. Parcel #5 remains as Crown land.

Inceptio Limited was the successful bidder for Parcel #8 with a \$1,500,000 CAD Work Expenditure Bid. On December 4, 2023, the federal Minister of Energy and Natural Resources and the provincial Minister of Natural Resources and Renewables jointly set aside (vetoed) the fundamental decision pertaining to the issuance of the Exploration Licence 2437 for Parcel #8 to Inceptio Limited. The news release can be found on the [Government of Nova Scotia's website](#). More information about the decision was posted on the [CNSOPB's website](#). Following this decision, the work expenditure bid deposit received by the CNSOPB was returned to Inceptio Limited and Parcel #8 remains as Crown land.

There were no changes to the number of Exploration Licences, Significant Discovery Licences or Production Licences during the past year.

Figure 6: Interests in the Canada-Nova Scotia Offshore Area

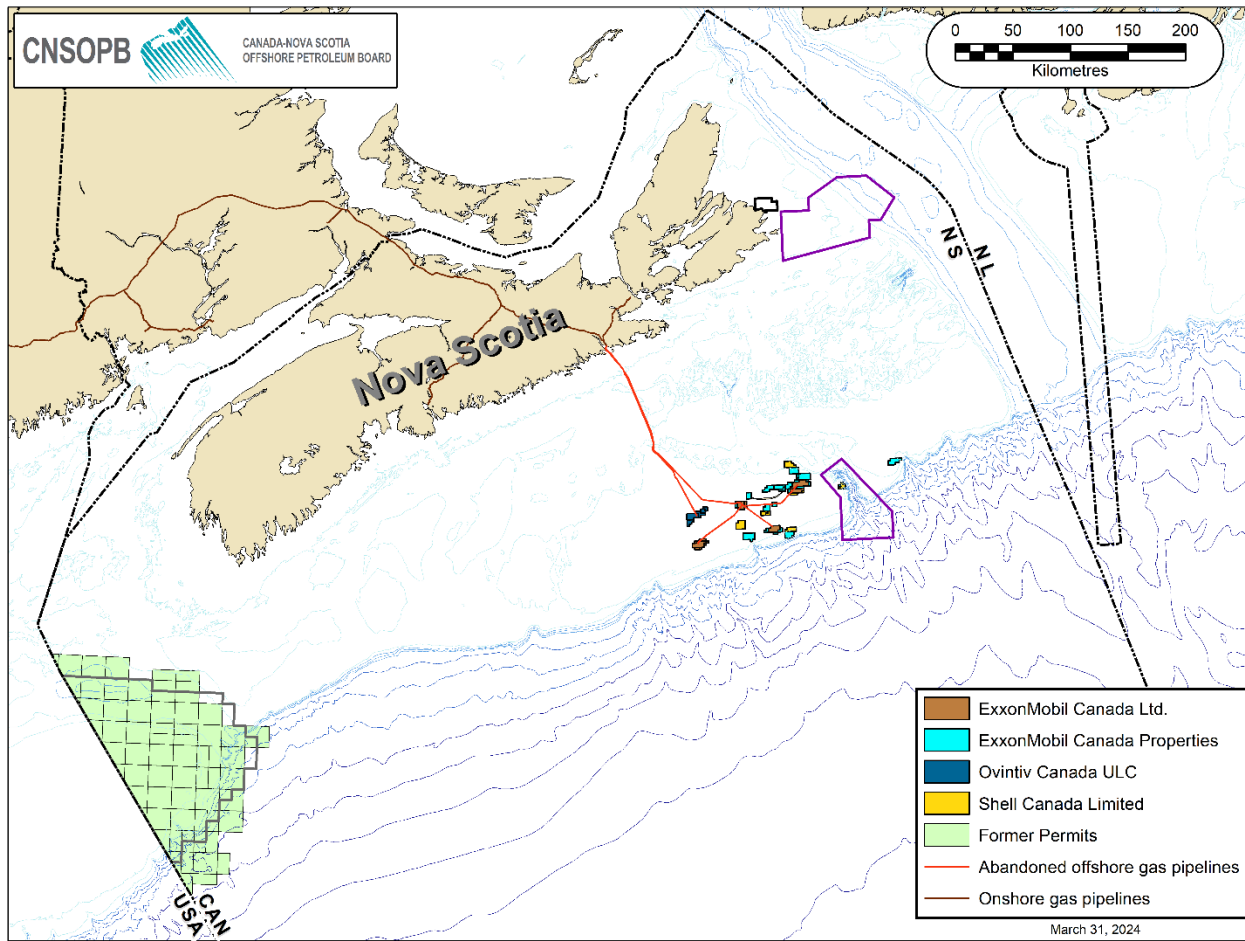


Figure 6 shows the active licences in the Canada-Nova Scotia offshore area as of March 31, 2024. Additional maps, tables, and information specific to all active and inactive licences, Exploration Licences, Significant Discovery Licences and Production Licences in the Canada-Nova Scotia offshore area is published to the [CNSOPB website](https://www.cnsopb.ca).

4.0 Resource Management

4.1 Geoscience, Resource Management and Resource Assessment Studies

During the 2023-2024 year, CNSOPB staff continued to progress work on a regional petroleum resource assessment of the entire Canada-Nova Scotia offshore area, which will be used to help inform Governments' future marine spatial planning efforts. This regional resource assessment is expected to be completed by May 2024.

A resource management study of SOEP was completed and posted to the [CNSOPB website](#) in May 2023. This study described the CNSOPB's regulatory oversight of the project, and the analyses conducted by CNSOPB staff to ensure waste of the petroleum resources did not occur and documented key resource management lessons learned.

During the year, CNSOPB staff continued to collaborate and support the Nova Scotia Department of Natural Resources and Renewables' and the Offshore Energy Research Association's (now Net Zero Atlantic) Offshore Growth Strategy. These collaborations included providing geosciences advice and expertise and conducting detailed seismic interpretation at both the regional and field-scale levels. Staff collaborations on these geoscience projects are expected to support new projects throughout 2024.

5.0 Industrial Benefits

More information on Canada-Nova Scotia benefits, including benefits plans and annual benefits reports filed by producing Operators, can be found on the [CNSOPB website](#).

5.1 Sable Offshore Energy Project

ExxonMobil was required to file an annual benefits report with the CNSOPB. As stated in the report submitted to the CNSOPB for the period ending December 31, 2023, SOEP has spent more than \$3.3 billion in Nova Scotia to date; \$1.5 billion has been spent in the rest of Canada, with overall Canadian spending totaling \$4.8 billion. Cumulatively, Nova Scotian person hours amounted to more than 27.4 million, while the rest of Canada totaled more than 4.6-million-person hours.

6.0 Regional, National and International Collaboration

In addition to the established relationships described in CNSOPB's Memoranda of Understanding with various organizations, the CNSOPB participates in regional, national, and international committees and attends relevant conferences, forums, and symposiums to stay up to date and ensure that the appropriate safety, environmental, operational, and regulatory practices are being used in the Canada-Nova Scotia offshore area. In addition to being involved with Governments, Indigenous groups, fishing representatives and other offshore stakeholders on a variety of committees, including the Fisheries Advisory Committee, Marine Protected Area Advisory Committees, the Crown Oversight Committee, and the Benefits Review Committee, the CNSOPB conducts engagement with Indigenous groups, the fishing sector, other interested stakeholders, and the public as part of its regulatory activities, including the Call for Bids cycle.

During the 2023-2024 fiscal year, CNSOPB staff participated in the International Regulators' Forum mid-year meeting and annual general meeting, as well as the International Offshore Petroleum Environmental Regulators mid-year and annual general meeting and working group meetings. The CNSOPB also participated in Environmental Studies Research Fund Management Board meetings as well as a meeting of the fund's East Coast Advisory Committee. Participation in these groups allows the CNSOPB to benefit from both local and global perspectives and experiences from other offshore regulators as the CNSOPB looks to continuously improve its regulatory competency.

CNSOPB staff provided support to Transport Canada on the International Maritime Organization (IMO) working group tasked with preparing a new International Code of Safety for Diving Operations, 2023 (2023 Diving Code). CNSOPB staff provided support to the government-led initiative to modernize the offshore petroleum regulatory framework via the performance-based Framework Regulations (Canada Gazette, Part II published in February 2024, taking effect in October 2024). CNSOPB staff have collaborated with the C-NLOPB in preparing a suite of guidelines for the Framework Regulations. CNSOPB staff also collaborated with the C-NLOPB, industry, and workforce stakeholders in updating the "Atlantic Canada Offshore Petroleum Industry Code of Practice for the Training and Qualifications of Personnel," found on the [CNSOPB website](#), and the "Safe Lifting Practice Respecting the Design, Operation and Maintenance of Materials Handling Equipment". CNSOPB staff participated in regional committees such as the Atlantic Canada Offshore Petroleum Training and Qualifications Committee, the Well Operations Committee, and the Helicopter Offshore Safety Committee to maintain awareness of developing issues and to help ensure consistent approaches to safety in the offshore areas.

The CNSOPB is a member of the Global Offshore Wind Regulators Forum; the Management of Ocean Noise by Multinational Energy Regulators (MONMER); and the International Regulators' Forum Offshore Renewable Energy Subcommittee (IRFORES).

CNSOPB staff also participated in offshore renewable energy related conferences over the course of the 2023-2024 fiscal year. This includes the Offshore WINDPOWER Conference and Exhibition, a Germany Offshore Wind Study Tour, Offshore Wind Europe Conference, the Marine Renewables Canada 2023 Conference, the Offshore Energy Exhibition and Conference, the Annual United States Wind Energy Standards Summit 2024, and a variety of other webinars and workshops. This participation has been crucial in helping staff prepare for the upcoming expansion of the CNSOPB's mandate to include offshore renewables.

More information on the committees and associations in which CNSOPB staff participate is available on the [CNSOPB website](#).

7.0 Information Services

The Information Services department is responsible for managing and supporting the CNSOPB's vast electronic and physical records collection, its geoscientific subsurface materials, and its computer systems and communication tools. Additional information about Information Services is published to the [CNSOPB website](#).

The CNSOPB's office includes archives of all final well history, geological and wellsite survey reports. The CNSOPB's office is also used to archive and make available for study all subsurface samples, including cores, cuttings, fluids and related materials from petroleum exploration and development wells drilled in the Canada-Nova Scotia offshore area.

The CNSOPB hosts the Data Management Centre, which is an online system designed to manage digital well logs, geological and geophysical reports, seismic navigation and image files, licence information, and maps for registered users. For the 2023-2024 fiscal year, users of the CNSOPB's office and the Data Management Centre included industry (local, national, and international), Government, academic organizations, and drilling/service organizations. The online system saw a 50% increase in 2023-2024 with 150 new users and downloads. Many of these users were interested in data complementary to offshore renewable energy.

The CNSOPB's information technology and management infrastructure continues to be modernized to ensure it meets our organizational needs for an onsite and remote workforce. For the 2023-2024 fiscal year, these modernizations included enhancements to onsite/offsite backup solutions, server/workstation/application upgrades, and project planning in anticipation of the CNSOPB's expanded mandate. The changes made were complimentary to our ongoing data management initiatives which enhance security, provide efficient access to information, and utilize resources effectively.

The Information Services department processes requests through the *Access to Information Act* and the *Privacy Act*. Additional information and reports on these requests can be found on the [CNSOPB website](#).

8.0 Financial Statements

The 2023-2024 audited Financial Statements, prepared by Belliveau Veinotte Inc., follow.

CANADA-NOVA SCOTIA OFFSHORE PETROLEUM BOARD

FINANCIAL STATEMENTS

MARCH 31, 2024

INDEX

	<u>Page</u>
Statement of Management's Responsibility	1
Independent Auditors' Report	2
Statement of Financial Position	4
Statement of Operations and Accumulated Operating Surplus	5
Statement of Remeasurement Gains (Losses)	6
Statement of Changes in Net Assets	7
Statement of Cash Flows	8
Notes to Financial Statements	9
Schedule of Tangible Capital Assets	17
Schedule of Expenses	18

STATEMENT OF MANAGEMENT'S RESPONSIBILITY

The accompanying financial statements are the responsibility of the management of the Canada-Nova Scotia Offshore Petroleum Board and have been prepared in compliance with legislation and generally accepted accounting principles established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Management is also responsible for the notes and schedules to the financial statements, and for ensuring this information is consistent, where appropriate, with the information contained in the financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Audit, Evaluation and Human Resources Committee is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through regular meetings with them. The Committee met with management and its external auditors to review a draft of the financial statements and to discuss any significant financial reporting or internal control matters prior to approval of the financial statements.

The external auditors, Belliveau Veinotte Inc., conducted an independent examination, in accordance with Canadian generally accepted auditing standards, and expressed their opinion on the financial statements. The external auditors have full and free access to the financial management of the CNSOPB and meet when required.

On behalf of management of the Canada-Nova Scotia Offshore Petroleum Board:



Christine Bonnell-Eisnor
Chief Executive Officer

May 7, 2024



Member of The AC Group of Independent Accounting Firms

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE CANADA-NOVA SCOTIA OFFSHORE PETROLEUM BOARD:

Opinion

We have audited the financial statements of the Canada-Nova Scotia Offshore Petroleum Board (the "CNSOPB"), which comprise the statement of financial position as at March 31, 2024, and the statement of operations and accumulated operating surplus, remeasurement gains (losses), changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the CNSOPB as at March 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the CNSOPB in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter

The financial statements for the year ended March 31, 2023 were audited by another firm, Levy Casey Carter MacLean, who expressed an unmodified opinion on those financial statements on May 9, 2023. Levy Casey Carter MacLean has since joined with Belliveau Veinotte Inc.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the CNSOPB's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the CNSOPB or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the CNSOPB's financial reporting process.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the CNSOPB's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the CNSOPB's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the CNSOPB to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Halifax, Nova Scotia
May 7, 2024

Belliveau Veinotte Inc.

Chartered Professional Accountants

 **Belliveau Veinotte Inc.**
CHARTERED PROFESSIONAL ACCOUNTANTS

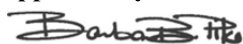
CANADA-NOVA SCOTIA OFFSHORE PETROLEUM BOARD

STATEMENT OF FINANCIAL POSITION MARCH 31, 2024

	<u>2024</u>	<u>2023</u>
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 3,005,364	\$ 1,924,796
Receivables	48,518	387,698
Investments (note 2(j)) (note 3)	<u>3,085,587</u>	<u>2,996,758</u>
	<u>6,139,469</u>	<u>5,309,252</u>
LIABILITIES		
Payables and accruals	631,219	468,866
Payable to governments (note 4)	132,708	191,148
Deferred grants	-	10,000
Supplementary employee retirement plan obligation (note 5)	1,394,482	1,195,455
Post-retirement health and retiring allowance obligation (note 6)	<u>1,814,409</u>	<u>1,880,926</u>
	<u>3,972,818</u>	<u>3,746,395</u>
Net financial assets	<u>2,166,651</u>	<u>1,562,857</u>
NON-FINANCIAL ASSETS		
Prepaid expenses	79,036	61,420
Tangible capital assets (page 17)	<u>392,454</u>	<u>308,214</u>
	<u>471,490</u>	<u>369,634</u>
Accumulated surplus	\$ <u>2,638,141</u>	\$ <u>1,932,491</u>
Accumulated surplus is comprised of:		
Accumulated operating surplus (page 5)	\$ 2,718,492	\$ 2,026,715
Accumulated remeasurement losses (page 6)	<u>(80,351)</u>	<u>(94,224)</u>
	\$ <u>2,638,141</u>	\$ <u>1,932,491</u>

Commitments (note 9)

Approved by the Board



Chair



Board member

CANADA-NOVA SCOTIA OFFSHORE PETROLEUM BOARD

STATEMENT OF OPERATIONS AND ACCUMULATED OPERATING SURPLUS YEAR ENDED MARCH 31, 2024

	(Note 11) <u>Budget</u>	<u>2024</u>	<u>2023</u>
Revenue			
Government grants			
Government of Canada	\$ 2,716,250	\$ 2,803,677	\$ 2,382,500
Government of Nova Scotia	2,716,250	2,803,677	2,382,500
Government of Nova Scotia - Digitization project	-	25,000	97,000
Costs recovered from industry	530,830	530,830	589,270
Interest and other	<u>-</u>	<u>113,100</u>	<u>65,931</u>
	5,963,330	6,276,284	5,517,201
Less: Cost recoveries refunded to government (page 18)	<u>530,830</u>	<u>530,830</u>	<u>589,270</u>
Net revenue	5,432,500	5,745,454	4,927,931
Expenses			
Regulation of petroleum activities (page 18)	<u>5,367,500</u>	<u>4,851,126</u>	<u>4,650,486</u>
Operating surplus before other revenue (expenses)	<u>65,000</u>	<u>894,328</u>	<u>277,445</u>
Other revenue (expenses):			
Amortization of tangible capital assets	-	(105,212)	(85,613)
Severance expenditures	-	(175,704)	(11,307)
Net investment income (note 7)	<u>-</u>	<u>78,365</u>	<u>68,206</u>
	<u>-</u>	<u>(202,551)</u>	<u>(28,714)</u>
Operating surplus	65,000	691,777	248,731
Accumulated operating surplus, beginning of year	<u>2,026,715</u>	<u>2,026,715</u>	<u>1,777,984</u>
Accumulated operating surplus, end of year	<u>\$ 2,091,715</u>	<u>\$ 2,718,492</u>	<u>\$ 2,026,715</u>

CANADA-NOVA SCOTIA OFFSHORE PETROLEUM BOARD

STATEMENT OF REMEASUREMENT GAINS (LOSSES)
YEAR ENDED MARCH 31, 2024

	<u>2024</u>	<u>2023</u>
Accumulated remeasurement losses, beginning of the year	\$ (94,224)	\$ (59,434)
Unrealized gain (loss) arising during the year on investments	<u>13,873</u>	<u>(34,790)</u>
Accumulated remeasurement losses, end of year	<u>\$ (80,351)</u>	<u>\$ (94,224)</u>

CANADA-NOVA SCOTIA OFFSHORE PETROLEUM BOARD

STATEMENT OF CHANGES IN NET ASSETS YEAR ENDED MARCH 31, 2024

	(Note 11) <u>Budget</u>	<u>2024</u>	<u>2023</u>
Operating surplus	\$ -	\$ 691,777	\$ 248,731
Change in tangible capital assets			
Acquisition of tangible capital assets (page 17)	(65,000)	(189,452)	(77,035)
Amortization of tangible capital assets (page 17)	<u>-</u>	<u>105,212</u>	<u>85,613</u>
Decrease (increase) in tangible capital assets	<u>(65,000)</u>	<u>(84,240)</u>	<u>8,578</u>
Change in other non-financial assets			
Use of prepaid expense	<u>-</u>	<u>(17,616)</u>	<u>16,597</u>
Net remeasurement gain (loss) (page 6)	<u>-</u>	<u>13,873</u>	<u>(34,790)</u>
Increase (decrease) in net financial assets	(65,000)	603,794	239,116
Net financial assets, beginning of the year	<u>1,562,857</u>	<u>1,562,857</u>	<u>1,323,741</u>
Net financial assets, end of the year	<u>\$ 1,497,857</u>	<u>\$ 2,166,651</u>	<u>\$ 1,562,857</u>

CANADA-NOVA SCOTIA OFFSHORE PETROLEUM BOARD**STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2024**

	<u>2024</u>	<u>2023</u>
Operating Activities		
Operating surplus	\$ 691,777	\$ 248,731
Amortization of tangible capital assets	105,212	85,613
Loss on disposal of investments	1,239	405
Increase in supplementary employee retirement plan obligation	199,027	55,032
Increase (decrease) in post-retirement health and retiring allowance obligation	<u>(66,517)</u>	<u>47,137</u>
	930,738	436,918
Net change in non-cash working capital balances (note 8)	<u>415,477</u>	<u>(576,601)</u>
	<u>1,346,215</u>	<u>(139,683)</u>
Investing Activities		
Decrease (increase) in accrued interest on investments	3,516	(13,390)
Purchase of investments	(607,511)	(1,047,629)
Proceeds on disposal of investments	<u>523,468</u>	<u>661,449</u>
	<u>(80,527)</u>	<u>(399,570)</u>
Capital Activities		
Purchase of		
Leasehold improvements	(43,106)	(33,553)
Computer equipment	<u>(146,346)</u>	<u>(43,482)</u>
	<u>(189,452)</u>	<u>(77,035)</u>
Increase (decrease) in cash and cash equivalents during year	1,076,236	(616,288)
Cash and cash equivalents, beginning of year	<u>1,936,237</u>	<u>2,552,525</u>
Cash and cash equivalents, end of year	<u>\$ 3,012,473</u>	<u>\$ 1,936,237</u>
Represented by:		
Cash	\$ 3,005,364	\$ 1,924,796
Investment cash	<u>7,109</u>	<u>11,441</u>
	<u>\$ 3,012,473</u>	<u>\$ 1,936,237</u>

CANADA-NOVA SCOTIA OFFSHORE PETROLEUM BOARD

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2024

1. Purpose of organization

The Canada-Nova Scotia Offshore Petroleum Board was formed to administer the relevant provisions of the Canada-Nova Scotia Offshore Petroleum Resources Accord Implementation Acts as enacted by the Parliament of Canada and the Legislature of Nova Scotia. The CNSOPB is funded primarily by grants from the Federal and Provincial Governments in equal contributions. The CNSOPB also collects and remits to the Governments cost recovery charges assessed against industry from regulatory reviews, up to a maximum of 100% of the CNSOPB's approved budget. The CNSOPB is a non-profit organization and is, therefore, exempt from income tax under Section 149 of the Income Tax Act.

On April 11, 2022 Federal and Provincial Governments issued a joint release announcing the intent to expand the mandate of the CNSOPB to include the regulation of offshore renewable energy development in the Canada-Nova Scotia offshore areas. Once the expanded mandate is in effect, the Board will be renamed the Canada-Nova Scotia Offshore Energy Regulator. On May 30, 2023, Bill C-49, an Act to amend the Canada—Newfoundland and Labrador Atlantic Accord Implementation Act and the Canada-Nova Scotia Offshore Petroleum Resources Accord Implementation Act and to make consequential amendments to other Acts, was introduced in the House of Commons by Energy and Natural Resources Canada Minister, Jonathan Wilkinson, and is currently undergoing the legislative review process. Once the legislative process is completed and the expanded mandate is in effect, the CNSOPB will be renamed the Canada-Nova Scotia Offshore Energy Regulator.

2. Significant accounting policies

(a) Basis of presentation

These financial statements have been prepared by management in accordance with the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada (CPA Canada) and reflect the following significant accounting policies.

(b) Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and cash held within the investment portfolio.

(c) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the operating surplus or deficit and the net remeasurement gains or losses, provides the change in net financial assets or net debt for the year.

(d) Tangible capital assets

Tangible capital assets are recorded at cost which includes all costs directly attributable to the acquisition, construction, development, installation or betterment of the tangible capital asset. The CNSOPB capitalizes assets with a value greater than \$2,500 and a useful life greater than one year. Amortization is recorded using the straight-line method over four years for furniture, fixtures and equipment and over three years for computer equipment and software. Leasehold improvements are amortized over the life of the lease.

CANADA-NOVA SCOTIA OFFSHORE PETROLEUM BOARD

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2024

2. Significant accounting policies (continued)

(e) Impairment of long-lived assets

Tangible capital assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when the asset no longer contributes to the CNSOPB's ability to provide services resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

(f) Use of estimates

Uncertainty in the determination of the amount at which an item is recorded in the financial statements is known as measurement uncertainty. Such uncertainty exists when there could be a material difference between the recognized amount and another reasonably possible amount, as there is whenever estimates are used. The preparation of the financial statements in conformity with Canadian public sector accounting standards, requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the period. The supplementary employee retirement plan obligation and the post-retirement health and retiring allowance obligation are items requiring the use of significant estimates because actual results may differ significantly from the various assumptions about plan members and economic conditions in the marketplace.

Estimates are based upon the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements and actual results could differ from these estimates.

(g) Revenue recognition

Revenues are recorded on the accrual basis. Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. Government transfers are recognized when the transfer is authorized and eligibility criteria are met except, when and to the extent, stipulations by the transferor gives rise to an obligation that meets the definition of a liability. Stipulations by the transferor may require that the funds only be used for providing specific services or the acquisition of tangible capital assets. For transfers with stipulations an equivalent amount of revenue is recognized as the liability is settled.

Cost recoveries from industry are recognized when invoiced which are based upon estimated costs and units of CNSOPB time for the fiscal year, as per the Cost Recovery Regulations. Cost recoveries are adjusted at the end of each fiscal year based upon the actual full cost of providing regulatory services, as defined in the Cost Recovery Regulations.

Investment income is recorded as earned.

(h) Supplementary employee retirement plan obligation

The projected unit credit method prorated on services has been used to determine the accrued benefit obligation and current service cost. The objective under this method is to expense each participant's benefits under the plan as they would accrue, taking into consideration future salary increases and the plan's benefit allocation formula.

Obligations are attributed to the period beginning on the employee's date of joining the plan and ending on the earlier of the date of termination, death or retirement.

CANADA-NOVA SCOTIA OFFSHORE PETROLEUM BOARD

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2024

2. Significant accounting policies (continued)

(i) Post-retirement health and retiring allowance obligation

Employees of the CNSOPB participate in the Province of Nova Scotia Pensioners Extended Health Plan upon retirement. This plan provides health care coverage to age 65. Employees are also eligible for one week of salary for each year of pensionable service, to a maximum of 26 weeks for CNSOPB staff who retire upon becoming eligible for retirement. These retirement benefits are recorded on an accrual basis based on an actuary's estimate.

(i) Post-retirement health and retiring allowance obligation (continued)

Effective June 30, 2015, employees are no longer eligible to earn and accrue a retirement allowance. In 2018, those employees who were employed by the CNSOPB prior to this date, were offered a one-time option to receive a service payout in place of the retirement allowance. Employees who did not choose this option have been advised in writing of their accrued entitlement, which will be payable to them on their retirement date so long as they are eligible to retire and are entitled to receive benefits from the Public Service Superannuation Plan.

(j) Investments

The CNSOPB has designated its investment portfolio to fund the CNSOPB's obligations for supplementary employee retirement plans and post-retirement health and retiring allowances.

(k) Financial instruments

All financial instruments are measured using either the amortized cost method or the fair value method. Financial instruments included in the amortized cost category are recorded at either cost or amortized cost using the effective interest rate method. Transaction costs are included in the initial cost of financial instruments recognized using the cost method. Financial instruments included in the fair value category are initially recorded at fair value with each subsequent change in fair value recognized in the statement of remeasurement gains and losses until such time that the financial instrument is derecognized. When the financial instrument is derecognized the accumulated remeasurement gain or loss is reversed and recognized on the statement of operations. Transaction costs associated with financial instruments in the fair value category are expensed when incurred.

Accounts receivable, payables and accruals, payable to governments, supplementary employee retirement plan obligation and post-retirement health and retiring allowance obligations are recorded using the cost method. Cash and investments are recorded using the fair value method utilizing quoted prices in active markets to determine the fair value.

3. Investments

	<u>2024</u>	<u>2023</u>
Investments, at cost	\$ 3,123,335	\$ 3,040,531
Accrued investment income	35,494	39,010
Unrealized loss on investments	(80,351)	(94,224)
Investment cash	<u>7,109</u>	<u>11,441</u>
Investments, at fair market value	<u>\$ 3,085,587</u>	<u>\$ 2,996,758</u>

CANADA-NOVA SCOTIA OFFSHORE PETROLEUM BOARD

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2024

4. Payable to governments

	<u>2024</u>	<u>2023</u>
Federal government - cost recovery funds	\$ 66,354	\$ 95,574
Provincial government - cost recovery funds	<u>66,354</u>	<u>95,574</u>
	<u>\$ 132,708</u>	<u>\$ 191,148</u>

5. Pension obligations

(a) Supplementary employee retirement plan (SERP)

The CNSOPB Supplementary Employee Retirement Plan provides benefits to its employees who are members of the Public Service Superannuation Plan (PSSP). Employees are eligible for membership in this plan once their pensionable earnings have reached a level such that their benefits under the PSSP are limited by the maximum pension limits under the Income Tax Act.

The CNSOPB measures its accrued benefit obligations and the fair value of plan assets for accounting purposes as at March 31 of each year. An actuarial valuation of the retirement plan for funding purposes was completed as of March 31, 2023 and was extrapolated to March 31, 2024. An updated actuarial valuation is completed at least every three years.

The CNSOPB has adopted the recommendations of Section 3250, *Retirement Benefits*, of the Public Sector Accounting Standards Handbook. The following is required for disclosure purposes:

	<u>2024</u>	<u>2023</u>
<u>Components of Supplementary Employee Retirement Plan Cost</u>		
Current service cost	\$ 38,955	\$ 16,707
Interest cost	53,669	41,577
Amortization of net actuarial losses	<u>166,615</u>	<u>53,332</u>
Supplementary Employee Retirement Plan Cost	<u>\$ 259,239</u>	<u>\$ 111,616</u>
 <u>Weighted-Average Assumptions for Expense</u>		
Discount rate	<u>2.74 %</u>	<u>2.74 %</u>
Rate of compensation increase	<u>2.50 %</u>	<u>2.50 %</u>
 <u>Weighted-Average Assumptions for Disclosure</u>		
Discount rate	<u>2.96 %</u>	<u>2.74 %</u>
Rate of compensation increase	<u>2.50 %</u>	<u>2.50 %</u>

CANADA-NOVA SCOTIA OFFSHORE PETROLEUM BOARD

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2024

5. Pension obligations (continued)

Change in Accrued Benefit Obligation

Accrued benefit obligation at the end of the prior year	\$ 1,969,349	\$ 1,401,244
Current service cost	38,955	16,707
Interest cost	53,669	41,577
Benefits paid	(60,212)	(56,584)
Actuarial loss (gain)	<u>(73,700)</u>	<u>566,405</u>

Accrued benefit obligation at the end of the year	\$ <u>1,928,061</u>	\$ <u>1,969,349</u>
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Reconciliation of Funded Status to Accrued Benefit Liability

Benefit obligation at end of year	\$ 1,928,061	\$ 1,969,349
Unamortized net actuarial loss	<u>(533,579)</u>	<u>(773,894)</u>

Accrued benefit liability	\$ <u>1,394,482</u>	\$ <u>1,195,455</u>
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(b) Multiemployer defined benefit pension plan

The CNSOPB contributes to a pension plan under the Public Service Superannuation Act administered by the Public Service Superannuation Plan Trustee Inc. The CNSOPB matches employees' contributions calculated as follows: 8.4% (2023 - 8.4%) on that part of their salary that is equal to or less than the "Year's Maximum Pensionable Earnings" (YMPE) under the Canada Pension Plan and 10.9% (2023 - 10.9%) on the part of their salary that is in excess of the YMPE. The CNSOPB has recognized contributions of \$254,315 in 2024 (2023 - \$273,472). There is no further liability with respect to past service at March 31, 2024.

6. Post-retirement health and retiring allowance obligation

The CNSOPB provides other retirement benefits to its employees by participating in the Province of Nova Scotia's post-retirement health insurance program and also provides retiring allowance benefits to those employees who retire from the CNSOPB. Both benefits are funded on a pay-as-you-go basis. The CNSOPB funds on a cash basis as contributions are made.

An actuarial valuation of the retirement plan for funding purposes was completed as of March 31, 2023. The valuation was based on a number of assumptions about future events, such as inflation rates, interest rates, medical inflation rates, wage and salary increases, and employee turnover and mortality. The assumptions used reflect the CNSOPB's best estimates.

	<u>2024</u>	<u>2023</u>
<u>Components of Post-Retirement Health and Retiring Allowance Cost</u>		
Current service cost (employer portion)	\$ 31,464	\$ 31,323
Interest cost	39,899	49,573
Actuarial gains	<u>(65,965)</u>	<u>(20,178)</u>
Post-Retirement Health and Retiring Allowance Cost	\$ <u>5,398</u>	\$ <u>60,718</u>

CANADA-NOVA SCOTIA OFFSHORE PETROLEUM BOARD

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024

6. Post-retirement health and retiring allowance obligation (continued)

Weighted-Average Assumptions for Expense

Discount rate	<u>2.74</u> %	<u>2.74</u> %
Rate of compensation increase	<u>2.50</u> %	<u>2.50</u> %
Initial weighted average health care trend rate	<u>7.00</u> %	<u>7.00</u> %
Ultimate weighted average health care trend rate	<u>4.00</u> %	<u>4.00</u> %
Year ultimate rate reached	<u>2043</u>	<u>2043</u>

Weighted-Average Assumptions for Disclosure

Discount rate	<u>2.96</u> %	<u>2.74</u> %
Rate of compensation increase	<u>2.50</u> %	<u>2.50</u> %
Initial weighted average health care trend rate	<u>7.00</u> %	<u>7.00</u> %
Ultimate weighted average health care trend rate	<u>4.00</u> %	<u>4.00</u> %
Year ultimate rate reached	<u>2043</u>	<u>2043</u>

Change in Accrued Benefit Obligation

Accrued benefit obligation at the end of the prior year	\$ 1,491,175	\$ 1,638,047
Current service cost (employer portion)	31,464	31,323
Interest cost	39,899	49,573
Benefits paid	(101,511)	(13,581)
Actuarial gain	<u>(65,965)</u>	<u>(214,187)</u>

Accrued benefit obligation at the end of the year	<u>\$ 1,395,062</u>	<u>\$ 1,491,175</u>
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Reconciliation of Funded Status to Accrued Benefit Liability

Benefit obligation at the end of year	\$ 1,395,062	\$ 1,491,175
Unamortized net actuarial loss	<u>419,347</u>	<u>389,751</u>

Accrued benefit liability	<u>\$ 1,814,409</u>	<u>\$ 1,880,926</u>
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7. Net investment income

	<u>2024</u>	<u>2023</u>
Investment income	\$ 94,512	\$ 82,213
Loss on disposal of investments	(1,239)	(405)
Portfolio management fees	<u>(14,908)</u>	<u>(13,602)</u>
	<u>\$ 78,365</u>	<u>\$ 68,206</u>

CANADA-NOVA SCOTIA OFFSHORE PETROLEUM BOARD

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2024

8. Net change in non-cash working capital balances

	<u>2024</u>	<u>2023</u>
Increase (decrease) in cash from changes in:		
Receivables	\$ 339,180	\$ 126,275
Prepaid expenses	(17,616)	16,597
Payables and accruals	162,353	(342,284)
Payable to governments	(58,440)	(387,189)
Deferred grants	<u>(10,000)</u>	<u>10,000</u>
	<u>\$ 415,477</u>	<u>\$ (576,601)</u>

9. Commitments

The CNSOPB has entered into various lease agreements for premises and equipment. The approximate minimum payments required over the next five fiscal years are as follows:

2025	\$ 162,502
2026	165,551
2027	170,518
2028	175,633
2029	<u>180,902</u>
	<u>\$ 855,106</u>

10. Financial instruments

The following are the significant risks that the CNSOPB is exposed to through its financial instruments:

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The CNSOPB's main credit risks relate to its accounts receivable. In order to reduce its credit risk, the CNSOPB has adopted credit policies which include the analysis of the financial position of its regulated entities and the regular review of their credit limits. The CNSOPB does not have a significant exposure to any individual regulated entity or counterpart. Management reviews accounts receivable on a case by case basis to determine if an allowance is necessary to reflect an impairment in collectability.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The CNSOPB has investments in guaranteed investment certificates, debentures, bonds, mid and medium term notes and high-interest savings accounts which bear interest at fixed rates ranging between 1.10% and 5.04%. Consequently, the CNSOPB's exposure to interest rate risk on these investments is at the time of maturity when funds are reinvested.

CANADA-NOVA SCOTIA OFFSHORE PETROLEUM BOARD

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2024

10. Financial instruments (continued)

(c) Market rate risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The debentures, bonds and mid and medium term notes held in the CNSOPB's investment portfolio expose the CNSOPB to market risk as such investments are subject to price changes in the open market.

(d) Liquidity risk

Liquidity risk is the risk that the CNSOPB will encounter difficulty in meeting its obligations associated with its financial liabilities as they become due. The CNSOPB's ability to meet its obligations depends on the receipt of funds whether in the form of revenue or advances.

11. Budget information

The budget figures presented are for comparison purposes and are unaudited. Amortization was not contemplated in the development of the budget and, as such, has not been included.

12. Related party transactions

The CNSOPB is jointly controlled due to ability to appoint board members by the federal Government of Canada and the provincial Government of Nova Scotia. The CNSOPB had the following transactions with these governments:

	<u>2024</u>	<u>2023</u>
Operating grants from the Government of Canada	\$ 2,803,677	\$ 2,382,500
Operating grants from the Government of Nova Scotia	\$ 2,803,677	\$ 2,382,500
Cost recoveries refunded to the Government of Canada	\$ 265,415	\$ 294,635
Cost recoveries refunded to the Government of Nova Scotia	\$ 265,415	\$ 294,635

CANADA-NOVA SCOTIA OFFSHORE PETROLEUM BOARD

SCHEDULE OF TANGIBLE CAPITAL ASSETS
YEAR ENDED MARCH 31, 2024

COST

	<u>Opening</u>	<u>Additions</u>	<u>Write Downs/ Disposals</u>	<u>Closing</u>
Leasehold improvements	\$ 33,553	\$ 43,106	\$ -	\$ 76,659
Furniture and fixtures	478,441	-	-	478,441
Computer equipment	610,457	146,346	246,419	510,384
Computer software	435,174	-	-	435,174
Equipment	<u>239,474</u>	<u>-</u>	<u>-</u>	<u>239,474</u>
	<u>\$ 1,797,099</u>	<u>\$ 189,452</u>	<u>\$ 246,419</u>	<u>\$ 1,740,132</u>

ACCUMULATED AMORTIZATION

	<u>Opening</u>	<u>Amortization</u>	<u>Write Downs/ Disposals</u>	<u>Closing</u>
Leasehold improvements	\$ 2,397	\$ 6,949	\$ -	\$ 9,346
Furniture and fixtures	459,975	1,464	-	461,439
Computer equipment	394,954	94,255	246,419	242,790
Computer software	435,174	-	-	435,174
Equipment	<u>196,385</u>	<u>2,544</u>	<u>-</u>	<u>198,929</u>
	<u>\$ 1,488,885</u>	<u>\$ 105,212</u>	<u>\$ 246,419</u>	<u>\$ 1,347,678</u>

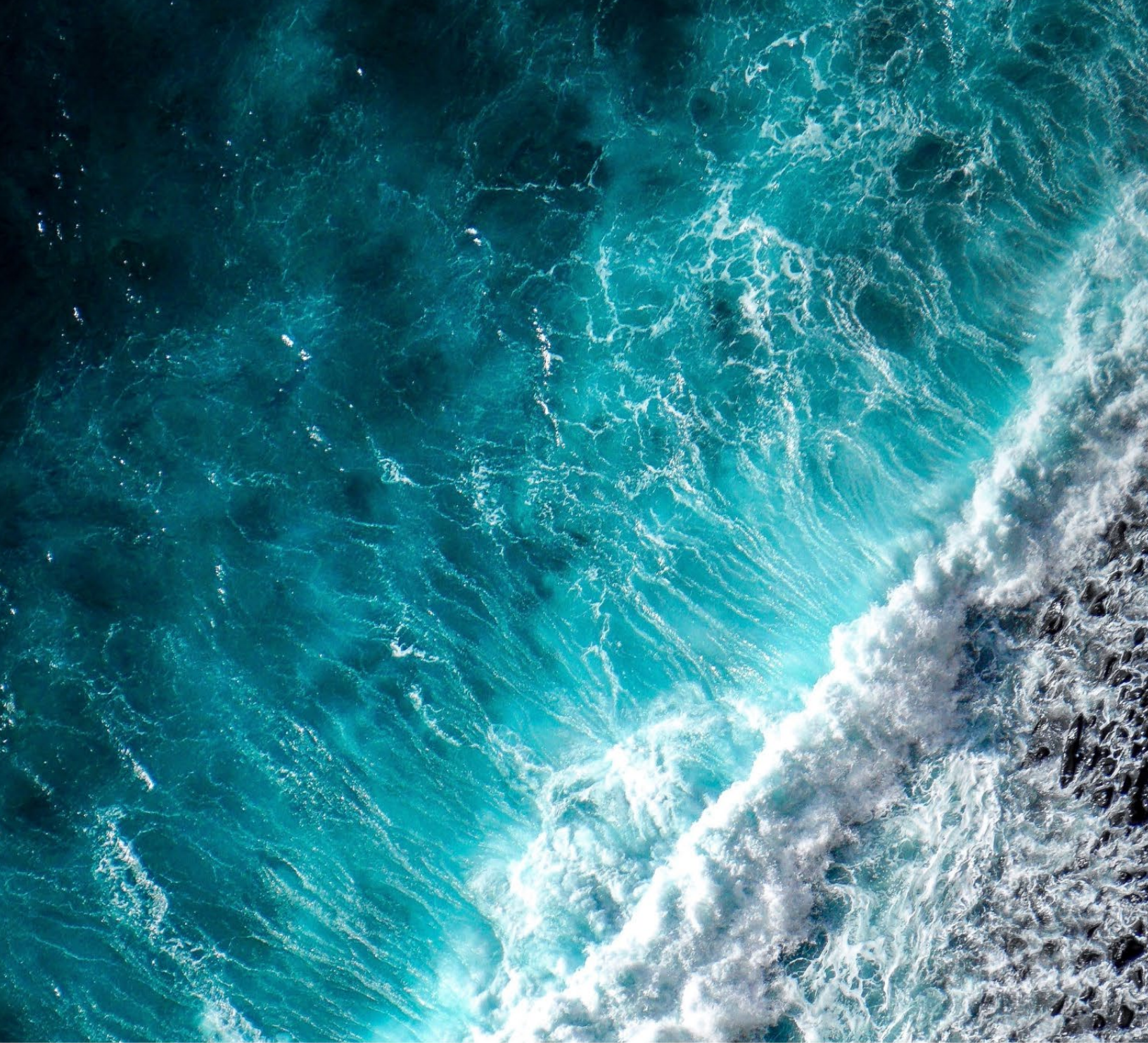
NET BOOK VALUE

	<u>2024</u>	<u>2023</u>
Leasehold improvements	\$ 67,313	\$ 31,156
Furniture and fixtures	17,002	18,466
Computer equipment	267,594	215,504
Equipment	<u>40,545</u>	<u>43,088</u>
	<u>\$ 392,454</u>	<u>\$ 308,214</u>

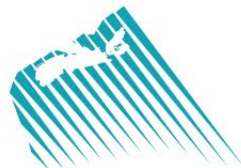
CANADA-NOVA SCOTIA OFFSHORE PETROLEUM BOARD

SCHEDULE OF EXPENSES YEAR ENDED MARCH 31, 2024

	(Note 11) <u>Budget</u>	<u>2024</u>	<u>2023</u>
Cost recoveries refunded to government			
Government of Canada	\$ 265,415	\$ 265,415	\$ 294,635
Government of Nova Scotia	<u>265,415</u>	<u>265,415</u>	<u>294,635</u>
Total cost recoveries refunded to government	<u>\$ 530,830</u>	<u>\$ 530,830</u>	<u>\$ 589,270</u>
Regulation of petroleum activities			
Personnel and Board members	\$ 3,702,500	\$ 3,440,519	\$ 3,050,705
General office and support	750,500	684,073	590,535
Office and laboratory premise costs	405,500	348,891	752,058
Consulting and legal	311,000	83,410	74,854
Supplementary employee retirement plan cost	85,000	259,239	111,616
Post-retirement health and retiring allowance cost	113,000	34,994	60,718
Diving certification & standards development	<u>-</u>	<u>-</u>	<u>10,000</u>
Total regulation of petroleum activities	<u>\$ 5,367,500</u>	<u>\$ 4,851,126</u>	<u>\$ 4,650,486</u>



CNSOPB



CANADA-NOVA SCOTIA
OFFSHORE PETROLEUM BOARD

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