

**Accord between the
Government of Canada
and the Government of
Quebec for the shared
management of
petroleum resources in
the Gulf of St. Lawrence**

TABLE OF CONTENTS

1. PREAMBLE	3
2. OBJECTIVES OF THE ACCORD.....	3
3. RESERVATIONS	4
4. SHARED MANAGEMENT	4
5. SHARING OF RESPONSIBILITIES IN THE TRANSITIONAL PHASE	5
6. PROTECTION OF FISHERIES AND THE ENVIRONMENT	7
7. WORKER SAFETY AND LABOUR RELATIONS.....	7
8. REVENUE SHARING	8
9. IMPLEMENTATION OF THE ACCORD	8
10. AREA COVERED BY THE ACCORD	9
11. DISPUTE RESOLUTION	9
12. PERMITS ALREADY ISSUED BY QUEBEC	10
13. INFORMATION SHARING AND CONFIDENTIAL DATA.....	11

1. PREAMBLE

The Government of Canada and the Government of Quebec, hereinafter called "the Governments", have reached an Accord concerning the shared management of petroleum resources in the Gulf of St. Lawrence as well as the sharing of revenues flowing from the development of those resources. The Accord will be implemented by means of mirror legislation that will be tabled by the Governments in the Parliament of Canada, and the Assemblée nationale du Québec, hereinafter called the "Legislative Authorities".

2. OBJECTIVES OF THE ACCORD

The objectives of this Accord are:

- a. to allow the development of petroleum resources within the area subject to this Accord, hereinafter called the "Accord area", for the benefit of Canada as a whole and Quebec in particular;
- b. to ensure that the development of petroleum resources is done in a manner which protects fisheries and the environment;
- c. to target the attainment of self-sufficiency and improve the security of petroleum resources supply;
- d. to recognize that the Governments have, together, all of the powers necessary for the sustainable development of the resource, and to ensure that the pace and manner of development maximize social and economic benefits;
- e. to ensure health protection and personal safety and to take into account the economic development of communities in proximity to the Accord area;
- f. to recognize that Quebec is the principal beneficiary of the activities related to the development of petroleum resources within the Accord area;
- g. to ensure that Quebec is the beneficiary of the revenues as if these resources were on land;
- h. to put in place a regime for the management of petroleum resources in the Accord area that is stable and fair;
- i. to allow for the establishment of a stable and efficient arrangement for the management of petroleum resources in the Accord area, by

proposing the adoption of applicable provisions for the implementation of this Accord into mirror legislation of the Legislative Authorities;

- j. to promote within this shared management regime, as much as possible, an approach which is consistent with petroleum management regimes outside the Accord area.

3. RESERVATIONS

- 3.1 Nothing in this Accord, the anticipated implementing legislation or the practices that flow from them modifies the powers, rights, privileges, authorities or responsibilities that are conferred on the Governments by the Constitution of Canada, or otherwise.
- 3.2 This Accord is concluded without prejudice to the respective positions of the Governments concerning the constitutional status of the Gulf of St. Lawrence.

4. SHARED MANAGEMENT

- 4.1 Following the signature of this Accord, the Governments will take the measures required in order, no later than two years after a declaration of a commercial discovery, or before such a declaration if the Governments so agree, to table before the Legislative Authorities specific mirror legislation governing petroleum resource development activities, including the establishment of an independent joint Board, to assure their management.
- 4.2 The roles, responsibilities and management structures will also be determined in this legislation. This mirror legislation will replace the legislation put in place during the transitional phase.
- 4.3 Subject to applicable free trade agreements, the Governments agree to promote the development, within Quebec, of petroleum resources from the Accord area.
- 4.4 Transitional management structure: To minimize administrative costs and avoid overlap, while allowing the initiation of petroleum development activities in the Accord area at the earliest opportunity, the Governments will establish, as soon as possible, a transitional and joint management structure for the resources.

4.5 Transitional phase:

- a. to implement the transitional phase, the Governments will propose to the Legislative Authorities specific mirror legislation which will restate, or incorporate by reference or otherwise, as required, those relevant provisions of federal and provincial laws, as they stand at the time of the enactment of the mirror which will confirm the principles identified in the Accord and which will define the respective responsibilities of each government;
- b. during the transitional phase, a Canada-Quebec Joint Secretariat will be put in place in order to make recommendations to federal and provincial ministers of natural resources, in order to arrive at a joint decision as described in Section 5.4. The Governments will be equally represented within the Secretariat;
- c. the relevant regulatory functions will be governed jointly by the National Energy Board (NEB) and the Régie de l'énergie by means of a Canada-Quebec Joint Regulatory Office, hereinafter called "the Office".

4.6 To take effect, no modification to the legislative provisions which flow from the present Accord can be submitted to the Legislative Authorities, nor can any changes to related regulations be taken, except through the mutual consent of the Governments.

5. SHARING OF RESPONSIBILITIES DURING THE TRANSITIONAL PHASE

5.1 In order to define the role of the Joint Canada-Quebec Secretariat, the Joint Canada-Quebec Regulatory Office, and the ministers, decisions relating to the development of offshore petroleum resources in the Accord area will be divided as described below:

Federal responsibilities

5.2 Those decisions taken exclusively by the Parliament of Canada, the Government of Canada or federal ministers in their areas of jurisdiction include:

- a. decisions taken under the authority of federal laws of general application which are not specific to the exploration or production of petroleum;

- b. decisions relating to the application of the Canadian fiscal regime, such as federal taxes.

Provincial responsibilities

5.3 Those decisions taken exclusively by the Assemblée nationale du Québec, the Government of Quebec or provincial ministers in their areas of jurisdiction include:

- a. the royalty regime and other types of revenue of a provincial nature;
- b. decisions taken under the authority of provincial laws of general application which are not specific to the exploration or production of petroleum);
- c. decisions relating to the application of the Quebec's fiscal regime, such as provincial taxes.

5.4 Joint ministerial responsibilities

5.4.1 Within the Accord area, the federal and provincial ministers of natural resources, on the recommendation of the Joint Canada-Quebec Secretariat, will jointly take those decisions to be set out in mirror legislation regarding the functions outlined in Annex 2. To be effective, the decisions must be approved by the two ministers.

5.4.2 The federal and provincial ministers of natural resources will jointly decide on the mandate, membership and all other decisions relating to the proper functioning of the Joint Canada-Quebec Secretariat.

5.4.3 Before taking a decision regarding benefits plans for the Accord area, the Office will ask the two ministers to jointly approve benefits plans as defined in the *Canada Oil and Gas Operations Act* (R.S., 1985, c.O-7).

5.5 Joint regulatory responsibilities of the National Energy Board and the Régie de l'énergie by means of the Joint Canada-Quebec Regulatory Office

5.5.1 Within the Accord area, the NEB and the Régie de l'énergie will coordinate the exercise of the regulatory functions

provided under their respective enabling legislation, by means of the Office.

5.5.2 The NEB and the Régie de l'énergie will propose to ministers a specific agreement with respect to the means of collaboration between them from the perspective of transparency and efficiency for industry.

6. PROTECTION OF FISHERIES AND THE ENVIRONMENT

- 6.1 In order to ensure the protection of sensitive areas and ecosystem components, strategic environmental assessments, also known as regional environmental assessments, will be jointly completed before the issuance of petroleum exploration permits.
- 6.2 Any petroleum exploration or production projects in the Accord area will be subject to obligations regarding environment assessments, in accordance with applicable federal and provincial legislation, such as the *Canadian Environmental Assessment Act* (S.C. 1992, c.32) and Quebec's *Environment Quality Act* (R.S.Q., c.Q-2).
- 6.3 In order to avoid overlap, the Governments agree to seek cooperation and coordination amongst themselves for issues concerning the environmental assessment of projects, while respecting the requirements of the *Canadian Environmental Assessment Act* and Quebec's *Environment Quality Act* and preferring recourse to joint assessments.

7. WORKER SAFETY AND LABOUR RELATIONS

- 7.1 Quebec's labour laws, described in Annex 3, will apply to the Accord area in the same manner as they apply elsewhere in Quebec.
- 7.2 In order to ensure worker safety and security, and to avoid the risk of uncertainty that an eventual duplication of federal and provincial legislative regimes regarding these issues could cause, the governments will proceed with a careful review of Quebec and Canada statutes, in particular the *Canada Labour Code* (L.R., 1985, c.L-2) and related regulations regarding occupational health and safety for petroleum activities.
- 7.3 The Governments will propose to the Legislative Authorities to incorporate, by the adoption of mirror legislation, the required

provisions of Canada and Quebec statutes related to the development of petroleum activities in the Accord area.

- 7.4 During the transitional phase, in order to give Quebec the time necessary to put in place a legislative framework, and the implementation measures required for occupational health and safety related to petroleum activities, the NEB will apply, through the Office, Part II of the *Canada Labour Code* and related regulations regarding occupational health and safety for petroleum activities in the Accord areas.

8. REVENUE SHARING

- 8.1 Quebec will benefit from all revenues derived from the development of petroleum resources, including royalties, bonuses, forfeitures, license fees and other forms of revenue, as if these resources were on land.
- 8.2 Quebec will establish the royalty regime for petroleum development in the Accord area, and assure its application.
- 8.3 In order to preserve the respective positions of the Governments, the funds resulting from petroleum development activities will be deposited into the Consolidated Revenue Fund of Canada, and then deposited without delay or conditions to Quebec's Consolidated Revenue Fund.
- 8.4 Nothing in this Accord applies in respect of taxation by the Governments in the Accord area. The Governments will negotiate an agreement or agreements separate from this Accord on the imposition and administration of corporate income and sales taxes and the sharing of tax revenues within the Accord area.

9. IMPLEMENTATION OF THE ACCORD

This Accord will be deemed concluded once the mirror legislation establishing the transitional phase is adopted and brought into force, in the manner described in Section 4.5 of this Accord. The Governments will, as soon as possible, propose to the Legislative Authorities the legislation required to implement the Accord. This Accord on the shared management of petroleum resources will have the same legal effect as those concluded with other provinces.

10. AREA COVERED BY THE ACCORD

The area subject to this Accord is that part of the Gulf of St. Lawrence for which the limits are described in Annex 1.

11. DISPUTE RESOLUTION

- 11.1 If a dispute related to the limits of the Accord area should arise between Quebec and one or more neighbouring provinces also party to an agreement on the management of petroleum resources with Canada, Quebec, in the spirit of understanding and cooperation, will undertake discussions with the concerned province or provinces in an effort to resolve the dispute through negotiation.
- 11.2 If negotiations do not lead to the resolution of the dispute, the parties to the dispute could agree to undertake a mediation process to attempt to resolve the dispute.
- 11.3 If negotiation or mediation does not allow to resolve the dispute, the parties to the dispute could agree to undertake a bilateral binding arbitration process to attempt to resolve the dispute.
- 11.4 If the processes described in Sections 11.1, 11.2 and 11.3 do not allow to resolve the dispute after a reasonable time, the dispute will be submitted to a binding arbitration process as described in Section 11.5 at the request of one of the provinces party to the dispute.
- 11.5 In this process, the Governments agree to apply the following provisions:
 - a. an arbitration panel will be established, whose members are neutral and independent of the parties to the dispute, to resolve the dispute;
 - b. each province party to the dispute will designate a neutral and independent arbitrator to represent them;
 - c. the arbitrator who will chair the panel, hereinafter called "the Chair", is appointed by the Governor in Council from a list of candidates agreed upon by the provinces party to the dispute. If the parties to the dispute do not provide the list of candidates sixty days after notification of the dispute in the manner described in Section 11.4, the Governor in Council

will appoint the Chair after consultations of the provinces party to the dispute. The Chair will be neutral, independent and experienced in matters relating to maritime boundary delimitation. The Chair may not be a resident of any province that is a party to the dispute;

- d. if a province fails to designate an arbitrator within a reasonable time, the Chair will designate the arbitrator;
 - e. arbitration decisions are taken by majority vote including that of the Chair, and in the case of a tie the Chair's vote is the deciding vote;
 - f. the arbitration panel establishes its procedures;
 - g. the arbitration panel will apply the principles of international law concerning maritime boundary delimitation, with such modifications as the circumstances require.
- 11.6 If the process described in Section 11.1, 11.2, 11.3, 11.4 or 11.5 leads to a change to the Accord area, the Governments will implement by regulation the changes, and the results will be recognized in the administration of the Accord.
- 11.7 All regulations and arbitration decisions apply to petroleum management in the Accord area, and are without prejudice to the constitutional positions of the Governments.
- 11.8 The Governments agree to make best efforts to work with other provinces to ensure the division of benefits consistent with international law and practice, and to ensure that management maximizes the benefits linked to the development of common fields. The Governments will make their best efforts to work with other provinces to develop a dispute resolution mechanism for the management and division of resources in common fields.

12. PERMITS ALREADY ISSUED BY QUEBEC

- 12.1 One year after the adoption and entry into force of mirror legislation implementing the transitional phase, the Governments agree to issue, in accordance with the provisions of this Accord, exploration permits equivalent those licences to explore for petroleum, natural gas and underground reservoirs already issued by the Government of Quebec in the Accord area. The Governments will propose to the Legislative Authorities the adoption of the necessary legislative

measures in mirror legislation to implement this measure.

- 12.2 In the event of a dispute concerning an Accord area boundary adjacent to the permits in question, the issuance of equivalent exploration permits as described in Section 12.1 will, having regard to circumstances, enter into force in the Accord area only once the dispute is resolved between Quebec and the other province party to a similar agreement for shared petroleum management.
- 12.3 The Government of Quebec undertakes to indemnify the Government of Canada in relation to any damages they are obliged to pay by the terms of a final judgement relating to these permits.

13. INFORMATION SHARING AND CONFIDENTIAL DATA

- 13.1 With regard to this Accord, the confidential information and data made available to the Governments will be shared to the extent that the information and data is necessary to support and inform joint decision-making.
- 13.2 The Governments agree to treat this information and data as privileged information, and to not publicly divulge it without the written authorization of the owner of the information, subject to applicable federal and provincial legislation.

Dated this 24th day of March, 2011.

For the Government of Canada:

The Honourable Christian Paradis
Minister of Natural Resources

For the Government of Québec:

Mrs. Nathalie Normandeau
Deputy Premier and Minister of Natural
Resources and Wildlife and Minister
responsible for Plan Nord

Mr. Pierre Moreau
Minister responsible for Canadian
Intergovernmental Affairs and the
Canadian Francophonie

Canada 

Québec 

ANNEX 1

AREA SUBJECT TO THE AGREEMENT

Part of the Gulf of St. Lawrence, excluding any island, islet or rock, lying within the boundaries described as follows:

All coordinates below are geographic, based on the NAD27 Datum unless noted otherwise.

- Beginning on the boundary between Quebec and Newfoundland and Labrador at the ordinary low water line;
- thence southerly, along the geodesic to the midpoint between Île Au Bois island (QC) and Ferolle Point cape (NL), said point located at approximate latitude 51°11'56" North and approximate longitude 57°07'11" West (point 2047);
- thence southwesterly, along the geodesic to the midpoint between Port-Saint-Servan (QC) and Pointe Riche cape (NL), said point located at approximate latitude 50°59'55" North and approximate longitude 57°44'14" West (point 2046);
- thence southwesterly, along the geodesic to the midpoint between the Île de Mécatina island (QC) and Table Point cape (NL), said point located at approximate latitude 50°34'27" North and approximate longitude 58°11'27" West (point 2045);
- thence southwesterly, along the geodesic to the midpoint between Île Sainte-Marie island (QC) and Cape St-Gregory (NL), said point located at approximate latitude 49°50'55 " North and approximate longitude 58°56'29" West (point 2044);
- thence southwesterly, along the geodesic to the midpoint between Pointe Heath cape (Anticosti Island, QC) and Cape St. George (NL), said point located at approximate latitude 48°46'53" North and approximate longitude 60°28'40" West (point 2043);
- thence southerly, along the geodesic to a point located at latitude 47°45'41.8" North and longitude 60°24'12.5" West (NAD 83), said point located near the midpoint between Pointe de l'Est (Îles de la Madeleine, QC) and Cape Anguille (NL) (point 2015);

- thence southwesterly, along the geodesic to the midpoint between Pointe de l'Est (Îles de la Madeleine, QC) and St. Paul Island (NS), said point located at approximate latitude 47°25'24" North and approximate longitude 60°45'49" West (point 2014);
- thence southwesterly, along the geodesic to the midpoint between Pointe de l'Est (Îles de la Madeleine, QC) and Cape St. Lawrence (NS), said point located at approximate latitude 47°19'46" North and approximate longitude 60°59'34" West (point 2013);
- thence southwesterly, along the geodesic to the midpoint between Île du Havre Aubert island (Îles de la Madeleine, QC) and White Capes (NS), said point located at approximate latitude 47°00'35" North and approximate longitude 61°21'05" West (point 2012);
- thence southerly, along the geodesic to a point at latitude 46°50'24" North and longitude 61°24'01" (point 2048);
- thence due west, to the midpoint between Cap du Sud cape (Île du Havre Aubert, QC) and Cable Head cape (PE), said point located at approximate latitude 46°50'24" North and approximate longitude 62°18'03" West (point 2010);
- thence northwesterly, along the geodesic to the midpoint between Cap du Sud (Île du Havre Aubert, QC) cape and North Point (PE) cape, said point located at approximate latitude 47°08'23" North and approximate longitude 62°59'14" West (point 2026);
- thence northwesterly, along the geodesic to the midpoint between Île Le Corps-Mort island (Îles de la Madeleine, QC) and Miscou Island (NB), said point located at approximate latitude 47°36'21" North and approximate longitude 63°19'56" West (point 2027);
- thence northwesterly, along the geodesic to the most easterly intersection point between the latitude passing through the midpoint between Birch Point cape (Miscou Island, NB) and Cap d'Espoir cape (QC) (point 2041) and a line having a radius point being at said midpoint (point 2041) and a radius equivalent to the distance between Birch Point cape (Miscou Island, NB) and Cap d'Espoir cape (QC), said point located at approximate latitude 48°13'14" North and approximate longitude 63°47'33" West (point 2042);
- thence due west, along said latitude passing through the midpoint between Birch Point cape (Miscou Island, NB) and Cap d'Espoir cape (QC), to said midpoint located at approximate latitude 48°13'14" North and approximate longitude 64°25'22" West (point 2041);

- thence northerly, along said longitude to a point on the ordinary low water line of the Gaspésie peninsula, said point being near Sainte-Thérèse-de-Gaspé;
- thence northerly, along the said ordinary low water line of the Gaspésie peninsula to its intersection with latitude 48°51'22" North near longitude 64°12'04" North and near Cap-des-Rosiers cape (point A);
- thence northwesterly, along the geodesic to the most westerly point situated on the ordinary low water line of Anticosti Island (QC), located at approximate latitude 49°51'49" North and approximate longitude 64°31'29" West (point B);
- thence northeasterly, along the geodesic to the intersection of the ordinary low water line of the eastern shore of the Rivière Saint-Jean river and the ordinary low water line of the north shore of the Gulf of St Lawrence, at approximate latitude 50°16'54" North and approximate longitude 64°19'59" West (point C);
- thence northeasterly following the various courses of the said ordinary low water line to the point of beginning.

ANNEX 2

JOINT MINISTERIAL DECISIONS

1. Reception and consideration of calls for nomination
2. Launching calls for bids and issuance of interests
3. Approval of a benefits plan
4. Issuance of and amendment to exploration licences
5. Issuance of significant discovery licences
6. Making orders for the development of a significant discovery
7. Making orders for the drilling of a well
8. Issuance of and amendment to production licences
9. Issuance of subsurface storage licences
10. Cancellation of rights

ANNEX 3

LABOUR LAWS

- *An Act respecting industrial accidents and occupational diseases*
- *An Act respecting pressure vessels*
- *Building Act*
- *Labour Code*
- *Master Electricians Act*
- *Master Pipe-Mechanics Act*
- *Stationary Enginemen Act*
- *An Act respecting labour standards*
- *An Act respecting labour relations, vocational training and workforce management in the construction industry*
- *An Act respecting occupational health and safety*