

LOCATION OF HIBERNIA FIELD

The Hibernia Project

The Hibernia oil field lies 315 kilometres east-southeast of St. John's, Newfoundland, on the continental shelf in the northeast corner of the Grand Banks. Water depth in the area is about 80 metres. The field is estimated by Mobil Oil to contain at least 525 million barrels of recoverable oil, and by COGLA (Canadian Oil and Gas Lands Administration) to contain 625-650 million barrels of recoverable oil.

The first exploration permit in this area of the East Coast offshore was issued to Mobil Oil in 1965 and drilling began the following year. Between 1972 and 1976, six exploration wells were drilled by the original Hibernia sponsors. In 1978, Special Renewal Permits were issued to Mobil, Gulf and Petro-Canada. The following year, Chevron and Columbia Gas joined the Hibernia Group. The Hibernia discovery well was drilled in 1979, and nine delineation and appraisal wells were drilled in 1980-84 at an expenditure of \$465 million.

The Atlantic Accord was signed in February 1985 and Mobil Oil, as operator for the Hibernia Group, submitted Socio-economic and Environmental Impact Statements in May 1985 and a Development Plan that September. The Canada-Newfoundland Offshore Petroleum Board (CNOPB) gave conditional approval to the Development Plan in June 1986. Since then, the project sponsors have submitted three fiscal proposals and the terms of a final offer were agreed upon on 9 July 1988, following which the sponsors - Chevron Canada Resources, Columbia Gas Development of Canada Ltd., Gulf Canada Resources Limited, Mobil Oil Canada and Petro-Canada Inc. - and the Governments of Canada and Newfoundland and Labrador signed the *Statement of Principles* on 18 July 1988.

Columbia Gas subsequently sold its interest in Hibernia (just over 5%) to Chevron. The interests held by the four remaining project owners are:

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| • Mobil Oil Canada: | 28.125% |
| • Petro-Canada Inc.: | 25.0% |
| • Gulf Canada Resources Limited: | 25.0% |
| • Chevron Canada Resources: | 21.875% |

The consortium has formed the Hibernia Management and Development Company to construct, manage and operate the project.

CNOPB declared Hibernia a Commercial Discovery in January 1990 and, on 21 March 1990, issued a 25-year production licence to the Hibernia consortium. On 30 March 1990, the consortium submitted a Development Plan Update to which the CNOPB gave conditional approval on 15 August. The binding agreement for Hibernia was signed on 14 September 1990.