



AUG 15 2011

Mr. Max Ruelokke
Chair and Chief Executive Officer
Canada-Newfoundland and Labrador Offshore Petroleum Board
5th Floor, TD Place
140 Water Street
St. John's NL A1C 6H6

Dear Mr. Ruelokke:

Thank you for your letter of June 3, in which you recommend that I refer Corridor Resources Inc.'s plan to drill an exploratory well in the Newfoundland and Labrador offshore area in the Gulf of St. Lawrence (the project) to a mediator or a review panel pursuant to paragraph 25(b) of the *Canadian Environmental Assessment Act* (the Act).

In your letter, you noted that at this stage of the screening environmental assessment, neither the Canada-Newfoundland and Labrador Offshore Petroleum Board (the Board), nor the expert departments and agencies consulted have identified evidence indicating that the project is likely to cause significant adverse environmental effects. However, you indicated that the concerns raised in the public comments received by the Board would, in the Board's opinion, warrant a referral of the project to a mediator or a review panel.

I have reviewed carefully your recommendation and considered the comments that were sent to the Board and comments that I received directly. A large number of the concerns raised in these comments relate to the broader policy issue as to whether there should be oil and gas activities in the Gulf of St. Lawrence, and to the potential environmental effects at the regional level of such activities. A project specific environmental assessment under the Act, no matter if it is a screening or a review panel, is not the most appropriate mechanism to consider and address these types of generalized issues that go well beyond the project being reviewed.

As such, I have reached the conclusion that a two-pronged approach that will address the broader concerns raised in the public comments received, and allow the completion of the environmental assessment of the project, is warranted.

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First, with regard to the broader public concerns about oil and gas activities in the Western Offshore area of Newfoundland and Labrador in general, my federal and provincial natural resources colleagues, the Honourable Joe Oliver and the Honourable Shawn Skinner, both agree that the strategic environmental assessment for the Western Newfoundland and Labrador Offshore area, that the Board completed in 2007, is due to be updated. This work should include thorough public consultation that would address the concerns highlighted to date and better examine the broader environmental effects of oil and gas activities in this area. My colleague and his officials are prepared to work with the Board and with the province of Newfoundland and Labrador to ensure an appropriate framework for the conduct of this updated strategic environmental assessment is established and implemented as soon as possible.

Second, with respect to the project, I have determined that the environmental assessment should be continued and completed as a screening by the Board. I am confident that a screening environmental assessment that will include extensive public consultation can adequately address the issues associated with the project. Conducting the environmental assessment of the project by way of a screening is also consistent with the regulatory amendment made in 2005 that removed offshore exploratory drilling projects from the *Comprehensive Study List Regulations*, allowing these projects to be assessed by way of screenings.

I am confident that the update of the strategic environmental assessment by the Board, together with the strategic environmental assessment that the Government of Quebec is currently conducting, will result in a comprehensive set of data on the environmental conditions in the relevant area of the Gulf of St. Lawrence.

Sincerely,



The Honourable Peter Kent, P.C., M.P.

c.c.: The Honourable Joe Oliver, P.C., M.P.
The Honourable Shawn Skinner, M.L.A.