



APPLICATION FOR VESSEL TEMPORARY ADMISSION TO THE COASTING TRADE OF CANADA

1. Details of the vessel:

(a) Name/Registry:

TO BE DETERMINED.

As a result of the COVID-19 pandemic, dramatic changes in global crude oil markets, and the recent closure of the North Atlantic oil refinery in Newfoundland, energy markets and marine supply chains are going through a period of significant uncertainty.

It is critical to our customers, to our business, and to energy security throughout Atlantic Canada that we are able to use foreign crude oil tankers to access western Canadian crude oil on an urgent basis and going forward for one (1) year to allow for effective and flexible supply chain planning and to strengthen the link between Canadian oil producers and our refinery in this challenging and uncertain time. The use of foreign crude oil tankers to transport Canadian crude oil will immediately enhance the market for Canadian natural resources, help diversify markets for both producers and refiners, and help mitigate supply chain risks at a time of significant challenge.

Overarching this application is a recognition that recent events have caused the Canadian economy, and more particularly Canada's energy sector, to be in a state of crises. It is a time for Canada to come together to address the needs of this sector.

As a Canadian company who owns and operates Canada's largest oil refinery, Irving Oil should have access to Canadian crude oil from both offshore Newfoundland and Western Canada. The volatility of today's oil markets requires that refiners be able to commit to crude supply within tight time frames and that the commitment to the crude oil be done with certain knowledge of shipping dates and quantities. In addition, vessel size needs to match our infrastructure to offload at our deep-water terminal in Saint John.

Our company is in discussions with Western Canadian crude producers for the prompt acquisition of crude oil in British Columbia for immediate delivery to its refinery through the Panama Canal. However, these arrangements cannot be made without certainty of access to large ships (i.e. Aframax scale)

IRVING OIL

10 King Square South • Saint John, NB E2L 0G3 • irvingoil.com



on a regular, flexible, and recurring basis. Further, Canadian oil is also available from Canadian crude producers at Gulf Coast terminals in the United States. To maintain flexibility with crude suppliers Irving Oil needs to have the option to acquire Canadian oil both in British Columbia and the Gulf Coast.

Similarly, in the past Irving Oil has purchased crude oil from offshore Newfoundland. On occasion it has been given access to the Canadian flagged crude oil shuttle tankers that operate between the drill platforms and the Whiffen Head marine terminal, but our access has been infrequent as the ships are normally fully-occupied in their designated service.

The dynamic nature of the oil markets, particularly at this time, is that oil purchases cannot be committed to without known access to flexible transportation of sufficient size and flexibility and the volatility of the oil markets makes the timeline of the existing flag waiver process too long and uncertain for crude purchase commitments to be made.

With respect to both West Coast and East Coast crude oil, it is Irving Oil's intent to enter into long term agreements with Canadian crude suppliers for the nomination of barrels over a one-year timeframe. Flexible access to prompt oil transportation is a prerequisite to our ability to commit to purchase Canadian crude oil over this term.

For the above reasons, this application is not specific to particular vessels, ports or time frames.

As a result, we are seeking a review of this application on a Fast Track basis, as provided by *Coastal Trading Act* processes, and for a duration of one (1) year.

Unknown Crude Oil Tankers / International

(b) **Category and Type:**

Tankers capable of loading Canadian crude oil and discharging same at Irving Oil's Canaport Single Buoy Mooring marine facility. In general terms, this requires a minimum Panamax sized ship appropriately configured to accept Irving Oil's discharge infrastructure.

(c) **Summary of Technical Specifications:**



On an urgent basis, we are seeking the ability to use foreign tankers consistent with the below vessel characteristics. As Irving Oil nominates foreign tankers consistent with the terms of this application, it will file C47 forms with the Canadian Transportation Agency.

Unknown Crude Oil Tankers

DWT: 80,000 - 190,000

Maximum age of 20 years

(d) **Special Characteristics of Vessel:**

Tankers capable of loading Canadian crude oil and discharging same at Irving Oil's Canaport Single Buoy Mooring marine facility. In general terms, this requires a minimum Panamax sized ship appropriately configured to accept Irving Oil's discharge infrastructure.

2. **Scope of Work:**

(a) **Geographical Location:**

For vessels involved in the loading and delivery of western Canadian crude oil, the crude oil will be delivered by pipeline to a marine terminal in either Texas or Louisiana on the US Gulf Coast, where it will be loaded onto a crude tanker for delivery to Saint John, NB.

New Brunswick

Saint John, NB

(b) **Details of Operation:**

This application is being made in the context of the COVID-19 pandemic and the uncertainty it has caused and will cause in energy markets and in marine planning.

Crude oil vessels will be used to deliver crude oil to the Saint John refinery for processing. It is expected that vessels will load and deliver between 350,000 to 1,000,000 barrels of crude oil.

It is also responsive to the policy objective of increasing the volume of Canadian crude oil being used by Canadian refiners.

(c) **Customs Office of Importation:**

Saint John, NB

(d) **Customs Office of Accounting:**

Saint John, NB

IRVING OIL

10 King Square South • Saint John, NB E2L 0G3 • irvingoil.com



- (e) **Possibility of Changes to the Dates Proposed:**
In this application we are seeking an approval that will support and enable efficient marine planning activities for a period of one (1) year for crude oil products. This duration is intended to allow Irving Oil to respond to changing circumstances relating to the COVID-19 pandemic and broader changes in the energy supply chain throughout Atlantic Canada and in Canada as a whole, and support Irving Oil's increased use of Canadian crude oil in the production of finished petroleum products.
- (f) **Reasons Why No Alternative but to Import Foreign Ship:**
We remain in contact with operators of Canadian registered ships and contract for the use of Canadian vessels to support our business operations. The only crude oil tankers in the Canadian fleet with the required scale are in long-term use for other purposes. We have contacted the owners of these vessels, including Petro-Nav/Desgagnes Group, Valero, and Alterra Infrastructure.

We believe there are no other Canadian vessels available with the scale needed to transport western Canadian crude oil to and discharge at Irving Oil's Canaport Single Buoy Mooring marine facility for the duration of operation required for this application.

3. **Period of Time for which Permission is Required:**

Starting Date: April 21, 2020
Complete Date: April 20, 2021
Permission Required by: April 21, 2020

4. **Details of the Applicant/Client:**

Applicant:	Irving Oil Commercial GP
Contact:	Kevin Scott
Telephone Number:	506-202-7978
Fax Number:	506-202-1091
Name of Client:	N/A

5. **Signature of applicant's authorized representative:**

A handwritten signature in blue ink that reads 'Kevin Scott'.

Signature

April 16, 2020
Date

IRVING OIL

10 King Square South • Saint John, NB E2L 0G3 • irvingoil.com