



Government of Newfoundland and Labrador  
Office of the Premier

December 8, 2014

Hon. Derrick Dalley  
Minister of Natural Resources  
Minister Responsible for the Forestry and Agrifoods Agency  
Natural Resources Building  
P. O. Box 8700  
St. John's, NL A1B 4J6

Dear Minister Dalley:

Thank you for joining me in service to the province and for accepting the challenge of guiding the Department of Natural Resources and the Forestry and Agrifoods Agency.

Together we will foster a responsive and open culture within government in service to the people of Newfoundland and Labrador. Our conduct will be in accordance with the highest standards of professionalism, deportment and ethics. Ours will be a government that is forward moving and future thinking, building on the solid social and economic foundation that is already in place.

With the continued support of the people of the province, we have the opportunity to shape future changes that will ensure the new Newfoundland and Labrador – the still-emerging Canadian provincial power – continues on its upward trajectory. To accomplish this, first and foremost, our government will listen. We will take the opinions, suggestions and guidance of the people of Newfoundland and Labrador as our primary counsel.

The Department of Natural Resources (Mines and Energy) supervises and directs the promotion, exploration and development of mineral and energy resources in our province. This includes developments related to mines, quarries, onshore and offshore petroleum resources, electrical generation and transmission and the development of royalties and associated industrial benefits.

Working closely with key stakeholders, the Forestry and Agrifoods Agency is responsible for developing policy and programs, and providing support functions to the forestry, agriculture and agrifoods industries.

Guided by my government's stated principles, and in addition to the many other responsibilities that are a part of the mandate of your department, the following specific areas require your dedicated focus and efforts as Minister of Natural Resources and Minister responsible for the Forestry and Agrifoods Agency.

**Energy Plan:** Building on the success of our government's 2007 Energy Plan, and looking forward to the next phase of energy resource development, you will advance an updated Energy Plan that will reflect our revised priorities and the knowledge we have gained.

**Offshore and Onshore Exploration:** I expect you to develop policies to further encourage onshore and offshore exploration around the island of Newfoundland and off the coast of Labrador, including the development of a generic royalty regime. I also want you to work with the Federal Government and other stakeholders to streamline and shorten the review and approval process for offshore oil projects.

**Bay du Nord:** The Bay du Nord discovery was the largest conventional oil discovery recorded in the world in 2013 and Statoil's largest discovery outside of Norway. I expect you to work diligently with Statoil towards a successful negotiated deal of the Bay du Nord find for 2015.

**Electricity:** We have heard concerns from residents about electricity rates and a desire for a future of clean, renewable energy sources. As we move towards the exciting new reality of power from Muskrat Falls and other sources, I expect you to take appropriate measures to ensure that the people of the province have a reliable supply of electricity at the lowest possible rates. I also want you to ensure that revenues from our non-renewable resources are used to further develop our renewal energy resources, including Gull Island, which will in turn provide new benefits to our citizens. I expect you to maintain an open dialogue with private producers who have expressed an interest in selling their excess power to the electricity grid to determine best options on this matter.

You are to ensure completion of the independent electricity review to strengthen the provincial electricity system. You will make certain we have the optimal structure, controls and authorities which balance reliability and affordability, particularly as we transition to the North American Interconnection.

**East-West Energy Corridor:** Opening an east-west energy corridor in this country would maximize the reach of Canada's energy supply and connect this province to jurisdictions with a growing demand for sources of reliable electricity. I expect you, in collaboration with the Minister of Municipal and Intergovernmental Affairs, to continue to press the Federal Government to provide leadership in opening east-west energy corridors that give provinces the freedom to transmit energy to markets within this country.

**Mineral Resources:** The province's mineral resources are rich and diverse and the mining industry is a significant contributor to the provincial economy, particularly in rural areas. To ensure we support and grow this sector and continue to maximize the value of resource development for the people of the province, I want you to develop a new Minerals Strategy for Newfoundland and Labrador.

This strategy will include policies and actions to further encourage mineral exploration and development throughout the province including the development of new iron ore projects in Western Labrador.

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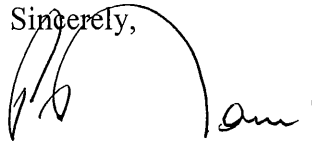
**Hydraulic Fracturing:** Hydraulic fracturing has raised concerns for some of our citizens. We need to know more about the impacts of this process before we determine how to proceed. On October 10, 2014, we announced an independent panel to conduct a public review and advise government on the socio-economic and environmental implications of the hydraulic fracturing process with respect to the possible exploration and development of the petroleum resources of western Newfoundland. I expect you to take appropriate measures to ensure this panel's review can be completed in the one year time frame provided and to ensure government will be in a position to respond and advise the people of the province of our position shortly thereafter.

**Agriculture and Agrifoods:** The Agriculture and Agrifoods Action Plan: Our Farms, Our Food, Our Future articulates government's goal for the development of the agriculture and agrifoods industry that focuses on food security, economic advancement and environmental sustainability. You will continue with the implementation of this action plan and work with industry to strengthen production and to support the innovative ideas that will lead to economic growth.

**Diversification:** In consultation with the Ministers of Business, Tourism, Culture and Rural Development, and Finance, I expect you to advance programs and services for the sustainability, expansion and diversification of the forestry and agriculture industries. More specifically, programs and services should target areas such as enforcement and compliance of legislation, licensing and permitting, land management and animal health. I expect that you will publically release the 2014-2024 Provincial Sustainable Forest Management Strategy.

We will approach this hard work together, as servants of the people of the province, and give our responsibilities as members of the Cabinet our highest priority and unwavering attention. The actions we take today will support residents of Newfoundland and Labrador and lay the foundation for our future — a future of prosperity, opportunity and diversity. We will collaborate and be open with the people of the province on matters important to them and approach challenges and opportunities with innovation and creativity.

Sincerely,

A handwritten signature in black ink, appearing to read 'Paul Davis', written over a large, faint circular watermark or stamp.

**PAUL DAVIS**  
Premier