

## Coalbed Methane in Hudson's Hope: The Road to Resolution

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**Bruce Cazes with the OGC's Compliance and Enforcement branch inspects a CBM test well in Hudson's Hope.**

The Oil and Gas Commission has been working with the community of Hudson's Hope to share information, answer questions and listen to concerns about coalbed methane development (CBM) in the area. Key issues include air quality, water disposal and well spacing. Over the past five months the OGC has:

- Participated in four public meetings/workshops in Hudson's Hope;
- Met with the mayor and council on four occasions;
- Conferred with local citizens groups;
- Provided a temporary information sharing office in Hudson's Hope;

- Circulated seven information bulletins in the community;
- Responded to over 30 letters from residents;
- Compliance and Enforcement staff frequently inspected and monitored the test site; and
- Consulted with First Nations communities in the area.

To arrive at a balanced decision, the OGC is examining all available information on Peace River Corporation's application to drill a CBM well near Hudson's Hope. Public input is important in this decision-making process. The Commission will draft terms and conditions that could be imposed on any approval for this well. The Commission will also seek stakeholder input on these draft conditions at a workshop on June 7, 2003.

***The Honorable Richard Neufeld, Minister of Energy and Mines, commits to "one well per quarter section of land for production wells on private agricultural and leased agricultural land."***

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## Science and Community Environmental Knowledge Fund

The OGC is hosting a Science and Community Environmental Knowledge (SCEK) Fund forum and workshop May 29-30, 2003 in Fort St. John, BC.

The forum provides an opportunity for

researchers, First Nations, government, industry, students and stakeholders to gather and learn about research projects supported by the Fund. The workshop will facilitate the exchange of information and ideas on studies that could

*Continued on page 2*

Vision of the Oil and Gas Commission:

*"To be an innovative regulatory leader, respected by stakeholders, First Nations and clients."*

## Performance Report 2002-2003

*To read more about the OGC's initiatives, progress and performance during fiscal year 2002-2003, stay tuned for our Annual Report, to be released May 30, 2003.*

The OGC accomplished over 90% of its goals set out in the Service Plan for 2002/2003. These initiatives served our commitment to regulate for the benefit of all. Four categories of action were: Single-Window; Performance and Results-based; Efficiency and Effectiveness; and Collaboration with First Nations.

### 1. Single-Window increased from 70% to 85%

Bill 36, passed in February 2002, allowed the OGC to broaden its responsibilities for:

- Waste Management;
- Water Regulation; and the
- *Forest Practices Code Act.*

### 2. Performance and Results-based increased from 15% to 25% with the introduction of:

- Environmental Upgrade Notice;
- Minor Changes Notice;
- Permit by Rule;
- Professional Sign-off;
- Leave to Open automation;
- Application to Alter; and
- Application to Flare.

### 3. Improved Efficiency and Effectiveness

- Average application process times decreased from 20.8 to 17.8 working days. The goal was 18;
- General Development Plan pilot completed;

- Integrated Road and Well Applications;
- Royalty on fill material for roads eliminated;
- Land Application fees at OGC dropped;
- Pipeline stream crossing rules refined;
- Maximum Disturbance Guidelines published;
- Geophysical Guidelines for the Muskwa-Kechika Management Area being developed;
- Deficiency Reports backlog eliminated;
- Exploration Compliance at 86% (goal 82%);
- Operational Compliance at 97% (goal 95%); and,
- Emergency Response Planning and Safety Inspector position fully operational.

### 4. Enhanced Collaboration with First Nations

- MOU's (two) and Agreements (six) are fully operational;
- OGC offices in First Nation communities – declined by First Nations for now;
- Ride-along program with OGC Compliance and Enforcement staff instituted;
- Publish approval conditions and company commitments;
- General Development Plan pilot tested;
- Shared workshops on Emergency Response Plans, administrative law and enforcement; and,
- First Nations Liaison Inspector position fully operational.

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#### Environmental Knowledge Fund *Continued from page 1*

be supported by the Fund in the future. There will be facilitated group sessions, where discussion and ideas will be generated, to identify priorities for future projects to be supported by the Fund.

Several presentations on funded projects, either completed or currently underway, are scheduled over the day and a half event. There will also be evening presentations open to the public on Thursday, May 29.

Following are some of the presentations scheduled for the forum/workshop:

**Soil Productivity and Forest Regeneration Success on Reclaimed Oil and Gas Sites**  
– *Ministry of Forests*

**Foothills Model Forest Grizzly Bear Research Project**  
– *Alberta Sustainable Resource Development*

**Wildlife Studies: Working Towards an Understanding of Cumulative Effects Associated with Oil and Gas Development in the Chinchaga Area of BC and AB**  
– *Pioneer Natural Resources Canada Inc. and Ernst Environmental Services*

**Study of Animal and Human Health Effects Associated with Exposure to Emissions from Oil and Natural Gas Field Facilities Across the Western Provinces**  
– *Western Interprovincial Scientific Studies Association*

**Cumulative Impact Management–Framework and Case Studies**  
– *Axys Environmental and Salmo Consulting Inc.*

**Helicopter Drilling**  
– *TERA Environmental Consultants*

## Daily Actions on Dispute Resolution at the OGC

Concern/Issue	The OGC's Dispute Resolution Actions
<b>Absence of Information</b>	<b>Information Sharing:</b> <ul style="list-style-type: none"> <li>● Information brochures, fact sheets, Commissioner's Updates, information letters.</li> <li>● Sharing information at trade shows, workshops, community meetings.</li> <li>● Providing information in response to information requests.</li> </ul>
<b>Stakeholder Concerns</b>	<b>Issue Resolution:</b> <ul style="list-style-type: none"> <li>● Applications and Approvals, Aboriginal Relations and Stakeholder Relations branches assist in resolving issues during the application review process.</li> <li>● Compliance and Enforcement branch works with industry and stakeholders in resolving operational issues arising after an application has been approved.</li> </ul>
<b>First Nations Concerns</b>	<b>Protection and Mitigation:</b> <ul style="list-style-type: none"> <li>● Facilitated meetings between First Nations and industry.</li> <li>● OGC confers with Chief and Council, Land Use staff, Elders and Monitors.</li> <li>● Impose terms and conditions on approvals and provide final permits.</li> <li>● Compliance monitoring and enforcement.</li> </ul>
<b>Community Concerns</b>	<b>Community Engagement:</b> <ul style="list-style-type: none"> <li>● The OGC documents concerns and shares information with communities.</li> <li>● Broad-based community involvement including Buick Creek, Mile 62.5, Hudson's Hope, Fort St. John, Fort Nelson, Chetwynd, Dawson Creek and Comox.</li> <li>● Enhanced compliance and enforcement.</li> <li>● Actions tailored to meet specifics of activity and concerns (workshops, presentations, bulletins, etc.).</li> </ul>
<b>Proponent/Surface Dispute</b>	<b>Facilitation:</b> <ul style="list-style-type: none"> <li>● Facilitation occurs at all levels of the OGC on issues dealing with land, health, safety, wildlife, water, rehabilitation and industry performance.</li> </ul>
<b>Landowners/Proponent Disputes</b>	<b>Mediation and Arbitration Board:</b> <ul style="list-style-type: none"> <li>● The OGC provides information relevant to applications made to the Board and shares information with landowners.</li> <li>● The OGC is adding a farmers' advocate position.</li> </ul>
<b>Conflicting Tenures</b>	<b>Inter-Agency Task Group:</b> <ul style="list-style-type: none"> <li>● The Commission is working with the Peace Managers to define a framework of best practices and procedures for consultation and conflict resolution between tenure holders.</li> <li>● Pre-tenure plan for oil and gas operations.</li> <li>● Sustainable resource management plans.</li> </ul>
<b>Oil and Gas Production Disputes</b>	<b>Reservoir Engineering Studies and Decisions:</b> <ul style="list-style-type: none"> <li>● Limits on daily production.</li> <li>● Off-target production penalties.</li> <li>● Pool evaluation and conservation.</li> </ul>
<b>Unresolved Dispute of OGC Approved Activities</b>	<b>Request for Reconsideration:</b> <ul style="list-style-type: none"> <li>● Disputant may apply to the Advisory Committee for reconsideration of the OGC decision.</li> <li>● If the Advisory Committee grants the application, it makes a request to the OGC.</li> <li>● If the OGC grants the request, it authorizes a facilitated resolution of the dispute.</li> <li>● The OGC reconsiders its original decision.</li> </ul>

### **Our Duty**

*The OGC has a duty to resolve oil and gas development issues and disputes between affected parties, such as energy companies, and landowners or First Nations.*

*The goal of dispute resolution is to explore and understand each others' interests and to develop acceptable solutions together.*

*The Commission works collaboratively with proponents, First Nations and stakeholders to resolve a broad range of issues.*

*If you have questions please contact:*

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## Economic Measures Fund Assists Communities

*If you have any questions or would like further information on the Economic Measures Fund, please contact:*

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The OGC is working with Treaty 8 on the following three Economic Measures Fund (EMF) projects to increase capacity to participate in oil and gas economic opportunities:

### **1. First Nations participation in the annual BC Oil and Gas Conference:**

EMF provided assistance to members of Treaty 8 communities to attend the 2002 Prosperity Through Unity Oil and Gas Conference. The OGC will be applying to the EMF to assist First Nations to continue to participate in the 2003 Oil and Gas Conference in Dawson Creek, September 29-October 2.

### **2. Treaty 8 Market Opportunities**

#### **Analysis:**

This initiative will establish Geographic Information Systems (GIS) capability in Treaty 8 communities; develop access to government, industry and First Nations databases; train communities to operate the systems; and assist communities to utilize the GIS to conduct analysis and identify business opportunities.

The OGC has retained a GIS coordinator to assist the communities in identifying software and hardware needs, facilitating initial training, and providing initial systems support.

### **3. McLeod Lake Indian Band (MLIB) Preparedness:**

The MLIB has identified business opportunities for seismic line clearing and road and lease development. The OGC has recently signed a contribution agreement with McLeod Lake Indian Band to:

- i. Provide a registry of available First Nation community workers and equipment;
- ii. Assist in the development of a training plan; and
- iii. Assist in contract and joint venture negotiating/bidding.

EMF activities are being undertaken in an effort to help improve First Nations involvement in the oil and gas sector. All Treaty 8 First Nation communities are eligible for funding.

The Treaty Negotiations Office manages the EMF for government.

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## Deregulation Update

The OGC has made significant strides toward realizing the provincial government's directions to reduce red tape. The Commission has:

- Consolidated or eliminated a number of forms and checklists;
- Eliminated seven fees and simplified one (July 2002);
- Discontinued fees for a number of *Land Act* applications and for short-term use of water applications (effective January 1, 2003); and
- Implemented notification processes in place of applications for environmental upgrades, field changes, well completions and low risk flaring (2002-03 drilling season).

The OGC's efforts have reduced regulatory burdens for the oil and gas industry and the Commission, from a baseline count of 7338 to 6091 at the end of March, 2003. To achieve the government's regulatory burden reduction target of 33% by June 2004, a further reduction to 4892 will be required. The Commission will examine and amend as necessary, regulations, the Oil and Gas Handbook and related forms and checklists to achieve that target. Throughout this process, the Commission will consult with industry, government ministries, other agencies and stakeholders.

The reduction in regulatory requirements will improve industry's opportunities to conduct their activities without compromising safety, environmental and social objectives.

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## OGC's New Emergency Management Plan

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The Oil and Gas Commission has a duty to regulate oil and gas activities, ensuring public safety and environmental protection. An Emergency Management Plan (EMP) has been created, as a guide for Commission personnel, to effectively respond to emergencies within the OGC's regulatory jurisdiction. The Plan is designed to align staff and resources with information, procedures and practices that ensure consistent and appropriate responses to oil and gas incidents. Responder safety, public safety, worker safety and control and containment of hazards are the primary goals of the Plan.

This EMP is modeled after the BC Emergency Response Management System and has been carefully developed over the past eight months. The OGC is committed to protecting public

safety and the environment and to meeting its responsibilities as a regulatory agency.

Implementation of the Plan will:

- Assign an on-duty Incident Commander, 24 hours a day, 7 days a week;
- Designate a fully trained Emergency Response team;
- Communicate effectively with, and use combined resources of other agencies; and
- Institute a one-call emergency number.

The OGC will monitor and conduct emergency planning internal audits to ensure compliance with our emergency planning goals, and to assist in continually improving our performance.

## Preliminary Findings of the 2003 Multi-Agency Compliance Audit

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The Oil and Gas Commission recently participated in a third multi-agency audit with the Ministry of Water, Land and Air Protection's Conservation Officer Service. The 2003 audit focused on sewage disposal/storage and water usage non-compliance issues that were identified

in the 2002 audit. Major compliance for sewage was up to 83% from 62% in 2002 and water usage went up to 97% compliance from 56% in 2002.

The 2003 Compliance Audit will be compiled and a report will be finalized by August 1st, 2003.

**2003 Compliance Rates of Activities Targeted from 2002 Audit**

TYPE	TOTAL	COMPLIANCE	MINOR NON-COMPLIANCE	MAJOR NON-COMPLIANCE	% OF MAJOR COMPLIANCE
Stream Crossings	160	109	16	35	78
Sewage Disposal and/or Storage	125	85	19	21	83
Special Wastes	37	34	1	2	95
Water	112	104	5	3	97
<b>Total Inspections</b>	<b>434</b>	<b>332</b>	<b>41</b>	<b>61</b>	<b>86</b>

## New Staff in Engineering and Geology

*If you have any questions or would like further information on the*

*Operations Engineering section,*

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The Operations Engineering section of the OGC's Engineering and Geology branch has recruited two additional engineers and an office assistant to ensure adequate staffing to fulfill the Commission's mandate.

George Guo joins us as the Drilling and Production Technician. This is a newly created position, providing support to the drilling and production engineering team. George's experience includes 15 years as a drilling and production engineer.

Constantin Visan will be taking over the role of Production Engineer, as Richard Slocomb is joining the Reservoir Engineering and Geology section of the branch in the Victoria office. Constantin has 12 years of engineering experience.

Trudy Clark will provide the administrative support the Operations Engineering team requires to fulfill their mandate.

The Engineering and Geology branch promotes the conservation of the province's oil and gas resources through appropriate development; ensures public safety; protects the rights of tenure holders; maintains petroleum and natural gas reserve inventories; and provides technical data and information to industry.

## On the Website

[www.ogc.gov.bc.ca](http://www.ogc.gov.bc.ca)

### Well Transfers and Name Changes Moved to Fort St. John

The forms Application to Transfer a Well Authorization and Application to Change a Well Name should now be submitted to the Oil and Gas Commission's Fort St. John office.

Processing of these applications will no longer be completed in the Commission's Victoria office. More information can be found at: [www.ogc.gov.bc.ca/informationletters.asp](http://www.ogc.gov.bc.ca/informationletters.asp)

### Reporting Requirements for Gas Flaring During Under-Balanced Drilling Operations

Inspection of under-balanced drilling operations indicates that the requirements for reporting flared gas needs improvement. Details are in the information letter at:

[www.ogc.gov.bc.ca/informationletters.asp](http://www.ogc.gov.bc.ca/informationletters.asp)

### Environmental Dividend

The *Petroleum and Natural Gas General Regulation*, under the *Petroleum and Natural Gas Act*, has been revised to reduce the Well Authorization application fee for the second and subsequent wells utilizing an existing surface lease. The change was effective on May 1, 2003. For more information, visit our website at: [www.ogc.gov.bc.ca/informationletters.asp](http://www.ogc.gov.bc.ca/informationletters.asp)

## Pipeline Section of Oil and Gas Handbook Rescinded

The Oil and Gas Commission is rescinding Section 8, Pipelines, of the Oil and Gas Handbook, effective March 14, 2003. The pipeline section of the Oil and Gas Handbook has been superseded by more current information. See the information letter on Pipeline Section 8 rescindment at

[www.ogc.gov.bc.ca/informationletters.asp](http://www.ogc.gov.bc.ca/informationletters.asp)

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