

Memorandum of Understanding

between

**British Columbia Ministry of Energy, Mines and Petroleum Resources,
British Columbia Ministry of Forests, Lands and Natural Resource Operations and
Rural Development, British Columbia Oil and Gas Commission**

and

**Canadian Association of Petroleum Producers and
Explorers and Producers Association of Canada**

**Re: Petroleum and Natural Gas Restoration in
Northeast British Columbia**

Purpose

Natural resource development in northeast British Columbia (BC) can disturb habitats and ecosystems, creating a variety of management challenges that have provincial, industry and Indigenous implications. As such, the Province of BC (the Province) and the petroleum and natural gas (PNG) sector believe that by proactively restoring disturbances, certain management challenges may be resolved, and the condition of habitats and ecosystems would be improved for the benefit of all British Columbians. Additionally, it may enhance certainty for continued future investment and development of the PNG sector in BC.

The Province and the PNG sector collaborating to address management challenges of a shared interest is not a new concept. For instance, between 2011 – 2018 the PNG sector and the Province collaborated under a Memorandum of Understanding (MOU) to support implementation of the Province's Boreal Caribou Implementation Plan (BCIP) in which the PNG sector contributed approximately \$2 million annually for 5 years. This collaboration contributed nearly \$10 million total and was commonly known as the "Caribou Research MOU". This work and the associated learnings set a clear foundation that collaboration is a key ingredient in the process to improve the condition and management of landscape level challenges, including the need to have the shared interest around the benefit of improving the working relationships with Indigenous communities.

The restoration of habitats and ecosystems is a common theme among multiple provincial policy initiatives currently being considered or that are being implemented in northeast BC. Proactive measures targeted at restoring disturbances associated with PNG development can help advance these policy initiatives and likely produce added value and benefits. Given this and building on the previous foundational work associated with the previous Caribou Research MOU, this MOU will address the establishment of a fund and management framework for approving projects to restore disturbances from historical or legacy PNG activities in northeast BC. Planning and implementation of this restoration work is to be undertaken in a manner that respects Indigenous culture and Treaty rights, and seeks synergies and partnerships with other

provincial programs, local governments and stakeholders that have a shared interest in restoration activities.

Understanding

The Province (represented by the Ministry of Energy, Mines and Petroleum Resources [MEMPR], the Ministry of Forests, Lands and Natural Resource Operations and Rural Development and the BC Oil and Gas Commission [OGC]), and the PNG sector (represented by the Canadian Association of Petroleum Producers [CAPP] and the Explorers and Producers Association of Canada [EPAC]) – “the Parties” – will collaborate on planning and, jointly fund and implement projects designed to restore historical or legacy PNG sector impacts in northeast BC. The Parties recognize that final decisions regarding the management of provincial lands and resources rest with the Province.

Principles

The Parties will be guided by the following principles:

1. Application of sound science and Indigenous knowledge;
2. Measurable objectives and actions;
3. Shared responsibility; and,
4. Application of adaptive management.

Objectives

The Parties’ key objectives include, but are not limited to, the following:

1. Contribution to and management of a fund for implementing PNG restoration projects for legacy PNG disturbance, which is defined as disturbance that does not involve a regulatory obligation to conduct restoration and/or reclamation;
2. Creation of a strategic management committee to plan for and approve PNG restoration projects;
3. Conducting research, monitoring activities and reporting on progress of PNG restoration activities, and adapting plans as appropriate to achieve the desired outcomes;
4. Seeking partnerships with other organizations to enhance funding, diversify projects and achieve multiple outcomes;
5. Engaging with Indigenous groups to seek their participation and knowledge, and to determine to what extent they would like to carry out proposed projects; and,
6. Development of culturally appropriate restoration and reclamation practices that incorporate traditional ecological knowledge and current research.

Outcomes

The delivery and implementation of this MOU is expected to achieve the following measurable outcomes:

1. Provincial jurisdiction and priority in land and resource management is maintained;
2. Restoration strategies and projects that can benefit habitat and ecosystem condition and trend are carried out;

3. Restoration strategies and projects are implemented through enhanced collaboration with Indigenous groups, other government agencies, stakeholders and other funding entities;
4. Restoration strategies and projects are managed adaptively to deliver longer-term environmental, social and economic benefits;
5. Partnerships are established with other organizations that have shared interests in PNG restoration; and,
6. Multiple policy initiatives and priorities of all parties are achieved through collaboration and alignment of resources and actions.

Financial Contributions

Funding and all expenditures to conduct work under this MOU are to be managed under the BC Oil and Gas Research and Innovation Society (BC OGRIS) through the establishment of a specific PNG restoration fund (OGRIS Restoration Fund).

The Parties intend to support implementation of this MOU through annual funding contributions over a 5-year period. Funding contributions through the term of this MOU are expected to be at least \$1million annually contributed jointly from the Parties in the spirit of shared responsibility as follows:

- In year 1, \$1 million in funding contributed to the OGRIS Restoration Fund by the Province.
- In year 1, the Parties develop a funding contribution schedule to the OGRIS Restoration Fund for years 3 through 5 based on a formula and mechanism developed by CAPP and EPAC.
- In year 2, the Parties request the BC OGRIS release unspent funds from the previous Caribou Research MOU. Funding from this request is expected to be around \$500,000.
- In years 3 through 5, the PNG sector annually contributes funds based on the funding contribution schedule to the OGRIS Restoration Fund determined in year 1. Additional shared funding contributions may be anticipated from the following:
 - The Province committing to explore relevant government(s) funding sources; and,
 - Possible contributions from the OGC through earmarked grants.

Prior to committing funds in years 3 through 5, a review of progress made towards achieving determined objectives will be completed to gauge the effectiveness of expenditures. In addition, an assessment of industry financial trends (conducted by CAPP and EPAC) will be conducted to guide a decision on whether industry contributions should be adjusted either up or down. The status of relevant provincial habitat and ecosystem policies, including any changes, will also be reviewed. Overall funding contributions may be realigned based on the outcome of these reviews.

In all years, the Parties will collaborate in seeking other contributors and funding options to leverage additional funds through partnerships with other organizations.

Organizational Structure

The Parties will each identify two members to sit on a management committee, with the committee to be co-chaired by a member from CAPP and a representative from the MEMPR. An initial task of this management committee will be to develop Terms of Reference that will help guide the committee in achieving the objectives of this MOU.

The Parties agree to seek the assistance of a program manager to be responsible for technical and secretariat needs of the management Committee. In addition, the Parties will each identify staff who may be contacted to address technical or administrative issues as they arise.

The Parties may establish technical working groups or other committees as required to address specific issues.

Term / Amendments

This MOU is for the term of 5 years from the date the last party signs. The MOU may be amended as needed with the agreement of the Parties.

Adaptive Management

A review of expenditures, projects completed, and progress on achieving the outcomes anticipated in this MOU will be completed after 2 years to determine if any adaptive measures can be applied to improve implementation of this MOU. A final review will be undertaken in year 5 to assess the outcomes of the overall program.

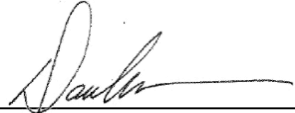
Termination

Any of the Parties may terminate this MOU by providing at least 3 months advance written notice. At the time of termination, any projects that have been approved and funded through the OGRIS Restoration Fund will be completed.

Legal Effect


Nothing in this MOU creates any legally binding commitment on the part of any of the Parties, nor fetters the decisions of any statutory decision-makers of the Province.

Signatures / Dates



Daye Nikolejsin,
Deputy Minister
BC Ministry of Energy, Mines
and Petroleum Resources

May 5, 2020
Date



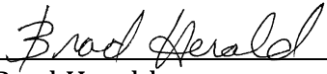
Paul Jeakins,
Commissioner & CEO
BC Oil and Gas Commission

May 4, 2020
Date



John Allan,
Deputy Minister
BC Ministry of Forests, Lands and
Natural Resource Operations and
Rural Development

April 24, 2020
Date



Brad Herald,
Vice President of Western Operations
Canadian Association of
Petroleum Producers

May 7, 2020
Date



Tristan Goodman,
President
Explorers and Producers Association
of Canada

May 7, 2020
Date