

Oil and Gas Activities Act



OGAA Primer

This *OGAA* Primer provides a summary of the major concepts and changes resulting from the implementation of the *Oil and Gas Activities Act (OGAA)*—the BC government's new and comprehensive regulatory framework covering all oil and gas activities undertaken by all operators and practitioners.

This Primer is intended to support the information sessions offered under the *OGAA* Training and Support Program. More information on this program can be obtained from the *OGAA* website at: www.empr.gov.bc.ca/OG/OILANDGAS/OGAA. Practitioners who need a more comprehensive and complete understanding of their legal obligations and opportunities under *OGAA* are encouraged to participate in the *OGAA* training sessions in addition to obtaining legal advice in the appropriate areas.

Why *OGAA*?

OGAA simplifies the oil and gas regulatory framework by consolidating and modernizing the requirements that existed in several acts and regulations into a single comprehensive framework.

The current regulatory framework is over 40 years old. Oil and gas activities in BC have expanded significantly since then. In addition, new technologies have enabled more exploration and development with less risk to the environment and public safety. Expectations for stakeholder input and environmentally responsible use of Crown resources has also evolved since the original regulatory framework was implemented. *OGAA* addresses these changes in expectations and opportunities—balancing economic goals with environmental and socially responsible development and use of the Crown's oil and gas resources.

Oil and Gas Activities Act

OGAA Primer

Under *OGAA*, the government’s duty to respect aboriginal and treaty rights and consult with First Nations continues as before.

The key goals and benefits of *OGAA* include the following:

Goals	Benefits
<p>Thriving and innovative oil and gas sector</p>  <p>Thriving and Innovative Industry</p>	<ul style="list-style-type: none"> ✓ Provides an attractive oil and gas sector that is competitive with other jurisdictions. ✓ Provides clear and consistent regulatory requirements that apply to all operators and practitioners conducting any oil and gas activity in BC. ✓ Provides a streamlined and simplified regulatory framework. ✓ Provides flexibility to quickly and easily accommodate innovation, new investments, developments, technologies and/or approaches.
<p>Environmentally responsible development</p>  <p>Environmental Responsibility</p>	<ul style="list-style-type: none"> ✓ Maintains the highest standards of environmental management consistent with BC’s other natural resource sectors. ✓ Continues the world-wide recognition given BC for its environmental leadership and responsibility.
<p>Socially responsible development</p>  <p>Social Responsibility</p>	<ul style="list-style-type: none"> ✓ Provides formal opportunities for private land owners and other affected stakeholders to comment on proposed oil and gas activities. ✓ Provides fair and consistent decision-making processes through a review and appeal process. ✓ Provides an expanded and modern suite of compliance and enforcement tools that can be effectively used against a wider range of non-compliant situations.

Oil and Gas Activities Act

OGAA Primer

What is OGAA?

OGAA is the regulatory framework that governs oil and gas activity in BC. It is based on a consolidation of the *Oil and Gas Commission Act (OGC Act)* and the *Pipeline Act*. The operational aspects of the *Petroleum and Natural Gas Act (P&NG Act)* will also be moved to OGAA. OGAA is also modernized to reflect the social and environmental expectations of the Province as well as providing flexibility to pursue new developments and/or incorporate new technologies.

OGAA will come into force when the regulations have been approved—targeted for the end of April, 2010.



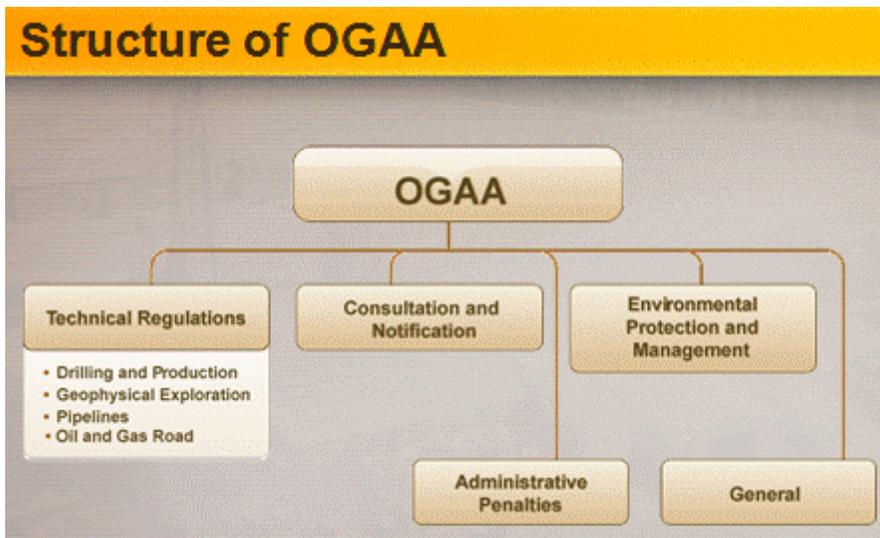
OGAA Structure

OGAA consists of an Act—passed by the BC Legislature in May, 2008—and Regulations.

OGAA Regulations

OGAA Regulations include the following:

- **Technical regulations**—carried forward from previous regulations under other acts and updated and enhanced to reflect the goals of OGAA. These regulations are approved by the Board of the Oil and Gas Commission(OGC);



Oil and Gas Activities Act

OGAA Primer

- **Consultation and notification**—containing requirements for consultation and notification activities that must occur before a permit application is submitted to the OGC;
- **Administrative penalties**—containing the maximum administrative, or monetary, penalties that can be levied for contraventions of the requirements in the Act and Regulations;
- **Environmental protection and management**—containing the requirements to protect and manage environmental values defined in *OGAA*; and
- **General and other regulations**—containing other regulatory requirements that have been carried forward into *OGAA* from other acts. This includes the Levies and Fees Regulation and the Orphan Fund Regulation. Additional regulations may be drafted to address other items such as the transition to *OGAA*.

OGAA Conceptual Model

The illustration below summarizes the major components and concepts in *OGAA*.

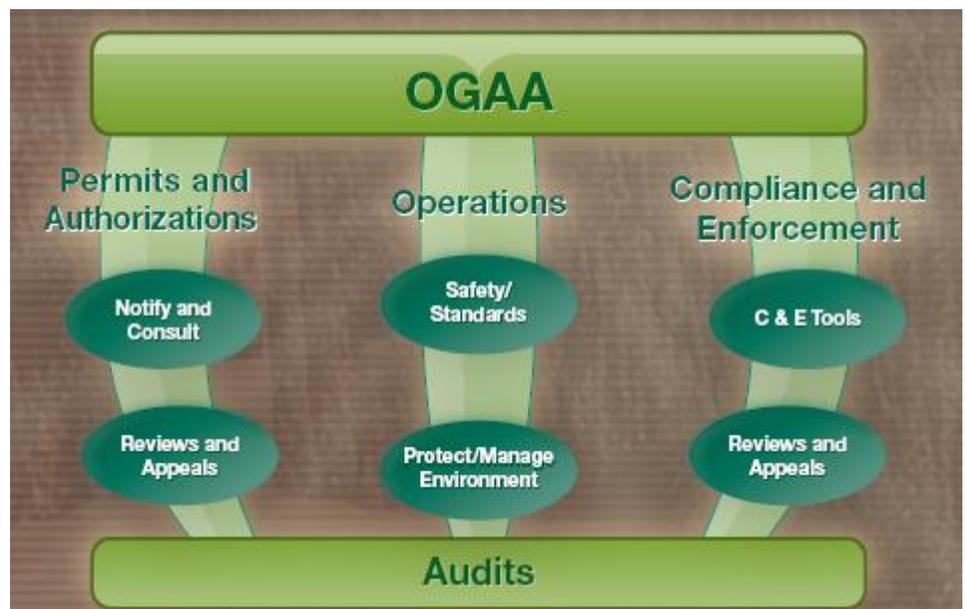
OGAA

The Act and Regulations contain the legal requirements for all oil and gas activities undertaken by all operators and practitioners in BC.

New features in *OGAA* include the powers of the OGC Board to approve the technically oriented regulations.

OGAA is more streamlined and simplified through increased adherence on accepted industry standards, eliminating

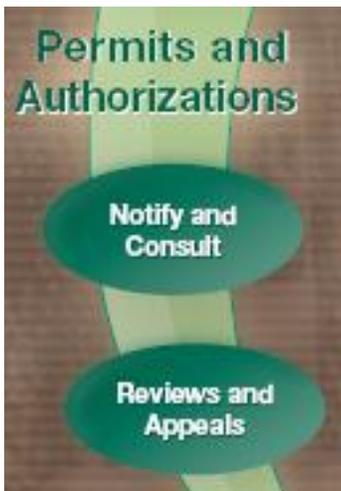
unnecessary interactions between the OGC and industry and utilizing results-based requirements where feasible.



Oil and Gas Activities Act

OGAA Primer

Permits and Authorizations



New features under *OGAA* for permitting processes include the ability to incorporate innovation, new technologies and/or new developments—through special projects, conditions on a permit and the ability to quickly create/adapt the technically oriented regulations that are approved by the OGC Board.

Notify and Consult

OGAA requires those applying for a permit to notify and consult with private land owners and other affected parties prior to submitting the permit application.

This provides stakeholders an opportunity to better understand and comment on the proposed activities before any permits are issued. These activities also help industry build and maintain their relations with local stakeholders and provides the OGC with better information on the concerns and issues of all parties. The OGC also has expanded powers to consider stakeholder comments and concerns raised. These notification and consultation requirements reflect OGC policy

that many companies have been following for years.

Reviews and Appeals

OGAA provides formal opportunities to request reviews and/or appeals of OGC decisions including those related to permits. Industry can request a review or appeal of an OGC decision regarding a permit. Private land owners can appeal a decision of the OGC regarding the issuance or amendment of a permit that covers their land.

Operations



Safety/Standards

OGAA reduces the amount of prescriptive and detailed requirements by utilizing accepted industry standards and incorporating results based requirements in areas where it is feasible. This provides industry the flexibility to utilize the knowledge and skills of practitioners to select/adapt the appropriate practices to meet local conditions—as long as the end result is achieved.

Protect/Manage Environment

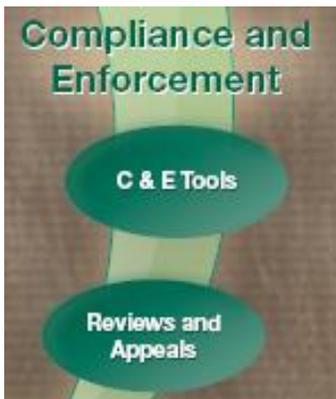
OGAA contains a clear framework for protecting and managing environmental values. This framework involves an obligation on behalf of those carrying out oil and gas activities to protect wildlife, manage biodiversity, protect ecosystems, protect cultural heritage resource features and protect/manage other values. This

Oil and Gas Activities Act

OGAA Primer

framework is consistent with the BC government's environmental standards that apply to all industry sectors in BC. Requirements to protect and manage the environment are included in *OGAA* and Regulations as well as in Minister's Orders and other measures established by BC government agencies. Many of these requirements are a formalization of current management practices already used by many companies.

Compliance and Enforcement (C&E)



Compliance & Enforcement (C&E) Tools

OGAA provides the OGC with an expanded and modern suite of C&E tools. The depth and breadth of tools available under *OGAA* allows the OGC to levy penalties that reflect the nature and severity of the contravention—including consideration of the operator's compliance history.

The enhanced suite of C&E tools includes new administrative, or monetary, penalties. The OGC has expanded powers to amend, cancel or suspend any permit held by the permit holder as well as refuse to issue, or attach conditions, to new permits. The OGC also has expanded powers to make warnings and issue orders to remedy damage to the environment or to address situations of risk to the public or resource conservation.

Offences that can be levied by the Courts have been increased significantly along with the potential for jail sentences.

Reviews and Appeals—Those subject to an alleged contravention will have an opportunity to be heard before a decision is made. In addition, *OGAA* provides opportunities for those who are subject to a compliance and enforcement action to request a review and/or appeal of the decision.

Audits

Audits to assess the effectiveness of *OGAA*'s regulatory structure in meeting its goals will be undertaken. Performance-based audits will be conducted by the OGC along with audits from other BC agencies such as the Ministry of Energy, Mines and Petroleum Resources and the Ministry of Environment.

More information

The *OGAA* website contains more information on *OGAA* and Regulations including training materials and links to the legislation. The *OGAA* website can be found at www.empr.gov.bc.ca/OG/OILANDGAS/OGAA.