

## BC Ministry of Energy and Mines Tenure Discussion Paper Feedback

The British Columbia Ministry of Energy and Mines (Ministry) is currently reviewing the tenure provisions of the *Petroleum and Natural Gas Act* (the Act) and its regulations, which provide the statutory framework for the administration of rights to Crown-owned subsurface petroleum and natural gas resources. This review may result in amendments to the Act being proposed during a future legislative session.

In September 2011, the Ministry released the **Discussion Paper on the Tenure Provisions of the *Petroleum and Natural Gas Act* and regulations**. The purpose of the discussion paper was to seek input from interested parties on changes to the Act and regulations that would help improve the tenure system. The period for submitting comments closed October 17, 2011.

The Ministry received responses to the discussion paper from a broad range of respondents including the petroleum and natural gas industry, First Nations, local governments, private land owners and public policy groups. In total, the Ministry received 29 individual submissions containing over 100 different comments, proposals and suggestions.

While the submissions varied widely, a number of overall themes were apparent:

- pre-tenure consultation and engagement;
- surface footprints and environmental impacts of oil and gas activity;
- the rules for drilling licences;
- the length of time offered by tenures and their respective extension mechanisms; and,
- the limitations of current Ministry electronic systems and staffing levels.

Comments on pre-tenure consultation and engagement suggested that more in-depth consultation and engagement with First Nations, communities and landowners prior to the disposition of tenures could help to reduce conflict between tenure holders and these groups. A number of comments highlighted the need to create a mechanism to enforce a tenure's caveats after its disposition.

Comments on surface footprints and environmental impacts identified opportunities for more deliberate and orderly disposition of tenure, suggested improved coordination of surface activities and infrastructure development by tenure holders; and requested baseline assessments, cumulative impact assessments and detailed planning of oil and gas activities.

A significant number of respondents suggested that the rules for drilling licences should be altered to grant the tenure holder the right to produce petroleum and natural gas as well as explore for it. Other comments on drilling licence rules included the suggestion that the lease area entitlements from an earning well should be eligible to be used to make lease selections from an unlimited number of drilling licences located within four kilometres of the licence with the earning well; and a request to review the lease selection entitlements per meter of drilled earning well (Schedule 1 of the Drilling Licence Regulation) to account for advances in drilling techniques which allow for longer wells.

Comments varied widely with regards to whether the current tenure terms and extension opportunities are appropriate. A common view was that current tenure terms are only appropriate where year round access to the site is possible. A number of respondents expressed concern that the Act lacks a mechanism to extend tenures when surface access challenges are encountered. Suggestions were made that an allowance be created within the tenure system for situations where more time is required for consultations with landowners, communities or First Nations before activity begins on a tenure.

Finally, several submissions suggested that increased staffing levels within the Ministry and improvements to the electronic systems used to manage the tenure system would help to promote the effective administration of petroleum and natural gas tenures. A number of comments cited delayed turnaround times for industry applications resulting in the interruptions to industry's operations and creating uncertainty in their planning processes. In addition, respondents requested the Ministry publish and continuously update defined pool boundary maps for lease continuation purposes. Others submissions advocated for improvements to existing systems, such as Petroleum Titles Online and e-Payments as well as the introduction of new tools, such as electronic bidding for tenure dispositions.

The comments received will help inform amendments being considered to the Act and its regulations and adjustments to Ministry policy that do not require any change to the Act or its regulations. The Ministry is now in the policy analysis stage and is using the input received through the discussion paper to inform the development of detailed proposals for possible changes to the petroleum and natural gas tenure system and assessing how they could help support the provincial government's strategic direction and the Ministry's goals and objectives.

The Ministry wishes to thank everyone who submitted a response to the discussion paper for their participation in the review process.

If you have questions about the Discussion Paper or this comments summary, please contact [PNG.PolicyComments@gov.bc.ca](mailto:PNG.PolicyComments@gov.bc.ca).