

Action Plan and Progress Assessment (APPA) for the implementation of audit recommendations from the OAG- Prepared for the Select Standing Committee of Public Accounts
Attention: Shirley Bond, Chair and Mitzi Dean, Deputy Chair of the Select Standing Committee on Public Accounts

The BC Oil and Gas Commission’s Management of Non-Operating Oil and Gas Sites. Released March 2019

<http://www.bcauditor.com/pubs>

PAC Meeting Plan¹ 23/04/19 Prepared by: Sean Curry, BC Oil and Gas Commission

Reviewed by: Ken Paulson, Chief Operating Officer, BC Oil & Gas Commission

1st APPA Update [DD/MM/YY] Prepared by: [Name], [Organization Name]

Reviewed by: [Name of Deputy Minister or Assistant Deputy Minister]

2nd APPA Update [DD/MM/YY] Prepared by: [Name], [Organization Name]

Reviewed by: [Name of Deputy Minister or Assistant Deputy Minister]

Rec. # Accepted? Yes / No ²	OAG Recommendations	Actions Planned & Target Date(s) ³	Assessment of Progress to date ⁴ and Actions Taken ⁵ (APPA update)
1 Yes	We recommend that the BC Oil and Gas Commission review its restoration regulations and guidelines and make changes as needed to ensure that the expected outcomes and timelines for ecologically suitable revegetation are clear.	The Commission in conjunction with the Ministry of Energy Mines and Petroleum Resources will review the current restoration regulations, incorporate input from Indigenous People and the First Nations pilot programs, seek input from Industry and government ministries, and consider amendments as appropriate. Work has commenced on this initiative and new restoration requirements will be completed by December 31, 2020.	Progress Assessment: “Fully or substantially implemented,” Partially implemented” or “No action taken” Actions Taken & Discussion: This section provides you an opportunity to describe the actions that you have taken, to fully implement the OAG recommendation. Also include any relevant comments that will help PAC members understand your progress to date and your assessment of that progress. Note: If the you have <u>not</u> accepted the OAG recommendation and have planned alternative actions, assess your progress as above and describe the actions that you have taken.

¹ The audited organization will be required to present their initial action plan at this meeting (i.e. First three columns completed for each OAG recommendation included in the audit report)

² For each recommendation, the audited organization should state whether or not they have accepted the recommendation and plan to implement it fully by typing either “Yes” or “No” under the number of the recommendation.

³ Target date is the date that audited organization expects to have “fully or substantially implemented” the recommendation. If several actions are planned to implement one recommendation, indicate target dates for each if they are different.

⁴The Select Standing Committee on Public Accounts (PAC) will request that the audited organization provide a yearly update (i.e completed “Assessment of Progress and Actions Taken” column) until all recommendations are fully implemented or otherwise addressed to the satisfaction of the PAC. This is for the APPA update.

⁵ This action plan and the subsequent updates have not been audited by the OAG. However, at a future date that Office may undertake work to determine whether the entity has implemented the recommendations. The results of that work will be reported in a separate report prepared by the OAG.

Please provide your email response to:

Email: Comptroller General’s Office of the Government of British Columbia Comptroller.General@gov.bc.ca

Cc email to: the Office of the Auditor General of British Columbia actionplans@bcauditor.com

Attention: Shirley Bond, Chair and Mitzi Dean, Deputy Chair of the Select Standing Committee on Public Accounts

Rec. # Accepted? Yes / No ²	OAG Recommendations	Actions Planned & Target Date(s) ³	Assessment of Progress to date ⁴ and Actions Taken ⁵ (APPA update)
2. Yes	We recommend that the BC Oil and Gas Commission complete its work to develop and implement regulations, policies and procedures to ensure that operators decommission wells and restore sites in a timely manner.	<p>The passing of Bill 15 in 2018 provides the Commission with the authority to develop regulations for timely restoration outcomes.</p> <p>Regulatory development is underway with new requirements on wells:</p> <ul style="list-style-type: none"> • Providing timelines for restoration of inactive sites along with requirements for work planning and reporting • Allowing the Commission to identify priority environmental and cultural sites that will need to be restored within 5 years • Providing notice to Indigenous People, land owners and local governments • Making B.C. the first province in western Canada to impose timelines for clean up of wells 	
3. Yes	We recommend that the BC Oil and Gas Commission include surface reclamation (Part II of the Certificate of Restoration) as part of its field investigation work to ensure that sites are adequately reclaimed.	<p>Compliance verification of surface reclamation has been included in the 2019/20 Certificate of Reclamation verification process.</p> <p>A target sample of 10% of the sites that have received a Certificate of Reclamation will be audited, and will include a verification of surface reclamation.</p>	
4. Yes	We recommend that the BC Oil and Gas Commission review, in coordination with ENV, the Memorandum of Understanding and the Oil and Gas Site Classification Tool to ensure the effective oversight of high-risk contaminated oil and gas sites.	<p>In cooperation with the Ministry of Environment and Climate Change Strategy, the Commission will review the Memorandum of Understanding (MoU) and the Oil and Gas Site Classification Tool. The objective of the review is to ensure that there is effective oversight of high-risk contaminated oil and gas sites.</p> <p>The Commission has commenced an internal review of the MoU and will be reaching out to MoECCS by the end of April.</p>	

Please provide your email response to:

Email: Comptroller General's Office of the Government of British Columbia Comptroller.General@gov.bc.ca

Cc email to: the Office of the Auditor General of British Columbia actionplans@bcauditor.com

Attention: Shirley Bond, Chair and Mitzi Dean, Deputy Chair of the Select Standing Committee on Public Accounts

Rec. # Accepted? Yes / No ²	OAG Recommendations	Actions Planned & Target Date(s) ³	Assessment of Progress to date ⁴ and Actions Taken ⁵ (APPA update)
5. Yes	We recommend that the BC Oil and Gas Commission continue to partner with local First Nations to identify and implement improvements to restoration policies and practices.	<p>The Commission will continue partnering with Indigenous People from northeast B.C. to restore former oil and gas industry sites and utilize the learnings in the development of improved restoration requirements.</p> <p>The Commission will continue to consult on the development of the Dormant Site Regulation with Indigenous People.</p> <p>Reclamation work is underway on two sites, work on a third will commence in June and plans are underway for a fourth.</p>	
6. Yes	We recommend that the BC Oil and Gas Commission report annually on the outcomes of site restoration activities to ensure transparency and accountability to the legislature, the public and First Nations.	<p>The Commission will report on the development and implementation of various restoration initiatives, including annual outcomes of site restoration.</p> <p>Public reporting of annual site restoration outcomes will be implemented by March 31, 2020.</p>	
7. Yes	We recommend that the BC Oil and Gas Commission manage the environmental risks of legacy sites by using a risk based approach to ensure that any contamination is identified and addressed, including setting timelines for completing the work, and monitoring and reporting on progress.	<p>The Commission will improve the management of legacy sites. The improved approach will:</p> <ul style="list-style-type: none"> • Define environmental risks • Establish timelines • Provide for transparent reporting • Incorporate monitoring <p>The Commission has initiated a review of the legacy sites and related material. A draft plan will be completed by March 31, 2020.</p>	

Please provide your email response to:

Email: Comptroller General's Office of the Government of British Columbia Comptroller.General@gov.bc.ca

Cc email to: the Office of the Auditor General of British Columbia actionplans@bcauditor.com

Attention: Shirley Bond, Chair and Mitzi Dean, Deputy Chair of the Select Standing Committee on Public Accounts

Rec. # Accepted? Yes / No ²	OAG Recommendations	Actions Planned & Target Date(s) ³	Assessment of Progress to date ⁴ and Actions Taken ⁵ (APPA update)
8. Yes	We recommend that the BC Oil and Gas Commission continue work to understand the long-term environmental risks of decommissioned wells and restored sites, and develop a plan to mitigate those risks.	The Commission, in conjunction with Indigenous People, Geoscience BC, universities, industry and others, will lead the development of a plan to explore the long-term environmental risks of decommissioned wells and restored sites. The plan will include additional monitoring and/or research based on the risks identified. A draft plan will be completed by December 31, 2019.	
9. Yes	We recommend that the BC Oil and Gas Commission review the Liability Management Rating program to ensure that it is responsive to changing industry risks and results in operators covering their restoration costs.	The Commission has begun to enhance its approach to Liability Management. The Comprehensive Liability Management Plan: <ul style="list-style-type: none"> • Includes an improved method of estimating liability based on the site and activity • Incorporates additional factors that help identify risk, the number of inactive sites, compliance history and remaining asset life • Includes a risk assessment model for additional oil and gas infrastructure, such as pipelines • Incorporates a set of operational and corporate risk indicators to identify high-risk companies • Integrates the above into a program that consistently and transparently applies financial assurance requirements for permit holders to mitigate risk to public safety, the environment and the Orphan Site Reclamation Fund Key deliverables include: <ul style="list-style-type: none"> • New orphan liability levy – IMPLEMENTED • Dormant Sites Regulation – Spring 2019 • New liability model – Summer 2019 • Corporate health test – Fall 2019 • Integration of liability model and corporate health test into decision making – Spring 2020 	

Please provide your email response to:

Email: Comptroller General's Office of the Government of British Columbia Comptroller.General@gov.bc.ca

Cc email to: the Office of the Auditor General of British Columbia actionplans@bcauditor.com

Attention: Shirley Bond, Chair and Mitzi Dean, Deputy Chair of the Select Standing Committee on Public Accounts

Rec. # Accepted? Yes / No ²	OAG Recommendations	Actions Planned & Target Date(s) ³	Assessment of Progress to date ⁴ and Actions Taken ⁵ (APPA update)
10. Yes	We recommend that the BC Oil and Gas Commission monitor and assess whether implementation of the new funding process for the Orphan Fund is resulting in adequate funding to restore orphan sites in a timely manner, and implement changes as needed.	<p>A new funding model was initiated April 1, 2019.</p> <p>Under this new model, the Commission sets the orphan funding required in a given year and charges permit holders a levy. A permit holder's share of the levy is based on their estimated restoration liability divided by the total restoration liability estimated for oil and gas sites in the province.</p> <p>Starting at a 50 per cent liability/50 per cent production levy on April 1, 2019, it shifts by 25 per cent annually until a full liability levy is in place on April 1, 2021.</p> <p>The Commission will monitor this approach and report publicly on the results.</p>	
11. Yes	We recommend that the BC Oil and Gas Commission ensure timely restoration of orphan sites by assessing and reporting on its progress against the orphan site work plan, and making adjustments to the plan as needed.	<p>The Commission has implemented a policy to restore orphans within 10 years of designation. This commitment requires funding of approximately \$15 million a year.</p> <p>Spending has increased three-fold since 2017/18 with the increasing number of orphan sites.</p> <p>Progress will be monitored and reported.</p>	

Please provide your email response to:

Email: Comptroller General's Office of the Government of British Columbia Comptroller.General@gov.bc.ca

Cc email to: the Office of the Auditor General of British Columbia actionplans@bcauditor.com