

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**

Office of the Auditor General Report Title - BC Oil and Gas Commission's Management of Non-Operating Oil and Gas Sites Released 03/19

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PAC Meeting Plan <sup>1</sup>	23/04/19	Prepared by: Sean Curry - BC Oil and Gas Commission	Reviewed by: Ken Paulson, Chief Operating Officer, BC Oil & Gas Commission
1 <sup>st</sup> APPA Update	26/02/20	Prepared by: Sean Curry - BC Oil and Gas Commission	Reviewed by: Ken Paulson, Chief Operating Officer, BC Oil & Gas Commission
2 <sup>nd</sup> APPA Update	[DD/MM/YY]	Prepared by: [Name], [Organization Name]	Reviewed by: [Name of Deputy Minister or Assistant Deputy Minister]

Rec. # Accepted? Yes / No <sup>2</sup>	OAG Recommendations	Actions Planned & Target Date(s) <sup>3</sup>	Assessment of Progress to date <sup>4</sup> and Actions Taken <sup>5</sup> (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.	Through the establishment of a Restoration Framework, the Commission, in conjunction with the Ministry of Energy, Mines and Petroleum Resources will review the current restoration regulations, incorporate input from several pilot programs underway, seek input from Industry, First Nations and government ministries, and consider amendments as appropriate. The Commission will update its restoration guidelines as appropriate.  <b>Target Date:</b> 31/12/2021	<b>Progress Assessment:</b> Partially implemented <b>Actions Taken &amp; Discussion:</b> Development of the Restoration Framework is ongoing. Engagement with First Nations and Industry occurred through 2019, followed by information bulletins regarding the framework and the use of ecologically suitable species. Ongoing engagement with industry, First Nations and other government agencies, coupled with extensive review of restoration requirements in other jurisdictions, will be important considerations during development. Technical discussions are being planned with updated reclamation guidance and standards scheduled for use in 2021.

<sup>1</sup> 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).

<sup>2</sup> 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.

<sup>3</sup> 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.

<sup>4</sup>The 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.

<sup>5</sup> 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.

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2. Yes	We recommend 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 the Energy, Mines and Petroleum Resources Statutes Amendment Act (Bill 15) in 2018, provided the Commission with the authority to develop regulations for timely decommissioning and restoration outcomes.</p> <p>The Commission will continue to build on its improvement efforts in this area through the projects associated with the phased implementation of Bill 15. This includes the recent implementation of the <i>Dormancy and Shutdown Regulation</i>, designed to achieve timely clean up, provide flexibility to achieve cost efficient restoration and promote communication with land owners, local governments and First Nations with an interest in such sites.</p> <p><b>Target Date:</b> 31/12/2021</p>	<p><b>Progress Assessment:</b> Partially Implemented</p> <p><b>Actions Taken &amp; Discussion:</b> The Commission released the <i>Dormancy and Shutdown Regulation</i> (DSR) in May 2019, making B.C. the first province in western Canada to impose, in law, timelines for the restoration of oil and gas wells. The DSR is part of the Commission’s Comprehensive Liability Management Plan (CLMP), which ensures 100 per cent of the cost of reclaiming oil and gas sites continues to be paid for by industry. The regulation gives each dormant well site a prescribed cleanup timeline and imposes requirements for decommissioning, site assessment, remediation, reclamation / restoration, notification and reporting. Industry planning to date for the 2020 calendar year indicates that at least 2,000 sites will undertake decommissioning or restoration activities.</p>
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>The Restoration Framework under development will include compliance verification activities of surface reclamation.</p> <p><b>Target Date:</b> 31/3/2021</p>	<p><b>Progress Assessment:</b> Fully or Substantially Implemented</p> <p><b>Actions Taken &amp; Discussion:</b> A qualitative assessment of surface reclamation was included in the 2019/20 Certificate of Reclamation verification process. A target sample of 10 per cent of the sites that received a Certificate of Reclamation were audited, and included an assessment of surface reclamation. The Restoration Verification Audit Program Procedure Manual will be updated in 2020 to include a formal verification of surface reclamation, and is planned for use in the 2021 field season.</p>
4 Yes	We recommend that the BC Oil and Gas Commission review, in coordination with Ministry of Environment and Climate Change Strategy, 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>The Commission will develop a plan in conjunction with Ministry of Environment and Climate Change Strategy, for the review of the Memorandum of Understanding and the Oil and Gas Site Classification Tool with the objective that there is effective oversight of high-risk contaminated oil and gas sites.</p> <p><b>Target Date:</b> 31/6/2021</p>	<p><b>Progress Assessment:</b> Partially Implemented</p> <p><b>Actions Taken &amp; Discussion:</b> The Commission and Land Remediation Branch of Ministry of Environment and Climate Change Strategy have engaged in preliminary discussions regarding site classification and the effective oversight of high-risk contaminated sites.</p>

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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 First Nations from northeast B.C. to restore former oil and gas industry sites and utilize the learnings from these pilot programs in the Restoration Framework.</p> <p>The Commission will continue to consult on the implementation of the Dormancy and Shutdown Regulation with First Nations from northeast B.C.</p> <p><b>Target Date:</b> 31/12/2021</p>	<p><b>Progress Assessment:</b> Partially Implemented</p> <p><b>Actions Taken &amp; Discussion:</b> Pilot projects have been implemented with three First Nations, with plans for projects being discussed with three others. Specifically, the earthworks and/or planting has been completed on sites with Doig River First Nation, Fort Nelson First Nation, and Saulteau First Nations. Discussions are being held on expansion of the pilot program with other communities.</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 projects associated with the Restoration Framework, including annual outcomes of site restoration as a component of its transparency initiative.</p> <p><b>Target Date:</b> 31/06/2021</p>	<p><b>Progress Assessment:</b> Partially Implemented</p> <p><b>Actions Taken &amp; Discussion:</b> The 2017/18 and 2018/19 Orphan Site Reclamation Fund Annual Report summarizes Orphan restoration statistics, and the annual Certificate of Restoration (CoR) Report summarizes overall CoR statistics.</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 develop and implement a plan to manage legacy sites. The risk-based approach will include:</p> <ul style="list-style-type: none"> <li>• Defined environmental risks.</li> <li>• Timelines based on risk and the availability of resources.</li> <li>• Transparent reporting.</li> <li>• Monitoring based on risk and the availability of resources.</li> </ul> <p><b>Target Date:</b> 31/12/2021</p>	<p><b>Progress Assessment:</b> Partially Implemented</p> <p><b>Actions Taken &amp; Discussion:</b> Sites near water courses were visited to monitor impacts. The Commission will take appropriate steps to address risks identified. A groundwater and surface water vulnerability review tool is under development, that will be used to help inform additional risk assessments and prioritize actions.</p>
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.	<p>Will develop a plan to explore the options with First Nations, Geoscience BC, universities, industry and others.</p> <p><b>Target Date:</b> 31/12/2021</p>	<p><b>Progress Assessment:</b> Partially Implemented</p> <p><b>Actions Taken &amp; Discussion:</b> The Commission has developed an inspection program to assess emissions or integrity risks of readily accessible sites. In addition, the Commission will continue with aerial emissions surveys of remote decommissioned wellsites.</p>

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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.	Under the Comprehensive Liability Management Plan, the Commission has begun to enhance its approach to Liability Management. This initiative will build on the existing Liability Management Rating program and provide additional tools to assess and mitigate risk to the public and the orphan site reclamation fund.  <b>Target Date:</b> 31/12/2021	<b>Progress Assessment:</b> Partially Implemented <b>Actions Taken &amp; Discussion:</b> The enhanced Liability Management Rating (LMR) Program will more closely track and respond to oil and gas liabilities, evaluate financial risk, and ensure there is appropriate funding to mitigate liability risk as outlined in the Commission's Comprehensive Liability Management Plan.  The updated method of estimating liability better reflects site and activity variability, and will be integrated into the LMR Program on March 1, 2020. Expanded assessment tools are planned for development and implementation during fiscal 2020/21.
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.	A new funding model was initiated in April 2019. Starting at 50 per cent liability / 50 per cent production levy, it shifts by 25 per cent annually until a full liability levy is in place on April 1, 2021.  Plans are in place to collect sufficient funds to address orphan expenditures in accordance with the Commission's policy for timely treatment and closure. The Commission has allocated sufficient funding for the \$16 million orphan program for 2019/20. Approximately \$26 million has been allocated for 2020/2021, which includes \$15 million from levies and \$11 million from security deposits held for insolvent companies.  <b>Target Date:</b> 31/3/2021	<b>Progress Assessment:</b> Fully or Substantially Implemented <b>Actions Taken &amp; Discussion:</b> The monitoring and assessment of the new funding process for the Orphan Fund is ongoing. Current funding models indicate that the \$15 million annual levy is sufficient to meet policy goals for timely restoration of current and potential orphan sites. The complete transition to the new funding model will occur by April 1, 2021.
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.	The Commission has implemented a policy to restore orphans within 10 years of designation, and tracking indicates we are meeting this commitment. Measures are reported through internal and external documents, and additional vehicles will be considered as part of the transparency initiative.  <b>Target Date:</b> 31/3/2021	<b>Progress Assessment:</b> Fully or Substantially Implemented <b>Actions Taken &amp; Discussion:</b> The measurement of restoration rates against Orphan Site Protection and Restoration policy is ongoing. The Commission completed decommissioning or restoration activities on almost 200 orphan sites during fiscal 2019/20, in a timely and cost effective manner.

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