

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: Mike Bernier, Chair and Rick Glumac, 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

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

PAC Meeting Plan ¹	23/04/19	Prepared by: Sean Curry - BC Oil and Gas Commission	Reviewed by: Ken Paulson, Chief Operating Officer, BC Oil & Gas Commission
1 st 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 nd APPA Update	22/02/21	Prepared by: Sean Curry – BC Oil and Gas Commission	Reviewed by: Ken Paulson, Chief Operating Officer, BC Oil & Gas Commission

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.	Through the establishment of a Restoration Framework, the Commission, in conjunction with the Ministry of Energy, Mines and Low Carbon innovation 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. Target Date: 31/12/2022	Progress Assessment: Patrially implemented Actions Taken & Discussion: Development of Restoration Framework is ongoing. Engagement with First Nations and Industry on the use of ecologically suitable species and timelines commenced in 2018 and continued into early 2020. COVID interrupted the engagement processes, which recommenced in late 2020. Draft updated reclamation guidance, including timelines and ecological suitable revegetation standards will reviewed in 2021 with First Nations and stakeholders, and government agencies, with plans to implement in 2022.

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: Mike Bernier, Chair and Rick Glumac, 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 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 ongoing 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. The work under this recommendation is largely completed, final completion is contingent upon the actions underway for Recommendation 1.</p> <p>Target Date: 31/12/2022</p>	<p>Progress Assessment: Fully or Substantially implemented</p> <p>Actions Taken & Discussion: The Commission released the Dormancy and Shutdown Regulation 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 Dormancy and Shutdown Regulation 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. In 2019 closure work was completed at 1422 sites. For the 2020 calendar year industry planned to undertake decommissioning, assessment or restoration work on at least 2000 sites.</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. The work under this recommendation is largely completed, final completion is contingent upon the actions underway for Recommendation 1.</p> <p>Target Date: 31/03/2022</p>	<p>Progress Assessment: Fully or substantially implemented</p> <p>Actions Taken & Discussion: Surface reclamation and the issuance of a Certificate of Restoration Part 2 has been included in the Commission's Certificate of Restoration Audit Program. Audits of vegetation condition were completed in summer 2019 and will continue, results will be made available in reporting.</p> <p>Compliance verification of surface reclamation was included in the 2019/20 Certificate of Reclamation verification process. The Restoration Verification Audit Program targets 10% of the sites that have received a Certificate of Reclamation, and includes a qualitative verification of surface reclamation. The program manual was updated in 2020 to include surface reclamation.</p> <p>COVID interrupted the field portion of the 2020 audit, and as a result desktop reviews were completed. The 2021 field audit, will include the sites that underwent the 2020 desktop audit.</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: Mike Bernier, Chair and Rick Glumac, 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)
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.	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. Target Date: 31/03/2022	Progress Assessment: Partially Implemented Actions Taken & Discussion: 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.
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.	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. The Commission will continue to consult on the implementation of the Dormancy and Shutdown Regulation with First Nations from northeast B.C. Target Date: 31/03/2022	Progress Assessment: Fully or substantially implemented Actions Taken & Discussion: The Commission continues to partner with First Nations from northeast B.C. to restore orphan sites, and to advance culturally and ecologically appropriate reclamation practices. The Commission has established a Treaty 8 Restoration Advisory Committee, comprising representatives from Treaty 8 nations, that is actively engaged in the development of revised restoration standards. Pilot projects have been implemented with 4 First Nations, with plans for projects being discussed with 2 others. Specifically, the earthworks and/or planting has been completed on pilot sites with Doig River First Nation, Fort Nelson First Nation, West Moberly First Nation, and Saulneau First Nations. The Commission continues to engage with communities and has implemented plans for working with Indigenous service providers – to date, seven service providers owned by Treaty 8 communities are performing work on orphan sites. In late December 2020, the Commission received funding from AEST for the development of professional work place skills and formal education focused on environmental management/monitoring, site investigation/assessment of revegetation, remediation technology, and restoration techniques and methodology for First Nations communities.
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.	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. Target Date: 31/12/2021	Progress Assessment: Fully or substantially implemented Actions Taken & Discussion: Under the Restoration Framework, work is underway to develop a restoration reporting system that incorporates all restoration activities overseen by the Commission.

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: Mike Bernier, Chair and Rick Glumac, 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)
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.	The Commission will develop and implement a plan to manage legacy sites. The risk-based approach will include: <ul style="list-style-type: none"> • Defined environmental risks. • Timelines based on risk and the availability of resources. • Transparent reporting. • Monitoring based on risk and the availability of resources. Target Date: 31/3/2022	Progress Assessment: Partially Implemented Actions Taken & Discussion: Plans are being developed to visit existing legacy sites near water courses to monitor for potential impacts. The Commission will take steps to address identified risks with responsible parties, as appropriate. A groundwater and surface water vulnerability review tool is under development, that will help identify risks.
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.	Will develop a plan to explore the options with First Nations, Geoscience BC, universities, industry and others that builds upon current work. Target Date: 31/3/2022	Progress Assessment: Fully or substantially implemented Actions Taken & Discussion: The Commission will continue to plan and explore the options with First Nations, Geoscience BC, universities, industry and others. The Compliance and Enforcement Branch has an inspection program to identify concerns at decommissioned sites, and the Engineering department has an annual program to survey for methane emissions on decommissioned sites.
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 worked to enhance its approach to Liability Management. This initiative has built on the existing Liability Management Rating program and provides additional tools to assess and mitigate risk to the public and the orphan site reclamation fund. Additional tools include a more detailed assessment of financial risk Target Date: 31/3/2022	Progress Assessment: Fully or substantially implemented Actions Taken & Discussion: The Commission has developed an updated method of estimating liability and integrated it into the LMR Program on March 1, 2020. In addition, the Commission is enhancing the Liability Management Rating (LMR) Program by transitioning to a Permittee Capability Assessment (PCA) to 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. On February 1, 2021 the Commission launched an online submission for Corporate Financial and Reserve information to be submitted quarterly and annually. Use of PCA commences April 1 2021 in tandem with LMR, with full implementation of PCA in April 2022. Once fully implemented the PCA will replace the LMR Program for determining security deposit requirements under section 30 of OGAA.

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: Mike Bernier, Chair and Rick Glumac, 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.	Target Date: 31/3/2021	<p>Progress Assessment: Fully Implemented</p> <p>Actions Taken & Discussion: The new funding model was initiated in April 2019. The model started with a 50 per cent liability / 50 % production split, shifting by 25 per cent annually until a 100 % liability levy is in place on April 1, 2021.</p> <p>The Commission has allocated sufficient funding for the \$30 million orphan program for the 2020/21 fiscal year. With the introduction of the Orphan Liability Levy, supported by Bill 15, plans are in place to collect sufficient funds to address orphan expenditures in accordance with the Commission’s policy for timely treatment and closure of orphan sites. In addition, supported by federal funding during the Covid-19 pandemic, an additional \$15 million is being deployed in decommissioning and restoration of orphan sites in 2020 and 2021.</p> <p>The monitoring and assessing 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.</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, 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.</p> <p>Target Date: 31/3/2021</p>	<p>Progress Assessment: Fully implemented</p> <p>Actions Taken & Discussion: The Commission has 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.</p> <p>By the end of March 2021, the Commission will have decommissioned more than half of the orphan sites and completed reclamation on more than 110. The Commission continues to utilize a regional approach to the restoration process resulting in timely and cost effective restoration.</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