

BC Oil and Gas Commission

2022/23 – 2024/25 Service Plan

February 2022



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Board Chair's Accountability Statement



The 2022/23 – 2024/25 BC Oil and Gas Commission Service Plan was prepared under the Board's direction in accordance with the *Budget Transparency and Accountability Act*. The plan is consistent with government's strategic priorities and fiscal plan. The Board is accountable for the contents of the plan, including what has been included in the plan and how it has been reported. The Board is responsible for the validity and reliability of the information included in the plan.

All significant assumptions, policy decisions, events and identified risks, as of December 31, 2021 have been considered in preparing the plan. The performance measures presented are consistent with the *Budget Transparency and Accountability Act*, BC Oil and Gas Commission's mandate and goals, and focus on aspects critical to the organization's performance. The targets in this plan have been determined based on an assessment of BC Oil and Gas Commission's operating environment, forecast conditions, risk assessment and past performance.

A handwritten signature in black ink, appearing to read 'Fazil Mihlar'. The signature is fluid and cursive.

Fazil Mihlar
Board Chair

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Strategic Direction and Alignment with Government Priorities

In 2022/2023, public sector organizations will continue to align with and support the Government of British Columbia efforts in responding to the COVID-19 pandemic with a focus on protecting the health, social and economic well-being of British Columbians. Building on our economic, environmental, and social strengths while looking to seize opportunities to improve outcomes for all British Columbians will be an important aspect of each Crown Agency's work as we respond to COVID-19 and recover from devastating floods and wildfires. The policies, programs and projects developed over the course of this service plan period will align with the five foundational principles established by Government in 2020: putting people first, working toward lasting and meaningful reconciliation, supporting equity and anti-racism, ensuring a better future through fighting climate change and meeting our greenhouse gas reduction targets, and supporting a strong, sustainable economy that works for everyone.

This 2022/23 service plan outlines how the BC Oil and Gas Commission (Commission) will support the government's priorities including the foundational principles listed above and selected action items identified in the most recent [Crown Agency Mandate Letter](#).

The Commission is the provincial agency responsible for regulating oil and gas, and geothermal activities in British Columbia. As a provincial Crown Corporation, the Commission reports to the provincial government through the Minister of Energy, Mines and Low Carbon Innovation. The [Oil and Gas Activities Act](#) and the [Geothermal Resources Act](#), and their supporting regulations, set out the Commission's mandate and authorities, with current government direction for the organization articulated in the organization's mandate letter.

The Commission's mission is to provide British Columbia with regulatory excellence in responsible energy resource development by protecting public safety, safeguarding the environment, and respecting those who are affected by its regulated activities. The organization carries out this mission through its core activities, including permit adjudication, petroleum and natural gas resource management, and compliance management throughout the entire lifecycle of activities.

In carrying out its many functions, the Commission works closely with those affected by the activities it regulates. Throughout the regulatory process the Commission engages with local government entities, land owners and rights holders and various other stakeholders to minimize the impacts of activities on communities, property, and quality of life. The Commission dedicates significant resources to its relationships and engagement with Indigenous peoples and First Nations. Beyond its obligations to consult Indigenous Nations as part of its decision-making processes, the Commission's commitment to supporting provincial reconciliation efforts is integrated throughout its business, from training staff to actively collaborating with Indigenous and First Nations communities throughout the regulatory lifecycle.

Maintaining the effectiveness of the regulatory framework is a constant area of focus for the Commission. The organization works in partnership with government ministries and agencies to improve regulatory outcomes and alignment with government policy directions, such as its work to support achievement of B.C.'s methane emissions reduction targets from oil and gas

operations, and its ongoing implementation of the Dormancy and Shutdown Regulation to ensure operators reclaim dormant sites.

Operating Environment

Protecting public safety is a paramount focus for the Commission in carrying out its regulatory mandate. As existing and new trends evolve, such as climate change, climate events, diversity of regulated infrastructure and practices, the Commission continues to assess and pursue enhancement to the regulatory framework and its operations to mitigate risks to public safety. Throughout the COVID-19 pandemic the Commission has upheld the safety of the industry it regulates as well as its own staff. The pandemic has and will continue to require the Commission to adjust aspects of its business in alignment with Provincial Health Orders and guidance.

In June 2021, the B.C. Supreme Court issued a landmark ruling in *Yahey v. British Columbia*. The decision identified the need for fundamental changes to how the decisions of provincial agencies, including the Commission, are made. Important work is now underway, as the Commission, provincial agencies and First Nations collaborate to chart a path forward on new ways of achieving integrative decision making with Treaty 8 Nations. The Commission is at the early stages of reviewing its operating structures, processes, procedures, data and risk framework to identify existing best practices and gaps that need to be filled to continue to meet its legal and public interest obligations.

Protecting the environment and tackling climate change are paramount public and Provincial priorities. The Commission is playing an active role in supporting the CleanBC plan, particularly methane emissions reduction targets and reporting. The Commission is also supporting the energy transition, and the additional GHG reduction targets identified in CleanBC's Roadmap to 2030, by enhancing its expertise in emerging energy technologies, such as the hydrogen economy and carbon capture and storage.

The Commission continues its work to mitigate risks associated with permit holder insolvency and orphan sites through continued implementation of the Comprehensive Liability Management Plan and the Dormancy and Shutdown Regulation (DSR), as well as orphan site restoration activities. The DSR requirements are proving effective in moving unrestored dormant sites toward closure activities, which is resulting in an intensified workload for other areas of the Commission, with increased well abandonment programs and higher Certificate of Restoration application rates. Building on momentum from work in 2020 and 2021, the Commission is continuing on target to restore all orphan sites within 10 years of designation.

Fluctuations in energy markets can impact industry activity levels, which in turn affect Commission revenues and operations through application, industry oversight, and production levels, among other factors. B.C. raw natural gas production is forecast to increase 18 per cent by 2026/27, primarily driven by strengthening energy prices, demand anticipated from post-pandemic economic recovery, LNG related growth, and export demand for natural gas liquids. B.C.'s Montney formation is a large resource base capable of responding to these economic conditions and is expected to be the focus of B.C.'s exploration and development activity.

The Commission will continue to dedicate resources toward its application and oversight processes associated with LNG-related major projects. In doing so, the Commission continues its

engagement with First Nations and local governments affected by major projects, as well as its related compliance management activities.

Performance Planning

Goal 1: Protect Public Safety

Objective 1.1: Public safety related issues are understood and mitigated to prevent incidents

Key Strategies

- Execute the Annual Compliance Plan, conducting enforcement activities where required, to ensure all regulated activities are conducted in accordance with the Commission’s regulatory framework.
- Continued delivery of the Compliance Management System Improvement Program, to enhance and better integrate the tools, policies and procedures supporting the Commission’s compliance management activities.
- Execute asset integrity management program audits and initiatives, using a risk-based, fit-for-purpose, and data driven approach to review and provide regulatory oversight for safety and environmental risks.
- Undertake physical and cyber security related initiatives, such as sharing cyber security bulletins with regulated parties and enhancing regulations to support incident prevention and risk mitigation.
- Execute the Annual Safety Oversight Plan to assess risks and mitigations, and complete improvement plans where needed.

Performance Measure(s)	2020/21 Actual	2021/22 Forecast	2022/23 Target	2023/24 Target	2024/25 Target
1.1a Minimum number of inspections completed annually	4,947	4,600	4450	4450	4,450
1.1b Per cent of active primary activities inspected annually	33%	25%	25%	25%	25%
1.1c Overall inspection compliance rate	99.3%	99.5%	100%	100%	100%

Data Source: Internally monitored and tracked inspection and compliance rate data.

Linking Performance Measure to Objective

- 1.1a This measure reflects the volume of field inspections the Commission conducts over the course of the year. These efforts ensure activities are carried out in compliance with regulations, and any risks to public safety or the environment can be identified and mitigated. Inspections assess sites in relation to the regulatory framework, as well as all permit specific requirements (conditions). Included are factors such as safety, environmental issues, accuracy of required measurements, adherence to defined standards, etc.
- 1.1b This measure provides an indicator of the Commission’s inspection coverage of all authorized active primary activities, including wells, facilities, and pipelines (not

including suspended, dormant or restored sites). The Commission primarily selects activity inspections on a risk basis, while also seeking to ensure coverage across all activities. These efforts represent the Commission’s efforts to detect and mitigate non-compliances and issues that pose risks to public safety or the environment.

1.1c The overall inspection compliance rate incorporates all compliant inspections plus inspections with deficiencies corrected within the required timelines. This combined rate provides a comprehensive indicator of the overall effectiveness of the Commission’s compliance management functions. Where deficiencies exist, the Commission takes enforcement action to achieve compliance in a manner consistent with the regulatory framework.

Discussion

Measure 1.1b is a new measure added by the Commission to complement its reporting of the number of inspections and provide added context for the extensiveness of its inspection coverage on an annual basis. Performance in 2020/21 was higher than normal due to a special program to inspect activities at remote sites during that fiscal year and is forecasted to be higher than normal for fiscal 2021/22 reflecting added temporary staffing to conduct inspections supporting implementation of the Dormant Site Regulation. Future targets are based on long-term performance trends, with inspection numbers and frequency set to address currently anticipated risks and activity levels, and reflecting expected efficiencies gained through technology and operational improvements.

Objective 1.2: The public is safe from harm should an incident occur

Key Strategies

- In cooperation with Emergency Management BC, maintain 24/7 incident reporting and response capabilities through the Commission’s emergency response framework.
- Develop and maintain incident response mutual aid agreements with the Canada Energy Regulator and other similar agencies.
- Ensure permit holders have established robust and tested Emergency Response Programs in accordance with the Emergency Management Regulation.
- Work with key industry associations and government agencies to identify risks, share best practices, and contribute to improvements in national standards.

Performance Measure(s)	2020/21 Actual	2021/22 Forecast	2022/23 Target	2023/24 Target	2024/25 Target
1.2a Per cent of assessed permit holders with demonstrated emergency response capability ¹	97.3%	97.5%	97.5%	98%	98%
1.2b Number of serious incidents ²	0	0	0	0	0

¹ Data Source: Emergency response plan exercise evaluation records.

² Data Source: Internally tracked and monitored incident data.

Linking Performance Measure to Objective

- 1.2a All active companies are required to have Emergency Response Plans (ERP) in place and submitted to the Commission. Each year the Commission evaluates around 80 ERP exercises with permit holders. Through ERP exercises, the Commission assesses permit holders' abilities to effectively implement their plans. The measure provides an indicator of the success of the regulatory framework and Commission compliance verification activities to ensure the public is safe from harm, should an incident occur.
- 1.2b This measure tracks the rate of high risk incidents at sites regulated by the Commission, which include incidents assessed at level 3¹ of the Commission's Incident Classification Matrix. The number of serious incidents contributes to assessing the effectiveness of the regulatory framework and Commission compliance management activities to minimize and prevent serious incident occurrences. All serious incidents are investigated, and a post-incident report is prepared, examining the incident cause, as well as identifying corrective action and mitigations to prevent future incidents and minimize risk.

Discussion

Measure 1.2a replaces a previous measure that tracked ERP submission compliance rates. This shift enhances the value of the measure through an enhanced focus on demonstrating effectiveness over and above ERP submission.

Measure 1.2b is a new measure added by the Commission, reflecting an important outcome and public expectation for regulatory organizations like the Commission to minimize incidents and protect public safety. Over the last 10 years there have been 11 serious incidents at sites regulated by the Commission. While the Commission recognizes that serious incidents may occur, it always targets zero serious incidents, and works proactively with regulated parties to prevent occurrences.

¹ The Commission's Incident Classification Matrix includes 4 categories: minor, level 1, level 2 and level 3.

Goal 2: Respect those affected by energy resource development

Objective 2.1: Indigenous peoples’ and their governments’ rights are respected, and interests are understood, considered, and incorporated in Commission decisions and programs

Key Strategies

- Support B.C.’s implementation of the *Declaration on the Rights of Indigenous Peoples Act* by effectively engaging and seeking partnerships with B.C.’s Indigenous Peoples and First Nations, in areas such as: restoration and reclamation; emergency management; and water and air monitoring, as well as enhancing communications and being flexible in our approach to consultation.
- Develop and implement tools, processes, and training to ensure the Commission meets the Crown’s obligation to Nations, including the fulfilment of the duty to consult and accommodate, where required.
- Continue to support the Aboriginal Liaison Program.

Performance Measure(s)	2020/21 Actuals	2021/22 Forecast	2022/23 Target	2023/24 Target	2024/25 Target
2.1a Per cent of consultation files meeting duty to consult criteria, as assessed by quality assurance reviews ¹	N/A	N/A	100%	100%	100%
2.1b Satisfaction level on how well the Commission is engaging First Nations ²	N/A	75%	N/A	76%	N/A

¹ Data Source: Internal consultation quality assurance review records.

² Data Source: The surveys are given to a wide range of First Nations throughout the province and are conducted by an external third party every other year. The results are tracked and analyzed internally.

Linking Performance Measure to Objective

- 2.1a This measure provides a proactive leading indicator of the quality of the Commission’s First Nation consultation operations, as assessed through quality assurance review processes and predefined duty to consult criteria. The measure reflects the Commission’s proactive efforts to ensure meaningful consultation occurs in relation to all applications.
- 2.1b This measure reflects the effectiveness of the Commission’s engagement efforts with First Nations.

Discussion

Measure 2.1a was added this year to replace a former measure - per cent of applications where the duty to consult is met – which was assessed based on outcomes of judicial reviews of commission statutory decisions on applications. This change is made in the context of the recent B.C. Supreme Court decision in *Yahey v. B.C.* and a recognition that assessing the quality of Commission performance earlier in the process of consultation provides a more valuable and

earlier indicator of performance. As this measure is new, forecast and historical data are not currently available.

The forward-looking targets for measure 2.1b have been adjusted from previous Service Plans and reflect more realistic improvement targets based on data from the last two iterations of the survey of First Nations.

Objective 2.2: Stakeholder interests are valued, understood, and considered in Commission decisions and programs

Key Strategies

- Identify actions to: enhance relationships with stakeholders (local governments, land owners and other rights holders); provide effective and efficient support services; enhance quality of publicly available information; and actively engage with stakeholders through the lifecycle of regulated activities.
- The Commission gathers key interests and opportunities through multiple engagement channels; the information is considered and leads to development of new initiatives, programs for stakeholder support, and improvements to regulations and processes.

Performance Measure(s)	2020/21 Actuals	2021/22 Forecast	2022/23 Target	2023/24 Target	2024/25 Target
2.2a Per cent of wellsite operations suspended after causing a seismic event above regulatory threshold ¹	100%	100%	100%	100%	100%
2.2b Satisfaction level on how well the Commission is engaging stakeholder groups ²	95%	88%	88%	88%	88%

¹ Data Source: Seismic event data is obtained from the Natural Resources Canada (NRCAN) earthquake database. Operational data, including suspension data, is obtained from internal Commission databases.

² Data Source: Survey of a wide range of stakeholders throughout the province, conducted every year by an external third party. The results are tracked and analyzed internally.

Linking Performance Measure to Objective

- 2.2a This measure reflects the Commission’s commitment to suspend operations that have an impact on the public when significant seismic events occur because of operations. As per the Drilling and Production Regulation, any wellsite operation that causes a seismic event ≥ 4.0 must be immediately suspended. A lower threshold was established through an order in 2018, where any wellsite operation that causes a seismic event of ≥ 3.0 must be immediately suspended within the Kiskatinaw Seismic Monitoring and Mitigation Area. Over the last few years, activity has shifted to target areas and formations that have lower seismic risk, resulting in lower expected seismic frequency and magnitude compared to historical trends.
- 2.2b This measure reflects the effectiveness of the Commission’s engagement efforts with stakeholder groups. Engaging with stakeholders, particularly those directly affected by regulated activities, is a key aspect of the Commission’s work. The Commission targets

high levels of stakeholder satisfaction and will continue to work with stakeholder groups, local officials, and land owners through ongoing dialogue and meaningful actions that ensure their quality of life is not negatively impacted.

Discussion

The methodology for calculating measure 2.2b has been adjusted on a go-forward basis to include an expanded set of survey results for all Commission engagement channels (expanding from office staff interactions to also include website, presentations, and field staff interactions). Targets for future years are set to reflect the adjusted methodology. The actual results above for 2020/21 reflect the old methodology. Using the new calculation method for 2020/21 would have resulted in a score of 85 per cent for that fiscal.

Goal 3: Safeguard the Environment

Objective 3.1: Environmental values and attributes are sustained

Key Strategies

- Execute the annual Environmental Oversight Plan to assess risks and mitigations, and complete improvement plans where needed.
- Continue development and implementation of regulatory initiatives for methane emissions reduction, including: collaborating to help deliver CleanBC Roadmap to 2030, working to ensure alignment of provincial and federal methane reporting requirements, and working with the B.C. Methane Emissions Research Collaborative to support research and field technologies.
- Continue work on enhanced monitoring of streamflow in small watersheds, in collaboration with First Nations, to enhance the understanding of available freshwater and better inform water allocation decisions and sustainable freshwater use by industry.
- Continue to work, in collaboration with First Nations and industry, to develop and implement technical guidance for Ecologically Suitable Species selection for the restoration of oil and gas sites.

Performance Measure(s)	2020/21 Actuals	2021/22 Forecast	2022/23 Target	2023/24 Target	2024/25 Target
3.1a Per cent of well and facility permits issued in environmentally sensitive areas ¹	0%	0%	<1%	<1%	<1%
3.1b Per cent of available freshwater withdrawn for oil and gas activities ²	0.004%	0.006%	<1%	<1%	<1%
3.1c Percentage of required methane leak surveys completed by permit holders ³	New Measure	60%	100%	100%	100%

¹ Data Source: Internal permitting and Area Based Analysis (ABA) data.

² Data Source: Permit holder reported water withdrawal data relative to the total volume of water available in northeast B.C. as per the province’s environmental flow needs policy.

³ Data Source: Internally monitored and tracked permit holder submission data.

Linking Performance Measure to Objective

3.1a The Commission is committed to reducing impacts of development on environmentally sensitive areas, and this measure represents the organization’s ability to protect those areas through its guidance to permit holders and application review processes. Environmentally sensitive areas include wildlife habitat areas, ungulate winter ranges, old-growth management areas, and cultural resources. As part of the response to the 2021 Yahey v. British Columbia ruling, provincial negotiations are currently underway respecting management of cumulative effects associated with natural resource development in B.C. Resulting policy directions from these negotiations will be

incorporated into revised guidance and Commission processes to further inform protection of environmentally sensitive areas.

- 3.1b The measure reflects the Commission’s efforts to minimize the impact of oil and gas activities water use on available freshwater. This includes programs to improve our understanding of stream flows, so water use by industry is sustainable by ensuring adequate data to inform water authorization decisions. The Commission’s annual target for annual water withdrawn for oil and gas activities is to authorize one percent or less of freshwater, which represents a fraction of the 15 per cent of available freshwater, as defined in the Province’s [environmental flow needs policy](#).
- 3.1c This measure reflects industry compliance performance in relation to submitting methane emission assessments, and the Commission’s related performance management efforts. Methane emission assessments will contribute to broader Provincial reporting on progress toward methane emissions reductions.

Discussion

For measure 3.1a, actual and forecast data results reflect that no applications were submitted in environmentally sensitive areas. The results suggest the Commission’s pre-development planning tools and guidance and contribute to proponents considering the location of environmentally sensitive areas and avoiding them as they prepare their applications. While activities may be permitted in environmentally sensitive areas in accordance with the regulatory framework and subject to additional protections and other factors, including engagement with Indigenous nations, the Commission seeks to minimize these occurrences to 1% or less of permits issued.

Measure 3.1c was introduced in last year’s Service Plan, however the measure wording has been adjusted this year to improve readability. The measure is related to compliance with methane reporting requirements which came into force during fiscal year 2020/21. The Commission’s compliance assurance plan commenced with industry information sessions regarding reporting requirements prior to the data submission deadlines. Compliance assurance activities continued through fiscal year 2020/21 with direct engagement with permit holders regarding data omissions and errors, resolving submission system issues and providing quality assurance processes. The forecasted performance of 60 per cent is lower than full compliance, and reflects combined challenges of first-year implementation, delays attributed to COVID-19, availability of qualified personnel and implementation issues with new electronic data submission processes. The Commission will leverage learnings from the first year of implementation and implement processes and systems enhancements to achieve the 100 per cent target.

Goal 4: Support Responsible Resource Development

Objective 4.1: Potential liabilities associated with resource development are mitigated

Key Strategies

- Continue to advance the Comprehensive Liability Management Plan by implementing the new Permittee Capability Assessment tool to evaluate permit holder corporate health, and by expanding the Dormancy and Shutdown Regulation (DSR) to include pipelines and facility sites.
- Develop alternative forms of security to ensure owners of large industrial facilities or projects pay the full costs of environmental clean-up.
- Execute on the annual orphan site restoration plan, implementing efforts to shift to higher reclamation rates to work toward CleanBC Roadmap to 2030 commitment to clean up 100% of current orphan wells in B.C.
- Continue to implement the DSR requirements, promoting permit holder knowledge of and compliance with the DSR to support increased progress toward industry restoration of dormant sites.
- Reduce risk to the Orphan Site Reclamation Fund by monitoring and participating in operator insolvency proceedings.

Performance Measure(s)	2020/21 Actuals	2021/22 Forecast	2022/23 Target	2023/24 Target	2024/25 Target
4.1a Dormant site annual workplan submission compliance rate	100%	100%	100%	100%	100%
4.1b Years to restore current orphan site population	9.5 years	<10 years	<10 years	<10 years	<10 years
4.1c Number of orphan sites reclaimed annually	61	30	35	50	60

Data source: Internally monitored and tracked permit holder submission data.

Data Source: Internal orphan site liability and funding data

Linking Performance Measure to Objective

- 4.1a This measure reflects industry compliance performance in relation to submitting annual dormant site work plans, and the Commission’s related performance management efforts. Dormant site work plans, which require permit holders to identify legacy sites they will work to restore, are a key requirement of the *Dormancy & Shutdown Regulation* and are a mitigation against future liabilities to the Province associated with resource development.
- 4.1b The Commission’s goal is to restore all orphan sites within 10 years of their designation and this measure tracks the capacity to do so, even as the population of orphan sites changes over time. The measure is based on the total outstanding restoration liability for designated orphan sites and current orphan restoration program funding. The measure

helps to inform adjustments required to the industry orphan site levy, which funds the Commission's orphan site reclamation program.

- 4.1c This measure reflects the Commission's efforts in managing and completing restoration of orphan sites. Orphan site restoration is funded through an industry levy and the work done by the Commission ensures orphan sites are safe and that associated potential environmental and financial liabilities are reduced.

Discussion

Measure 4.1a has been added by the Commission to demonstrate the progress and effectiveness of the Dormancy & Shutdown Regulation, which provides a regulatory framework for ensuring liabilities associated with resource development are mitigated.

Measure 4.1b has been added to complement 4.1c by providing broader context on the Commission's capacity and progress toward meeting its goal of restoring all orphan sites within 10 years of their designation. Along with this measure of orphan sites, the Commission will also work toward the CleanBC Roadmap to 2030 commitment to clean up 100% of current orphan wells by 2030. As of October 2021, when the Roadmap was published, there were 755 wells at orphan sites, and the Commission will track its progress on cleaning up orphan wells against this baseline.

Measure 4.1c performance in fiscal year 2020/21 benefited from one-time COVID-19 federal stimulus funding for site restoration. Measure forecast and future year targets reflect anticipated orphan levy funding and are aligned with the Commission's goal to restore all orphan sites within 10 years of designation. Through the operations of the Orphan Site Reclamation Fund, the Commission has overseen the reclamation of a total of 138 sites. A site is reported as reclaimed in the fiscal year when the site has been decommissioned, surface soils are redistributed and required planting is completed. While reclamation is an important milestone, significant work is carried out in advance to ensure orphan sites are safe, decommissioned and readied for reclamation of the land area to occur. As of February 4, 2022, there are 354 sites that have been decommissioned and are in the pre-reclamation stages of work.

Financial Plan

Financial Summary

\$000s	2021/22 Forecast	2022/23 Budget	2023/24 Budget	2024/25 Budget
Operations				
Operating Revenue				
Industry Levies	47,764	49,950	50,950	51,950
Application Fees and Miscellaneous	10,564	5,000	5,000	5,000
Total Revenue From Operations	58,328	54,950	55,950	56,950
Salaries and Benefits	32,737	32,800	33,800	34,800
Indigenous Funding	6,161	5,800	6,000	6,000
Other Operating	16,662	16,350	16,150	16,150
Total Expenses From Operations	55,560	54,950	55,950	56,950
Net Surplus From Operations	2,768	-	-	-
Orphan Site Reclamation Fund (OSRF)				
OSRF Revenue				
Liability Levy	15,000	15,000	15,000	15,000
Government Transfer	1,363	-	-	-
Security, Interest	2,407	300	300	300
Total Revenue From OSRF	18,770	15,300	15,300	15,300
OSRF Expenses				
Obligatory estimates and administration (Note 2)	6,479	3,400	3,400	3,400
Reclamation (Note 3)	13,688	11,900	11,900	11,900
Total Expenses from OSRF	20,167	15,300	15,300	15,300
Net surplus from OSRF	(1,397)	-	-	-
Annual Consolidated Surplus	1,371	-	-	-
Additional Information				
Capital Expenditures	5,072	5,000	5,000	5,000
Total Liabilities	104,000	102,000	100,000	98,000
Accumulated Deficit	(3,049)	(3,049)	(3,049)	(3,049)

Note 1: The above financial information was prepared based on current Generally Accepted Accounting Principles.

Note 2: The Commission's policy is to accrue the estimated obligatory costs to protect the environment and public at time of orphan declaration.

Note 3: Reclamation costs are expensed as incurred and are separate from obligatory estimates.

Key Forecast Assumptions, Risks and Sensitivities

The Commission's main revenue source is from industry levies, with a significant portion coming from a gas production levy. Production volume forecasts, which are provided by the Ministry of Energy, Mines and Low Carbon Innovation, are projecting modest increases for the

next three years over 2020/21 levels. The Commission also receives revenue from levies on pipelines and large LNG facilities and application fees.

No significant changes are anticipated in the Commission's regular operating expenses. The Commission is at the early stages of identifying the impacts of the 2021 *Yahey v. British Columbia* decision on the organization's operating expenses.

The Orphan Site Restoration Fund (OSRF) is funded from the Orphan Site Restoration Levy and the Commission remains on track to meet its goal to restore all orphan sites within 10 years of designation and the CleanBC Roadmap to 2030 commitment to clean up 100% of orphan wells (as of October 2021), by 2030.

The Commission's three-year financial outlook is consistent with the financial information in the government's fiscal plan and is based on the key assumptions therein. The Commission has no major capital plans in excess of \$50 million as defined by the *Budget Transparency and Accountability Act*. Cash flow required to fund capital will be provided by operations. The Commission has zero debt and does not expect to incur any during the next three years.

Management's Perspective on the Financial Outlook

The Commission's financial outlook with comparative revenues, expenses and capital spending over the Service Plan years 2022/23 to 2024/25 is outlined in the financial summary table. Key assumptions influencing the financial position of the Commission are in line with risks, uncertainties and operational influences discussed within the Strategic Direction and Operating Environment sections.

Appendix A: Additional Information

Corporate Governance

The Commission is governed by a Board of Directors that sets the strategic direction, ensuring organizational performance is in line with strategic priorities and establishing appropriate accountability and transparency mechanisms. Additional information regarding the Commission's Governance is available at: <https://www.bcogc.ca/about/governance>

Organizational Overview

The BC Oil and Gas Commission is a single-window regulatory agency with responsibilities for overseeing oil, gas, and geothermal operations in British Columbia. The Commission oversees activities from exploration and development to pipeline transportation and reclamation. Additional information about the Commission, including its operations, mandate and plans is available at: <https://www.bcogc.ca/about>

Appendix B: Crown Mandate Letter from the Minister Responsible

Date: June 2, 2021

Fazil Mihlar
Chair
BC Oil and Gas Commission
2950 Jutland Road
Victoria, BC V9T 5K2

Dear Mr. Mihlar:

On behalf of Premier Horgan and the Executive Council, I would like to extend my thanks to you and your board members for the dedication, expertise, and skills with which you serve the people of British Columbia.

Every public sector organization is accountable to the citizens of British Columbia. The expectations of British Columbians are identified through their elected representatives, the members of the Legislative Assembly. Your contributions advance and protect the public interest of all British Columbians and, through your work, you are supporting a society in which the people of this Province can exercise their democratic rights and trust and feel protected by their public institutions.

You are serving British Columbians at a time when people in our Province face significant challenges as a result of the global COVID-19 pandemic. Recovering from the pandemic will require focused direction, strong alignment and ongoing engagement between public sector organizations and government. It will require all Crowns to adapt to changing circumstances and follow Public Health orders and guidelines as you find ways to deliver your services to citizens.

This mandate letter, which I am sending in my capacity as Minister responsible for Energy, Mines and Low Carbon Innovation, on behalf of the Executive Council, communicates expectations for your organization. It sets out overarching principles relevant to the entire public sector and provides specific direction to the BC Oil and Gas Commission about priorities and expectations for the coming fiscal year.

I expect that the following five foundational principles will inform your agency's policies and programs:

- **Putting people first:** We are committed to working with you to put people first. You and your board are uniquely positioned to advance and protect the public interest, and I expect that you will consider how your board's decisions maintain, protect and enhance the public services people rely on, and make life more affordable for everyone;

- **Lasting and meaningful reconciliation:** Reconciliation is an ongoing process and a shared responsibility for us all. Government's unanimous passage of the *Declaration of the Rights of Indigenous Peoples Act* was a significant step forward in this journey – one that all Crown agencies are expected to support as we work in cooperation with Indigenous peoples to establish a clear and sustainable path to lasting reconciliation. True reconciliation will take time and ongoing commitment to work with Indigenous peoples as they move towards self-determination. Guiding these efforts, Crown agencies must also remain focused on creating opportunities that implement the Truth and Reconciliation Commission through your mandate;
- **Equity and anti-racism:** Our Province's history, identity and strength are rooted in its diverse population. Yet racialized and marginalized people face historic and present-day barriers that limit their full participation in their communities, workplaces, government and their lives. The public sector has a moral and ethical responsibility to tackle systemic discrimination in all its forms, and every public sector organization has a role in this work. All Crowns are expected to adopt the Gender-Based Analysis Plus (GBA+) lens to ensure equity is reflected in your operations and programs. Similarly, appointments resulting in strong public sector boards that reflect the diversity of British Columbia will help achieve effective and citizen-centered governance;
- **A better future through fighting climate change:** Announced in December 2018, the CleanBC climate action plan puts our Province on the path to a cleaner, better future by building a low-carbon economy with new clean energy jobs and opportunities, protecting our clean air, land and water, and supporting communities to prepare for carbon impacts. As part of the accountability framework established in CleanBC and consistent with the *Climate Change Accountability Act*, please ensure your organization aligns operations with targets and strategies for minimizing greenhouse gas emissions and managing climate change risk, including the CleanBC target of a 50% reduction in public sector building emissions and a 40% reduction in public sector fleet emissions by 2030. Your organization is expected to work with government to report out on these plans and activities as required by legislation; and
- **A strong, sustainable economy that works for everyone:** I expect that you will identify new and flexible ways to achieve your mandate and serve the citizens of British Columbia within the guidelines established by the Provincial Health Officer and considering best practices for conducting business during the pandemic. Collectively, our public sector will continue to support British Columbians through the pandemic and economic recovery by investing in health care, getting people back to work, helping businesses and communities, and building the clean, innovative economy of the future. As a public sector organization, I expect that you will consider how your decisions and operations reflect environmental, social and governance factors and contribute to this future.

The Crown Agencies and Board Resourcing Office (CABRO), with the Ministry of Finance, will continue to support you and your board on recruitment and appointments as needed, and will be expanding professional development opportunities in 2021/22. The Governing in the Public Interest online certificate program is now available, and all board members are encouraged to complete this new offering.

As Minister Responsible for Energy, Mines and Low Carbon Innovation, I expect that you will make substantive progress on the following priorities and incorporate them in the goals, objectives and performance measures in your 2021/22 Service Plan:

- Continue to build and strengthen relationships with Indigenous Nations through flexible approaches to consultation and supporting partnership initiatives;
- Continue to modernize liability management programs; ensure operators complete reclamation activities for dormant sites in accordance with the Dormancy and Shutdown Regulation; ensure reclamation activities for orphan sites occur within established timelines and reflect Indigenous peoples, community and agricultural land priorities; and include the restoration of other legacy oil and gas disturbances to protect public safety and the environment;
- Continued engagement with those affected by oil and gas development to ensure an ongoing dialogue, information and data is transparent and available, and there are opportunities to inform policies, guidelines and regulations that protect public interests; and
- Collaborate with other government ministries, agencies and partners to help achieve BC's methane emissions reduction targets from oil and gas operations, including by monitoring the effectiveness of new methane regulations, undertaking robust compliance and enforcement activities, and advancing research to improve the detection, measurement and reduction of methane emissions.

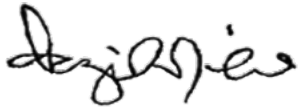
Each board member is required to sign the Mandate Letter to acknowledge government's direction to your organization. The signed Mandate Letter is to be posted publicly on your organization's website in spring 2021. I look forward to continuing to work with you and your Board colleagues to build a better BC.

Sincerely,



Bruce Ralston
Minister

Date: June 02, 2021



Fazil Mihar
Chair
BC Oil and Gas Commission

Date: June 10, 2021



Paul Jeakins
Chief Executive Officer/Commissioner
BC Oil and Gas Commission

Date: June 10, 2021



Patrick Kelly
Board Member
BC Oil and Gas Commission

Date: June 10, 2021

cc: Honourable John Horgan
Premier

Lori Wanamaker
Deputy Minister to the Premier, Cabinet Secretary and Head of the BC Public
Service

Heather Wood
Deputy Minister and Secretary to Treasury Board
Ministry of Finance

Douglas S. Scott
Deputy Minister, Crown Agencies Secretariat
Ministry of Finance

Fazil Mihar
Deputy Minister
Ministry of Energy, Mines and Low Carbon Innovation

Paul Jeakins
Chief Executive Officer/Commissioner
BC Oil and Gas Commission

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