IOGCC Presentation:

Decision-making dynamics in B.C.'s Montney Basin

BC Oil and Gas Commission & Peace River Regional District

PEACE RIVER REGIONAL DISTRICT

BC Oil & Gas COMMISSION

Introductions

- **Trevor Swan** Executive Vice President, Chief Legal & Regulatory Officer,
- **Sean Curry** Acting Vice President, Operational Policy & Environment
- **Charles Porter** Vice President, Strategic Engagement
- **Len Hiebert** Area Director, Peace River Regional District

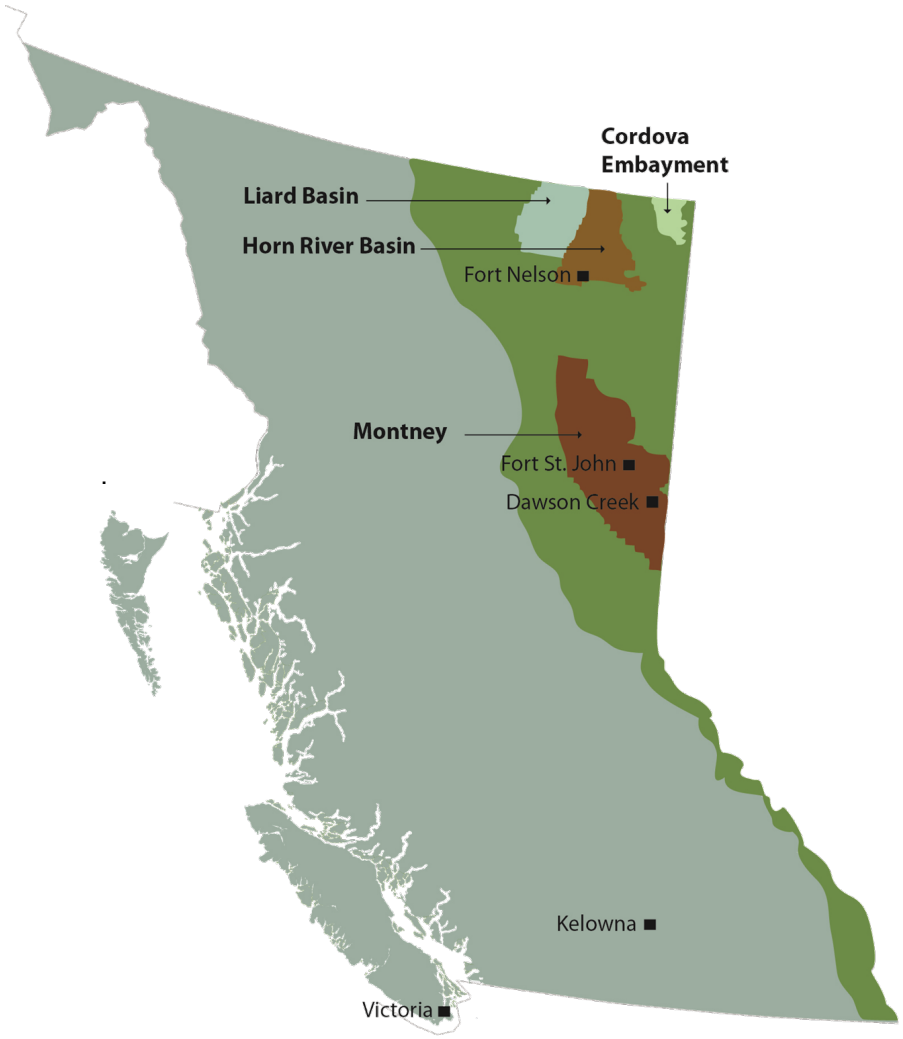
Agenda

- **Trevor Swan** Setting the B.C. context
- **Sean Curry** Environmental stewardship & tools we use
- **Charles Porter** First Nation & Stakeholder Engagement
- **Len Hiebert** Local community perspective

B.C. Oil & Gas Commission

- Established in 1998 as a “single-window” full lifecycle regulator
  - We do not issue tenures or set royalty rates
  - We follow Provincial Policies
  - We ‘inform’ legislation changes
  - We make technical regulations
  - We are NOT an advocate for industry

B.C.'s Oil and Gas Resource



- 1.6 Trillion cubic feet marketable gas
- Located almost exclusively in the Northeast
- Due to market forces almost all activity is in the Montney
- Trend likely to continue for next several years

Changing Operating Environment

- **New Government in 2017; New "P" policy direction**
  - Modernizing Land Use Planning (starting in Fort St. John area portion of the Montney)
  - Commitment to First Nation relationships and the UN Declaration on the Rights of Indigenous Peoples
  - Addressing Cumulative effects, Species at Risk & Methane
  - Undertaking Professional Reliance Review
  - Established Scientific Panel on Hydraulic Fracturing

- **Significant Quality of Life issues for residents living near concentrated activity in the Montney**
- **Net Result: Need for greater sophistication in Commission decision-making (stewardship and engagement) framework**

SEAN CURRY
VP, Operational Policy & Environment
BC Oil and Gas Commission

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Environmental Stewardship

Activity specific environmental oversight

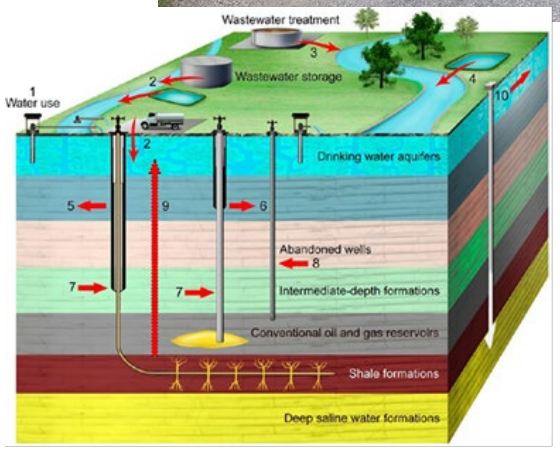
- Site-specific / permit specific focus throughout the activity lifecycle
- Environmental management system consisting of Acts, regulations, policy, guidelines, standard operating procedures

Natural system integrity focus

- Incremental impact of application on broad landscape concerns.
- Enhanced planning tools

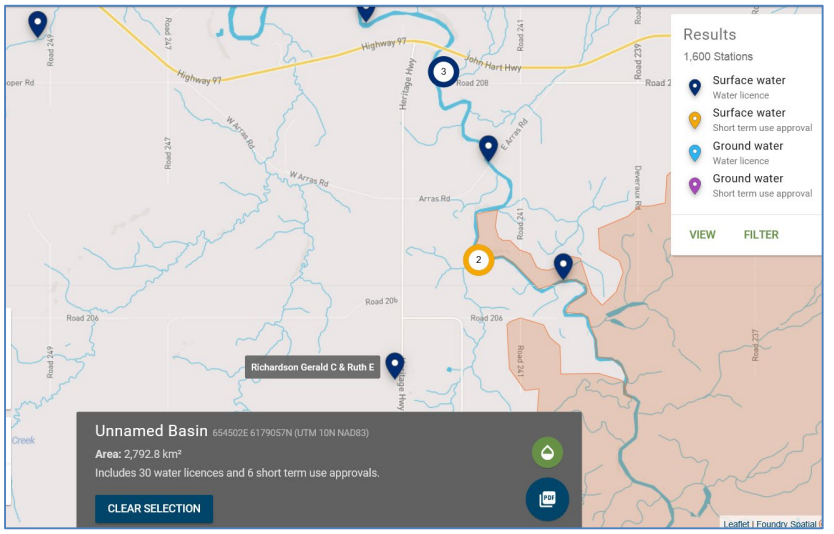
Topical considerations

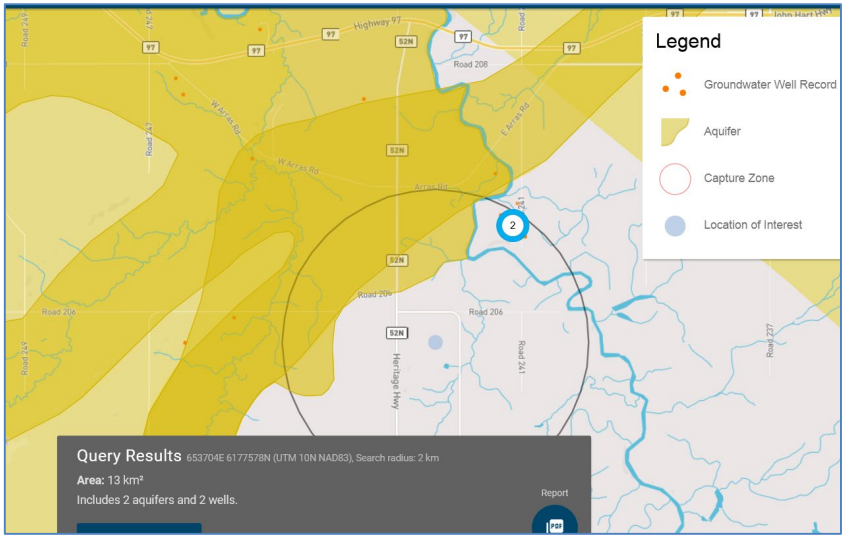
- **Water**
  - Surface & groundwater use
- **Air**
  - Reduction of Fugitive Methane Emissions
- **Wildlife**
  - Species at Risk
  - Species of concern
- **Land**
  - Cumulative effects
  - Induced seismicity (Hydraulic Fracturing Panel)



Water

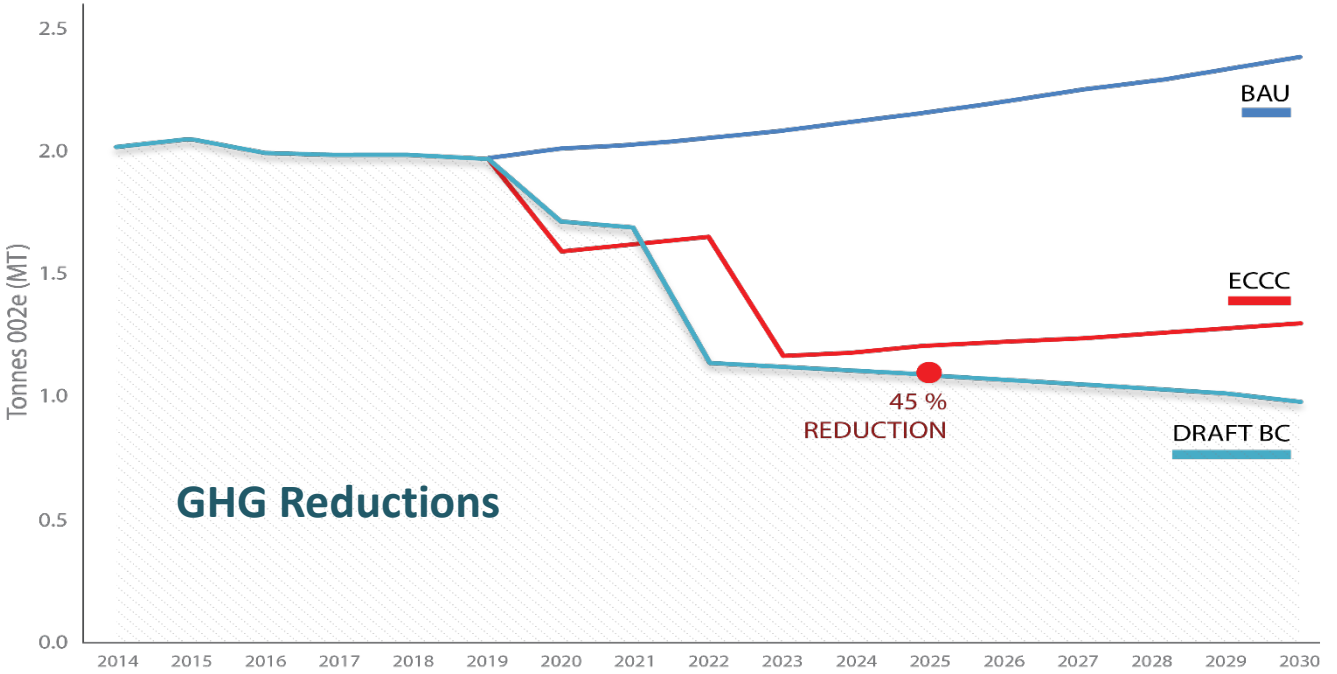
- Water supply, allocation and availability tools
- Used by Industry with applications, supported by field data
- Used by staff during application reviews





Air

- Canada committed to reduce 2012 methane emissions by 40-45% by 2025.
- B.C. commitment to introduce equivalent regulations by June 2019.
- Estimated $300 to $500 Million cost to Industry.
- Conventional versus shale gas play differences.
- Significant interest by ENGO's



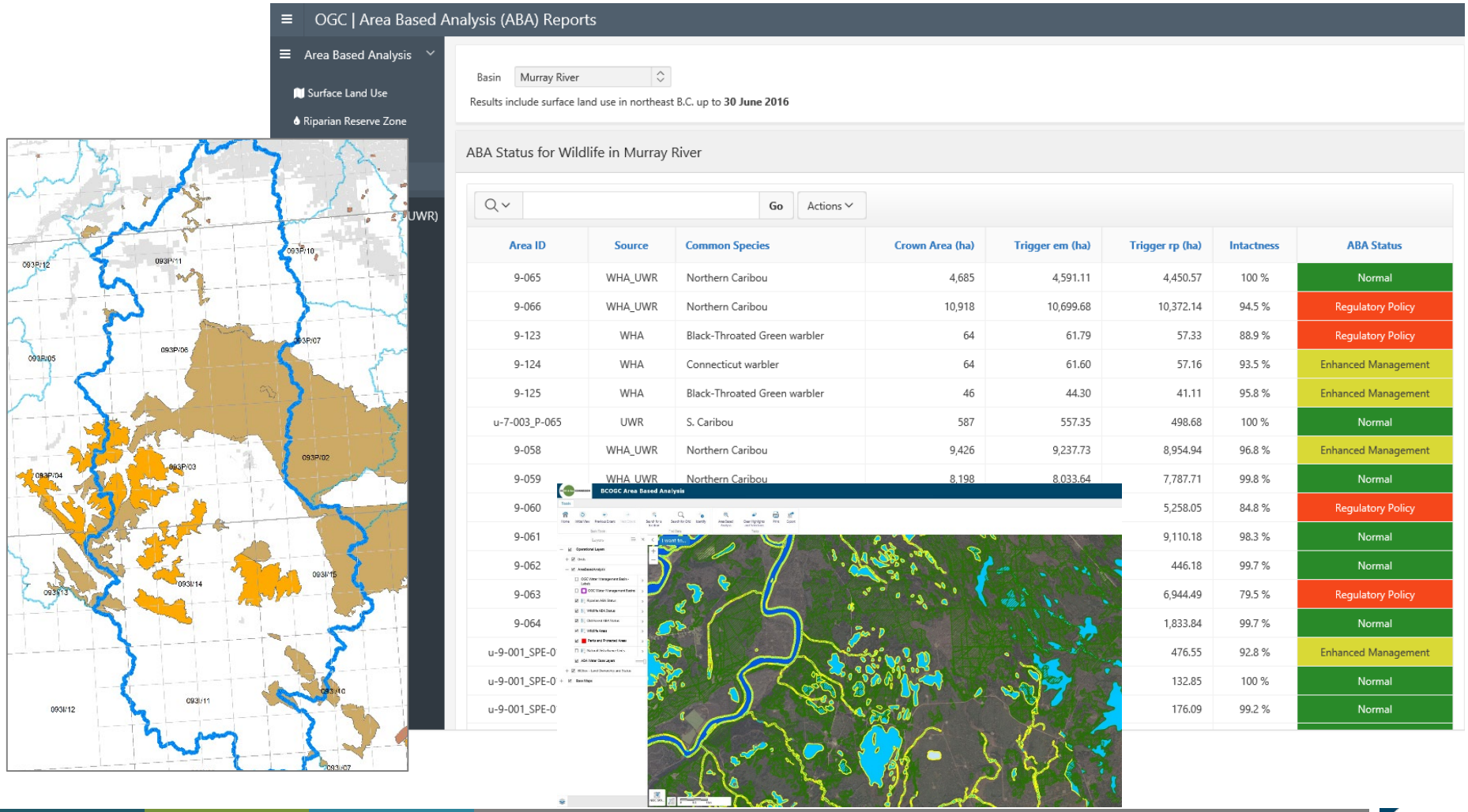
Wildlife

- Federal Species at Risk Act (SARA)
  - Caribou
- B.C. Species at Risk Act under development
  - Grizzly Bear in Northeast B.C.
- Moose decline

Land

- Cumulative effects
  - Combined impact of all industrial disturbance
  - Coordinated Provincial program
  - Area-based Analysis: Commission specific tool
- Induced seismicity
  - Hydraulic fracturing and disposal well generated seismicity
  - Scientific Panel on Hydraulic Fracturing
  - Kiskatinaw Seismic Monitoring & Mitigation Area (KSMMA)

Accessing Area-based Analysis Data



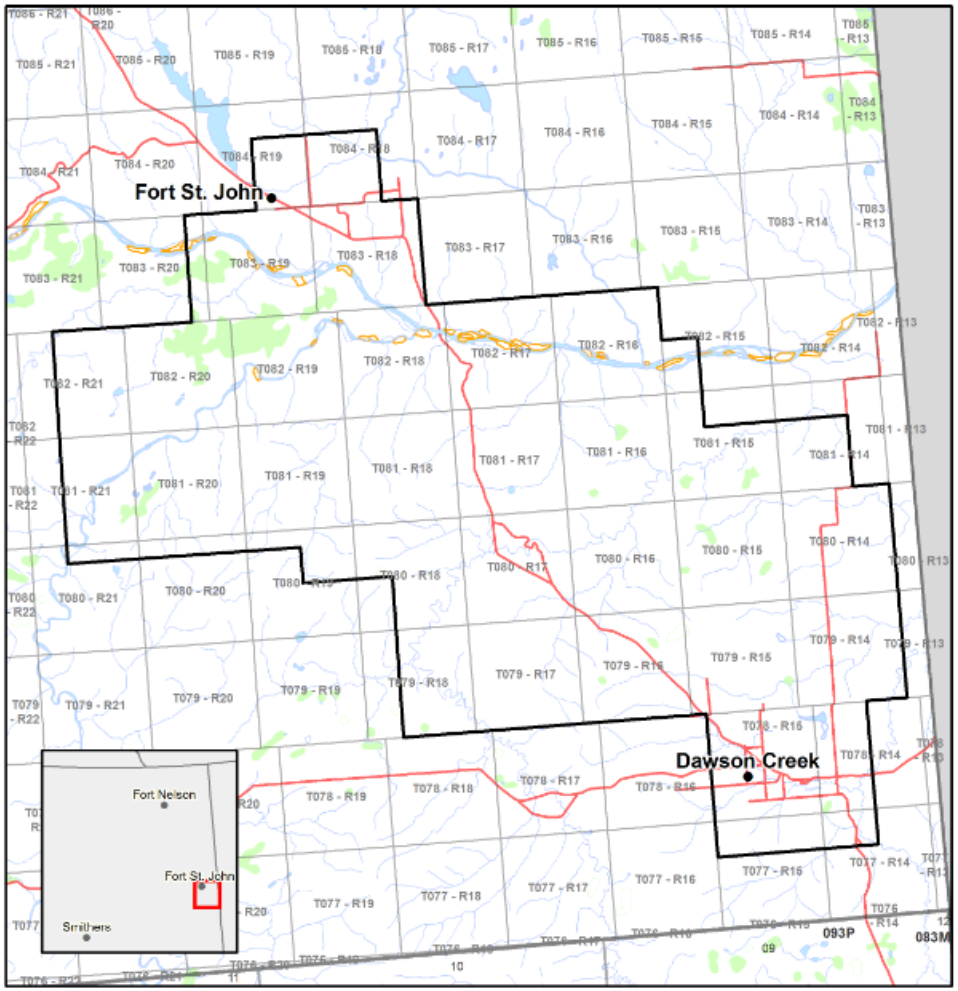
Induced Seismicity

Section 75 *Oil and Gas Activities Act*

- On May 14, an Order was issued to industry to undertake numerous actions before, during and after hydraulic fracturing operations within the newly designated KSMMA

Intent

- Ensure companies are notifying residents when undertaking completion operations & taking appropriate operational measures at a well where there could be induced seismic – and felt – events.



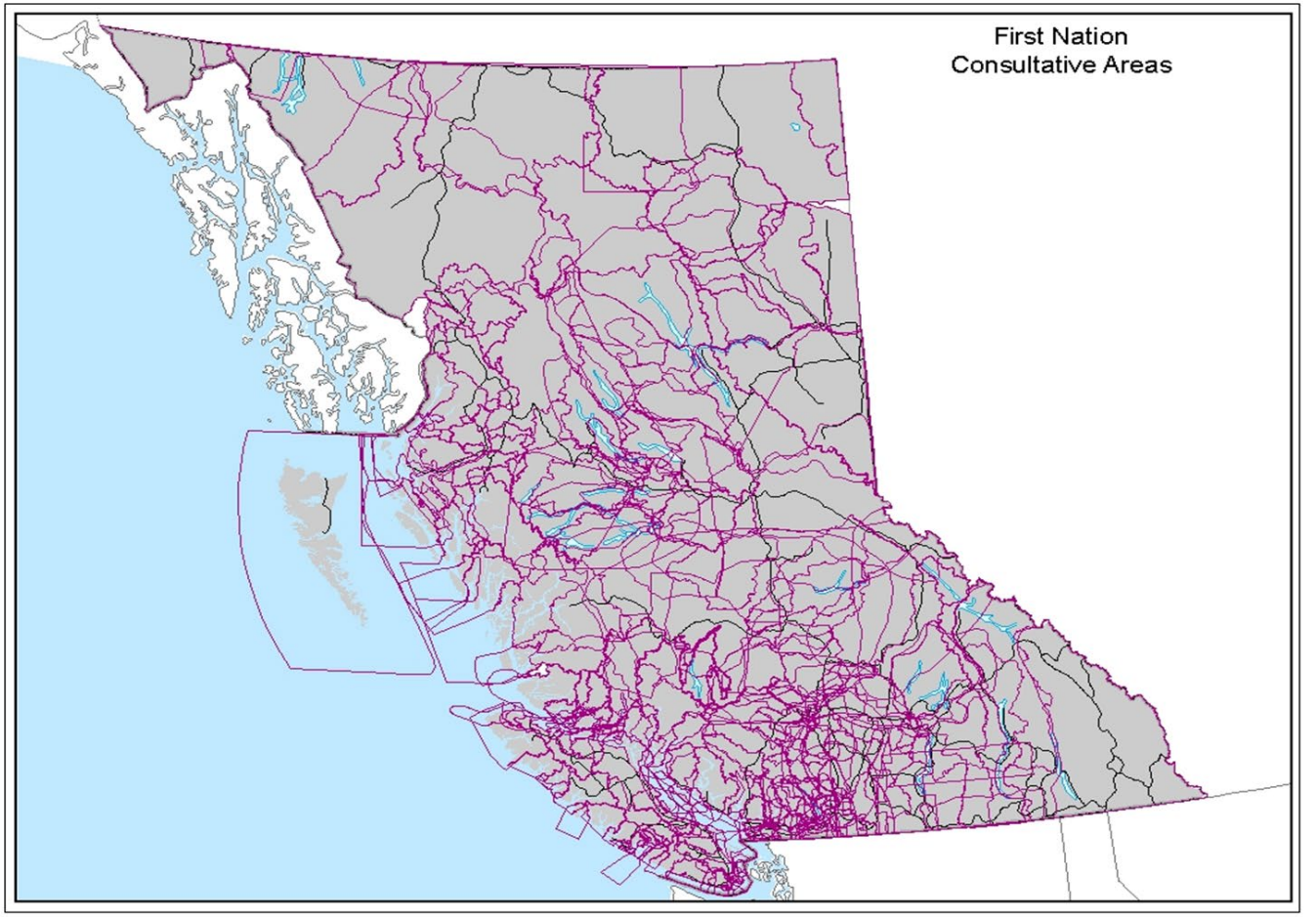
CHARLES PORTER
VP, Strategic Engagement
BC Oil and Gas Commission

20TH ANNIVERSARY BC Oil & Gas COMMISSION

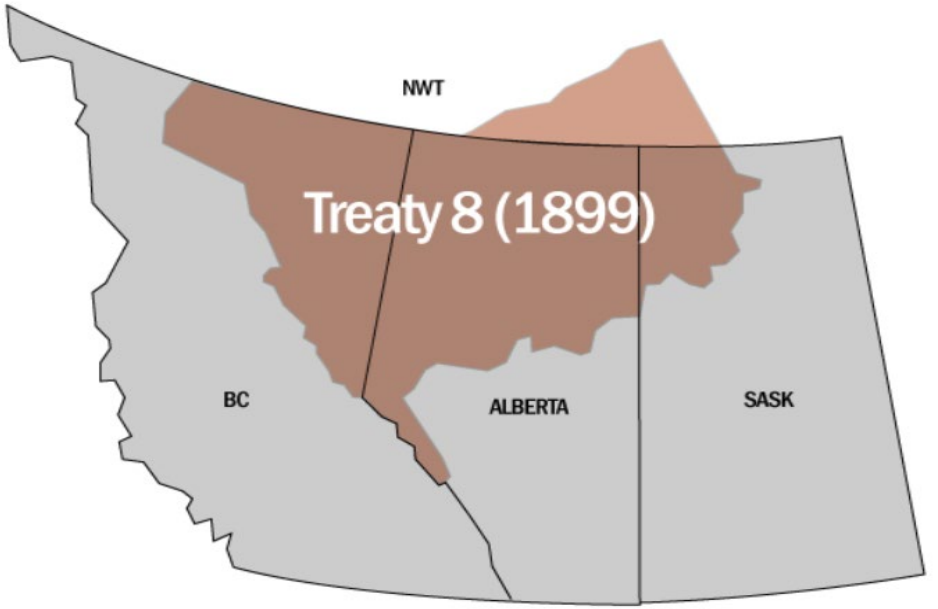
B.C.'s Unique History

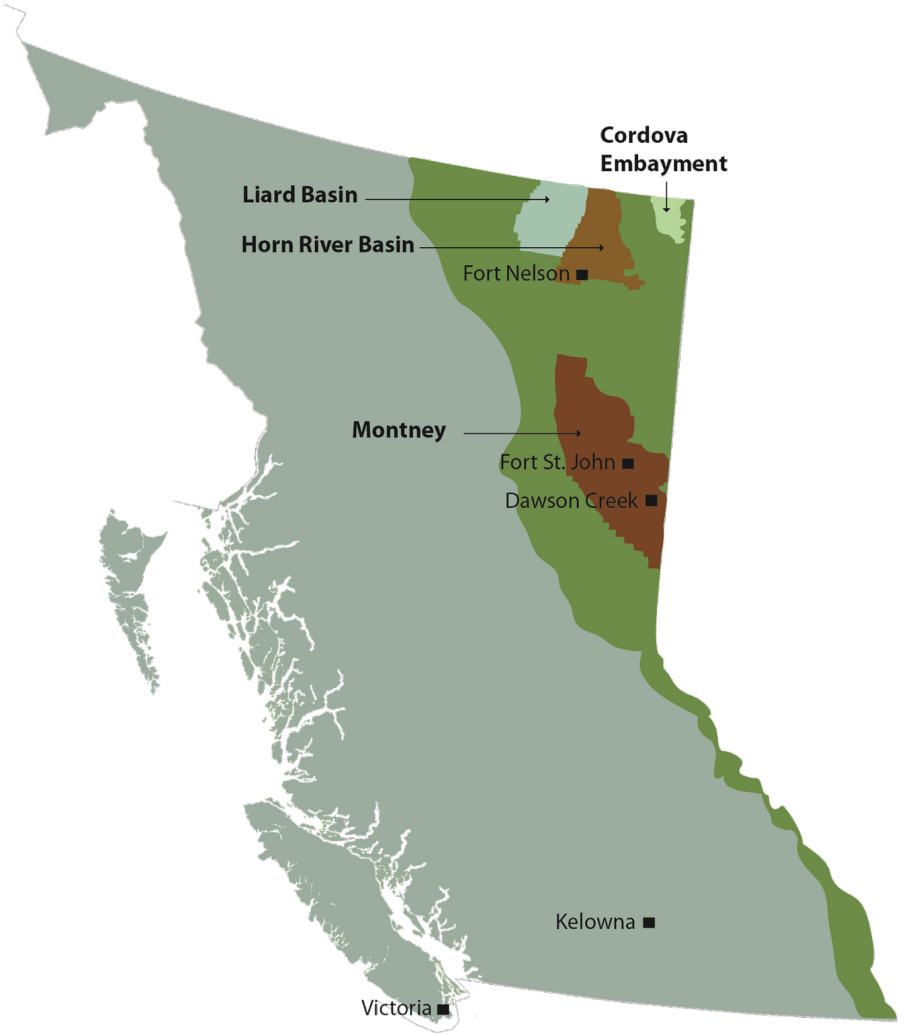
- Few Treaties in place.
- Most of the province is unceded territory
- Policy of reconciliation
- Highest complexity of First Nations in Canada

B.C.'s First Nations Territories



Treaty 8


NWT
Treaty 8 (1899)
BC
ALBERTA
SASK


Cordova Embayment
Liard Basin
Horn River Basin
Fort Nelson
Montney
Fort St. John
Dawson Creek
Kelowna
Victoria

The Commission's First Nations Relationship Goal

To develop meaningful long-term relationships with First Nations to foster greater trust and certainty for decision making

First Nations Relations: Why Strategic Program

When strategic issues have no effective forum, they impact relationships and the consultation process

How?

- Working collaboratively with Indigenous peoples to build positive and meaningful relationships
  - through community engagement, consultation processes, negotiations, and program initiatives.
- Providing capacity funding to facilitate participation
- Seeking and building agreements to support consultation
- Continuing partnerships beyond application consultations

UN Declaration on the Rights of Indigenous Peoples - UNDRIP

- Adopted in May 2016
- Canada and B.C. committed to full implementation

First Nations Relations & Engagement

Working with government and First Nations on:

- Implementing UNDRIP
- Building effective relationships
- The Regional Strategic Environmental Assessment (RSEA) including interim measures within Treaty 8
- Expanding the First Nations Liaison Program
- Restoration programs

Community & Stakeholder Engagement in B.C.

- Required by law
- Transparency – open & accessible
- Increasing expectations from landowners
- Separate from First Nations consultation

Statutory Mechanisms for Speaking to Land Owners

Who is Notified?

- Land owners as defined in OGAA
- Local authorities with structures or areas identified in the Official Community Plan or a community watershed
- Government of Canada with Structure
- First Nations Reserves
- Other adjacent land owners
- Tenure areas for holders other than forest tenures, Tree Farm Licence, Master License to Cut

Who is Consulted?

- Land owners as defined in OGAA
- Local Authorities with structures
- Government of Canada with structures
- First Nations Reserves
- Other land owners with residence, livestock, structure or school
- Persons with an agreement to rent or lease, with a residence or livestock structure
- Tenure areas for holders that are directly and adversely affected

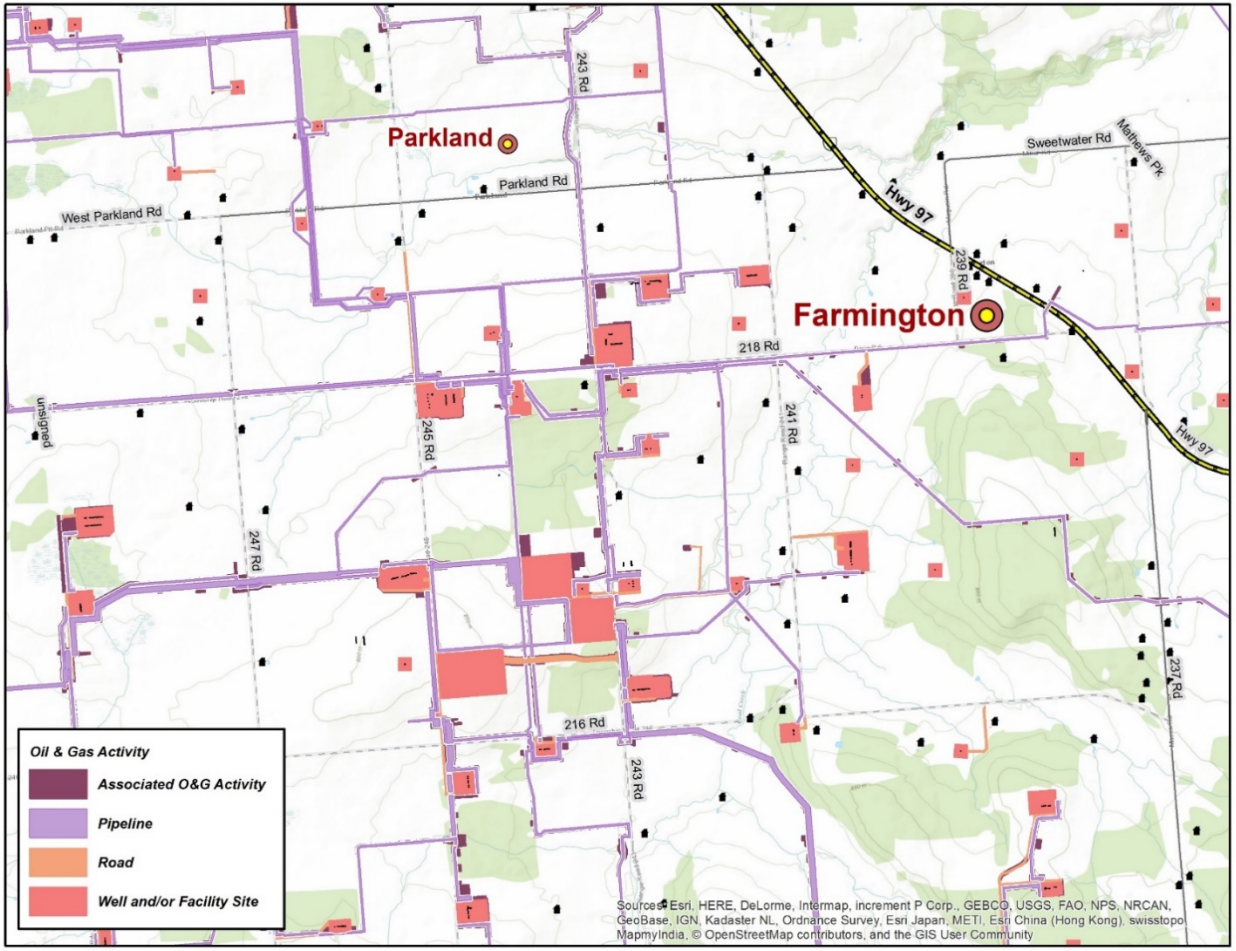
South Montney Development

- Liquids rich, unconventional gas
- Area of mixed private farm and Crown lands
- Numerous subsurface tenures issued by government in recent years
- Subsequent concentration of activities in small area centred around Farmington

Activity Levels - Farmington

Within 15 km of Farmington:

- 575 Residences
- 73 Facilities
- 559 Active wells (plus 88 more in development and 291 authorized) on roughly 150 well pads
- About 50 Residences are within 500m of an active well or facility site.



South Montney Development - What We're Hearing & Seeing

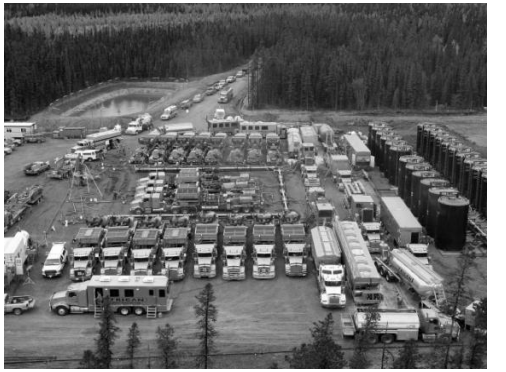
Associated Quality of Life Issues:

- Noise
- Dust
- Air quality
- Seismic events
- Light
- Vegetation (loss of farmland)
- Cumulative impact of all issues within a small community

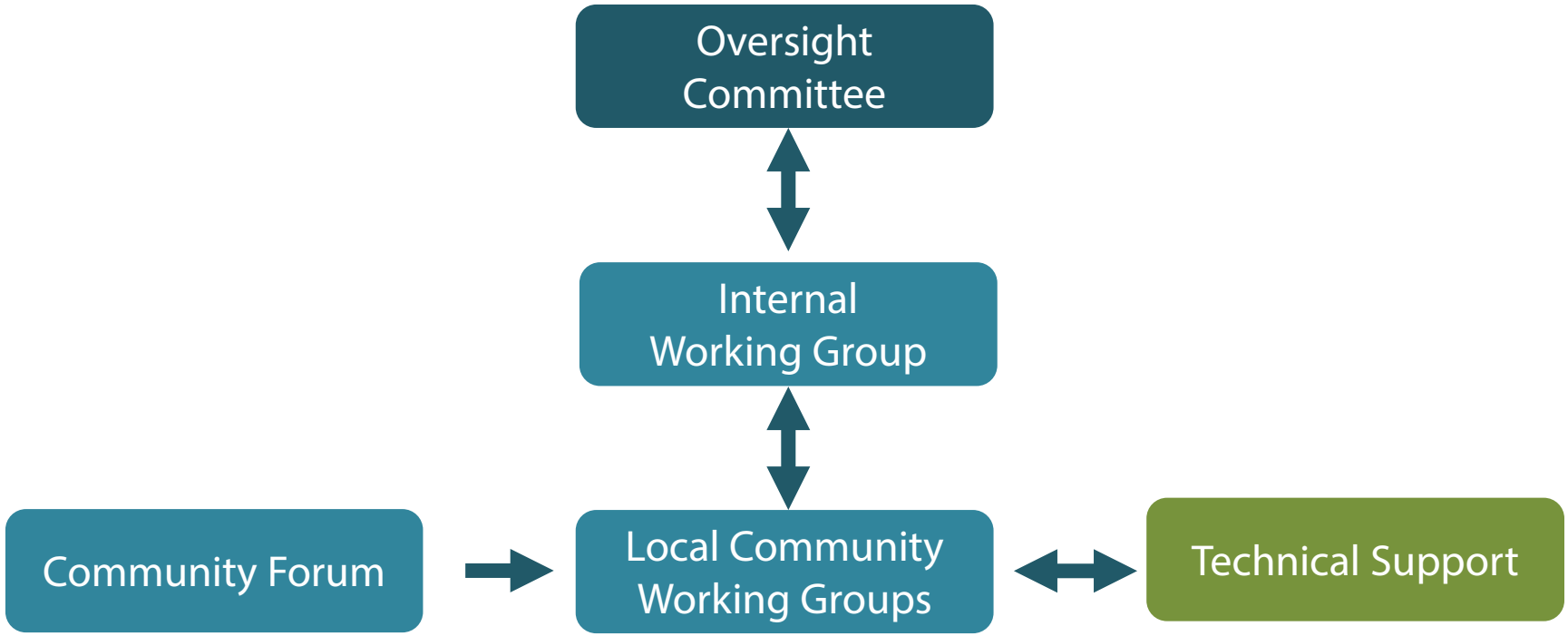
Impacts to Land Owners

What We're Doing

- Focus on quality of life impacts from oil and gas activity.
  - Designated Kiskatinaw Seismic Monitoring and Mitigation Area for seismic activity.
- Working with Peace River Regional District and provincial government on Community Group with affected landowners to identify issues and recommend solutions
- Plan to extend Community Group model and learnings to other areas as needed



Enhancing Citizen Engagement in Farmington



LEN HIEBERT

Area Director
Peace River Regional District

PEACE RIVER
REGIONAL DISTRICT

Impact to Quality of Life - Noise

- Present 24 hours a day. There are no breaks. Industry is either drilling, fracturing or building.
- Guidelines, not regulation.
- There is no definition of ‘excessive’.

Impact to Quality of Life – Light Pollution

South of the house

North of the house

Impact to Quality of Life – Night Flares

Night flares North and South Jan 2018

Impact to Quality of Life – Traffic/Roads

- Rural gravel secondary roads were not designed for industry
- Classification and maintenance of roads
- Farmers can't get to their fields in time to plant or harvest
- Truck Volume
- Pee Bottles
- Bonded Roads
- Designated Routes

Impact to Agricultural Land

- Land Sales
- Subdivisions
- Soil erosion
- Placement
- Crop Loss

Water Discharge into Farmer's Field

Overall Impacts

- Reputation
- Damage to property
- Trespassing
- Land Value
- Wildlife
- Privacy

How Did We Get Here?

- **New innovations** allowed industry activity to increase in intensity beyond what was anticipated.
- **Science is not always accurate** with what is happening in Farmington. i.e. seismic activity
- **1/3 of Canada's gas consumption** comes from here.
- **Existing guidelines** are not working, outdated.
- **Industry is not going anywhere** so we need to figure out a way to work together.

Consultation and Notification (C&N)

- Existing legislative process for C&N needs to be changed

- 12+ meetings held from Dec. 2017 – Sept. 2018
  - Local residents
  - Local government
  - Provincial government
  - BC Oil and Gas Commission

Expectations

To be able to continue to live in Farmington and ensure our kids have land to grow up on

How?

- Closed Loop system.
- Goals at every meeting that we work towards.
- Internal working group to meet at least once in between meetings.
- Brainstorming is part of the process.
- Be adaptable as the group will change over time to ensure effectiveness.

Going Forward

- Continue to work together to find solutions
  - Noise Management
  - Light Pollution
- Build on successes
  - Increased awareness of seismicity & implementation of KSMMA
- Commitment of all parties to improve the quality of life for those living within the Montney play