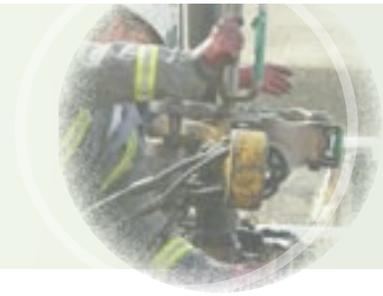


# DIRECTIVE 2011-02

March 2, 2011



## Changes in Section 8 Short Term Water Use Approvals

**TO:** INDUSTRY CLIENTS

**EFFECTIVE DATES:**

- Elimination of Schedule A Approvals - Immediate
- Section 8 applications (for pre-existing water source dugouts) - due Mar. 31, 2011
- Elimination of ePass Submissions for Section 8 applications - Apr. 1, 2011
- Requirement to Report Water Use - first quarterly report due Apr. 25, 2011

**BACKGROUND:**

The BC Oil and Gas Commission (Commission) administers short term use of water by the oil and gas industry through section 8 of the Water Act. This Directive advises industry of four changes in the Commission's water management process.

**REQUIREMENTS:**

**1. Section 8 approvals required for water withdrawn from borrow pits or water source dugouts on Crown land.**

Under the Water Act, all water is a Crown resource. Through water use reviews conducted in 2010, the Commission has become aware of the large volumes of water used from borrow pits or water source dugouts. Therefore, water acquired from these sources requires approval from the Commission through section 8 of the Water Act.

**Definitions:**

**Borrow Pit:** Borrow pits are excavations constructed to provide material (borrow) for fill, for the construction of roads, well pads, and other oil and gas related activities.

**Water Source Dugout:** Where a borrow pit is used as a source of water that has naturally accumulated (from snowmelt, rainfall, or groundwater inflow), it is referred to as a water source dugout. When water is going to be withdrawn from a water source dugout and used for an oil and gas activity, section 8 approval is required.

**Water Storage Site:** Where a borrow pit is used to temporarily store fresh water acquired from a different source (existing section 8 approvals, water licences, or water source wells), it is referred to as a water

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1-800-663-3456 (24 hours).**

storage site. In some cases water storage sites may have significant natural accumulations of water. Section 8 approval is required to withdraw and use this naturally accumulated water, which is beyond the volume the company stored in the pit. For example, if a company put 8,000 m<sup>3</sup> of water into a pit for temporary storage but withdrew 18,000 m<sup>3</sup>, they will require section 8 approval for the 10,000 m<sup>3</sup> which was natural accumulation in the pit. In addition, approval is required through section 14 of the Land Act for the use of a water storage site. If tenure on the Crown land has already been acquired, the applicant must ensure the intended use is accurate. For example, if a company holds tenure under section 14 of the Land Act with the purpose of a “borrow pit” but the pit is now being used for the purpose of storing water, the applicant must ensure the purpose is updated with the Commission to reflect “water storage site”.

**Water Loading Station:** A water loading station is a facility with above-ground equipment or infrastructure (not dugouts or pits) used to temporarily store water. Section 8 approval is not required to withdraw and use water from a water loading station, but a Land Act tenure is required for the area of Crown land being occupied.

#### **Details of Section 8 Approvals for Water Source Dugouts:**

- A section 8 short term use of water approval is required for all water withdrawals from a water source dugout, where that water is to be used for an oil or gas activity.
- Where a company has tenure on the land on which the water source dugout is located, they will be the sole company allowed to have a section 8 approval for the water.
- Where no tenure is held on the land on which the water source dugout is located, section 8 approvals can be provided to multiple companies should they apply. This is similar to the current situation where multiple companies might access common water source dugouts – water can be withdrawn if there is water in the dugout, but there is no guarantee or precedence to the water.
- For new borrow pits intended to be used subsequently as water source dugouts, section 8 approvals for use of the water will be limited to the company that holds the Land Act approval. A different company can obtain section 8 approval provided they have agreement from the company that holds the approval for the pit.
- Applicants will provide width, length, depth and volume estimates for the pit.
- There will be no limit on daily diversion volumes that can be withdrawn from water source dugouts.
- For the initial batch of applications for approvals for pre-existing water source dugouts, the Commission requests applications by Mar. 31, 2011. The Commission will not process the applications before Apr. 1, 2011.
- To ease the application and approval process, companies can apply for multiple section 8 approvals for water source dugouts in a single application, using an Excel template. The water source dugouts on a single application must be in a common geographic area.

#### **Details of Section 8 Approvals for Water Storage Sites:**

- Section 8 approval is required for withdrawals greater than the volume of water the company deposited into the water storage site (that is, section 8 approval is required for the naturally accumulated water).
- If intended to be used as a water storage site, a borrow pit must be constructed to minimize the natural accumulation of water from ditch lines and surface or near surface runoff.

- Approval is required through section 14 (two year permit) or section 39 (Licence of Occupation) of the Land Act for the use of a water storage site. If tenure on the Crown land has already been acquired, the company must ensure the intended use is accurate.
- Unlined, earthen borrow pits can be used to store fresh water only. The storage of saline water, produced water or fracking fluid return water is not allowed. Commission requirements for the storage of produced water or fracking fluid flowback are contained in Information Letter [OGC IL 09-07](#).

## 2. ePass Submissions Not Required for Section 8 Applications

ePass submission for section 8 short term water use applications will not be required as of Apr. 1, 2011 (and are not required for the water source dugout or water storage site section 8 applications, as their processing will be deferred to after Apr. 1, 2011). The Commission will be generating spatial coverages of section 8 information from its IRIS system, based on UTM coordinates submitted in the short term use of water application form.

## 3. “Schedule A” Approvals Eliminated

The Commission will no longer be accepting applications for “Schedule A” sources of water. Industry clients are advised to apply to the Commission for approval for water withdrawal from all water sources, using the standard “section 8 short term water use” application process.

For some activities, where it may not be possible for a company to predefine all locations of water withdrawal, companies are now able to apply for a “Basin Section 8” approval. A “Basin Section 8” approval provides for withdrawals of up to 45 m<sup>3</sup>/day, to a maximum of 5,000 m<sup>3</sup>/year, specified to a drainage basin or basins depicted on the “OGC Water Management Basins” map. “Basin Section 8” approvals will be limited to small water uses where it is not possible to predefine withdrawal points, including activities such as geophysical exploration, winter ice road construction, dust suppression, hydrostatic testing of pipelines, and possibly other uses, provided the volume use restrictions can be met.

## 4. Water Use Reporting Required

Companies holding section 8 water use approvals are now required to submit monthly water withdrawal data to the Commission on a quarterly basis:

- Water withdrawal data will be reported for each approved withdrawal location (lake, stream, water source dugout, etc.), or, in the case of a “Basin Section 8, as a cumulative total for each approved basin.
- Data submitted quarterly will comprise the total volume withdrawn each month (cubic metres).
- Data will be reported as shown on the following table.

Reporting Period	Report by Date
January - March	April 25th
April - June	July 25th
July - September	October 25th
October - December	January 25th

- Data will be reported in tabular format, as an Excel .XLS or .CSV file, to the following email address: [OGCWaterVolumeData@gov.bc.ca](mailto:OGCWaterVolumeData@gov.bc.ca)
- The first required reporting will be on or before Apr. 25, 2011 for water withdrawal during January – March, 2011.

**Compliance and Enforcement:**

In the event of non-compliance with the requirements outlined in this Directive, appropriate enforcement action will be applied as necessary, pursuant to the provisions of the Oil and Gas Activities Act and/or the Water Act.

**References:**

- The Commission's "OGC Water Management Basins" map (hardcopy PDF map, and shapefiles) can be accessed through FTP at: [ftp://www.bcogc.ca/outgoing/OGC\\_Data/Water/](ftp://www.bcogc.ca/outgoing/OGC_Data/Water/).
- The application form for standard "Section 8" and "Basin Section 8" short term water use approvals, along with the Excel templates for "Water Source Dugout" applications and the quarterly water use reporting, can be found here: <http://www.bcogc.ca/industryzone/forms/>.

**Should you have any questions regarding this Directive, please contact:**

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