

# BC Oil and Gas Commission

2010/11 - 2012/13 Service Plan



Dawson Creek |  
Fort Nelson |  
Fort St. John |  
Victoria |



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## Message from the Chair to the Minister of Energy, Mines and Petroleum Resources



On behalf of the Board of Directors, management and staff of the British Columbia Oil and Gas Commission (Commission), I am pleased to submit the 2010/11 to 2012/13 Service Plan (Plan). Moving forward, executive focus and strategic initiatives for fiscal 2010/11 will be on continued development and enhancement of regulatory processes in support of the oil and gas industry in British Columbia.

The Commission Board and management are undertaking a review of the Commission's strategic planning framework and its linkage to board governance best practices. This process will ensure clear, stable long-term goals while taking into consideration direction from government as well as stakeholder needs.

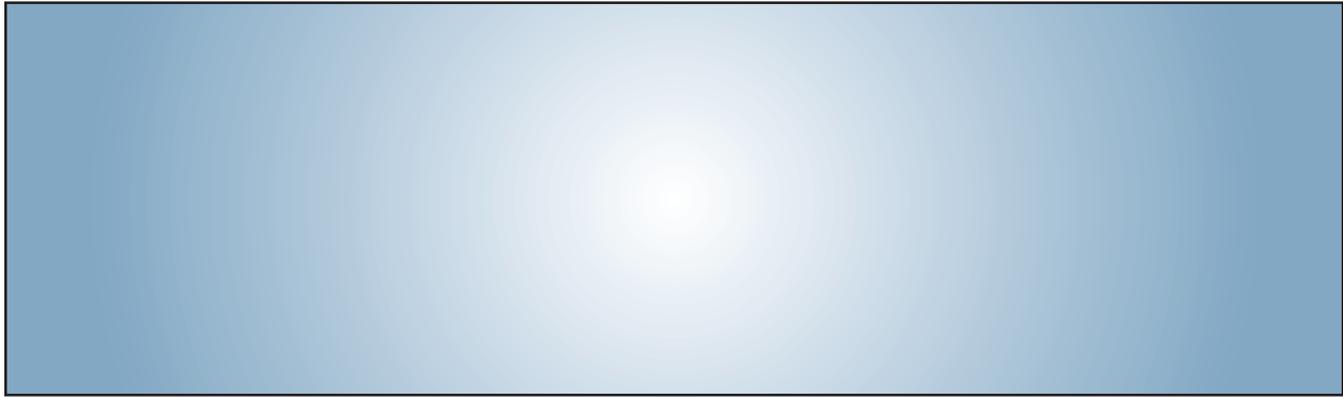
In support of the implementation of the *Oil and Gas Activities Act* and continued business process improvements, a priority for the Commission is to migrate its information technology infrastructure to a single platform with improved electronic submission capabilities, information management and reporting. The streamlining of data processes and client accessibility are priority management considerations over the next three years. This includes partnering with government

agencies to discuss solutions beneficial across industry sectors and provincial borders.

Internally, in order to further position itself as a transparent, proactive and responsive organization, the Commission recognizes the value of advancing a performance measurement culture. Through refining measurement, the Commission will be prepared to address improvements in critical processes and establish target areas for development. The capacity to maintain measurement and integration for future planning of the Commission will be supported through a focus on leadership and supervisory development.

A number of human resource initiatives have proven to be effective and will continue to support and benefit the organization and staff in fostering a positive working environment.

The Commission continues to pursue and improve First Nations, landowner, and industry stakeholders' opportunities for input and recommendations on decision making processes. Consultation with these participants allows for a transparent environment where broad based considerations can be equitably measured and implemented. The goals and performance measures within this Plan reflect



the cooperative nature of intergovernmental, First Nations, community and industry consultation. The Commission remains committed to socially and environmentally responsible oil and gas development in North America.

With development activity in 2009/10 lower than recent years, the Commission is taking a conservative approach when forecasting future revenues and spending. Allocating resources carefully will allow the Commission to navigate the current economic climate without seeing an impact in its ability to guide the oil and gas resource development and management throughout British Columbia.

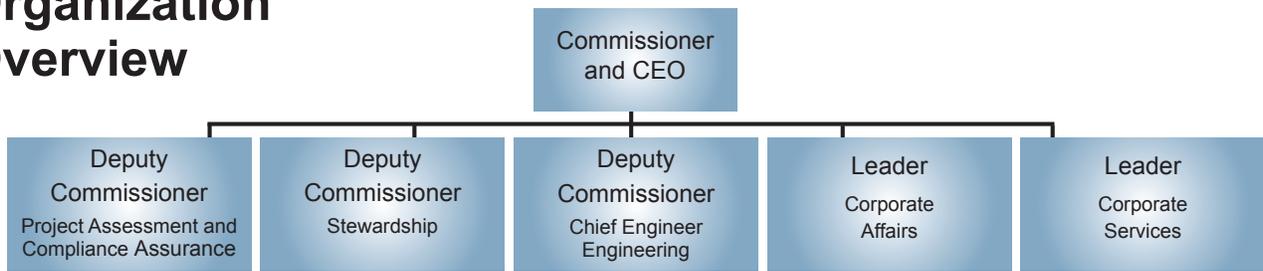
The 2010/11 - 2012/13 BC Oil and Gas Commission Service Plan was prepared under my direction in accordance with the *Budget Transparency and Accountability Act* and the BC Reporting Principles. The Plan is consistent with government's strategic priorities and fiscal plan. I am accountable for the contents of the Plan, including what has been included in the Plan and how it has been reported.

All significant assumptions, policy decisions, events and identified risks as of February 16, 2010 have been considered in preparing the Plan. The performance measures presented

are consistent with the 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 the Commission's operating environment, forecast conditions, risk assessment and past performance.

Greg Reimer  
Board Chair  
BC Oil and Gas Commission

# Organization Overview



The Commission is an independent single-window regulatory agency with responsibilities for overseeing oil and gas operations including exploration, development, pipeline transportation, and reclamation.

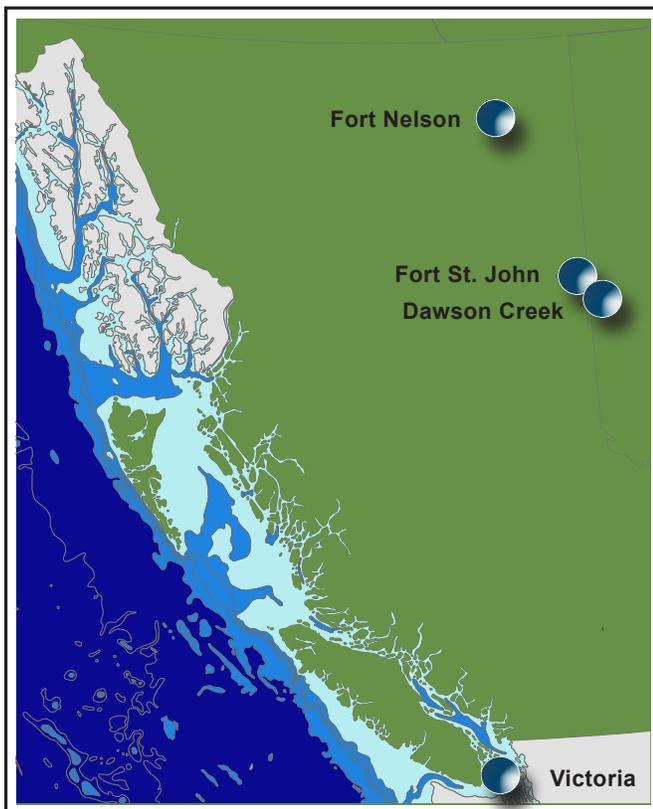
The Commission is comprised of five divisions; three operational divisions include Engineering, Project Assessment and Compliance Assurance, and Stewardship. Two support divisions include Corporate Affairs and Corporate Services.

The Commission has four offices in British Columbia. The operations centre is located in Fort St. John, the heart of oil and gas activity for the Province. The majority of Commission employees operate from this location.

The Commission recently created a new satellite office in Dawson Creek to better serve the growing industry presence in the Montney gas play. The new office will enhance public, landowner and industry resources in the area. The map provided indicates distribution of the four Commission locations across the Province.

The core function of the Commission is to regulate oil and gas activity throughout British Columbia. The services provided by the Commission fall into four broad categories; reviewing and assessing industry activity, consulting with First Nations, ensuring industry complies with applicable provincial legislation, and undertaking programs of communication in order to advance safe and efficient practices. Under this broad description fall a number of specific activities aimed at supporting these responsibilities. These four categories are further described on page 8.

Activities undertaken by the Commission within its mandate ensure the safe operation of oil and gas related activities in the Province while encouraging a balance between economic, social and environmental benefits.



## Commission Vision

*“To be the innovative regulatory leader, respected by stakeholders, First Nations and clients.”*

## Commission Values

*“Regulating oil and gas activity through fair, consistent, responsible and transparent stakeholder engagement; for the benefit of British Columbians and by balancing environmental, economic and social outcomes.”*

Table 1 provides a partial list of Commission activities and responsibilities administered within its mandate. The Commission has authority to regulate various aspects of oil and gas activity through the *Oil and Gas Commission Act* and other legislation.

## Table 1 Section 3 of the *Oil and Gas Commission Act*

**(a) regulate oil and gas activities and pipelines in British Columbia in a manner that:**

(i) provides for the sound development of the oil and gas sector by fostering a healthy environment, a sound economy and social well being;

(ii) conserves oil and gas resources in British Columbia;

(iii) ensures safe and efficient practices; and,

(iv) assists owners of oil and gas resources to participate equitably in the production of shared pools of oil and gas.

**(b) provides for effective and efficient processes for the review of applications related to oil and gas activities or pipelines, and to ensure that applications that are approved are in the public interest having regard to environmental, economic and social effects;**

**(c) encourage the participation of First Nations and Aboriginal peoples in processes affecting them;**

**(d) participate in planning processes; and,**

**(e) undertake programs of education and communication in order to advance safe and efficient practices and the other purposes of the Commission.**

### Commission Activities:

- Regulatory Development and Affairs
- Assess Drilling Deposit
- Regulate Drilling Waste
- Regulate Air Discharge
- Estimate Reclamation Costs
- Process Certificates of Restoration
- Orphan Site Management
- Implement the Science and Community Environmental Knowledge (SCEK) Fund

- Geological and Engineering Evaluations
- Oil Reserve Analysis
- Inventory and Map Hydrocarbons
- Well Evaluation
- Manage Subsurface Technical Information
- Conduct Production Metering Audits

- Conduct Inspections
- Pipeline Integrity Management
- Ensure Appropriate Complaint Responses
- Ensure Appropriate Incident Responses
- Implement Emergency Management and Response Programs
- Health and Safety Program
- Investigations and Compliance
- Recommend Industry Practices

- Conduct Correlative Rights Review

- Review Applications for Activity
- Review Sour Wells Classifications
- Transfer Assets
- Land Administration
- Enable Public Engagement
- Process Improvement

- Aboriginal Relations
- First Nations Consultation
- Develop and Implement Agreements with First Nations

- Memorandum of Understanding Development
- Quality Assurance
- Participate in Inter-Agency Activities

- Public Engagement and Dispute Resolution
- Conduct Landowner Liaison Activities
- Advisory Committee and Practice Advisory Group
- Respond to Requests for Information

# Commission Services

The services provided by the Commission under its legislated mandate fall into four broad categories:

Reviewing, Ensuring Industry Compliance, Completing First Nations Consultation, and Cooperating with Partner Agencies.

**Reviewing** and assessing applications for the following oil and gas activities, and issuing approvals when appropriate:

- wells,
- pipelines and facilities,
- geophysical activities,
- roads,
- engineering and geology, and
- transfer of assets.

The Commission liaises directly with industry representatives for most oil and gas activity applications and, where necessary, manages relationships with engineering partners and surveyors.

**Ensuring Industry Compliance** with legislative, regulatory and permit-specific requirements, in part through inspections and other monitoring and enforcement activities. Qualified Commission inspectors attend oil and gas activity sites to ensure operations are proceeding in accordance with applicable regulations.

**Completing First Nations Consultation** on activity applications. Consultation relationships with First Nations in Northeast British Columbia (NEBC) are guided by negotiated Consultation Process Agreements.

**Cooperating with Partner Agencies** such as the Ministry of Energy, Mines and Petroleum Resources (MEMPR), Ministry of Environment, Ministry of Agriculture and Lands, Ministry of Forests and Range, and others ensures the effective delivery of government policy, including goals in the ongoing

BC Energy Plan. In this way, informed decisions are made with respect to environmental interests, such as the protection of appropriate land use activities.

These interests are protected through the implementation of guiding legislation, to ensure public purposes are served. Table 1 (pg 7) shows the Commission mandate as outlined in legislation, and specific activities that support delivery of that mandate.

## Continual Improvement to Service Delivery

As a Crown Corporation, the Commission's accountabilities extend to affected communities, First Nations, clients and stakeholders. Some of the Commission's more specific delivery objectives are the continuous advancement of planning processes, consultation and education, transparent reporting, safety standards, and environmental management and reclamation.

The Commission continues to enhance service delivery based on changes in the operating environment. A summary of changes is provided below.

## Enhanced Planning Process

The Commission is often required to respond to time-critical events. In order to provide consistency in Commission response, enhanced business planning and performance management processes are continually reviewed.

## First Nations Consultation Process Agreements (CPAs)

The Commission continues to work with First Nations in the development of CPA implementation strategies. The Commission works collaboratively to improve consultation processes through regular meetings with Chiefs and Councils, and through the development of

joint activities and projects with community land offices. CPAs encourage industry engagement with First Nations prior to applications being submitted to the Commission. Through this early engagement, industry can proactively address First Nations interests and improve participation and consultation timelines. For more information on these agreements, visit [www.ogc.gov.bc.ca](http://www.ogc.gov.bc.ca).

## Enhanced Emergency Management Planning (EMP)

One of the key components of the Commission's mandate is to ensure that the health and safety of the public continues to be the main priority of oil and gas companies operating in British Columbia.

The Commission is responsible for establishing that emergency management requirements are consistent with applicable regulations and standards in its efforts to mitigate public health and safety risks related to oil and gas activities. Operators are required to develop and maintain comprehensive emergency management programs as an integral element of their operational responsibilities.

The Commission makes certain companies can demonstrate emergency response plans are developed for all oil and gas activities in the Province. The Commission ensures companies are prepared to implement these plans as required to maintain a high level of public confidence.

The Commission is also committed to confirming that companies develop security management programs for oil and gas assets and infrastructure in British Columbia. This new initiative will further increase confidence in government's ability to mitigate the risks of potential emergency incidents related to oil and gas activities. The Commission continues to increase its endeavors in boosting public awareness, training and interagency cooperation in order to raise the level of understanding of the Commission's role.

More information on the EMP program is available on the Commission website at: [www.ogc.gov.bc.ca](http://www.ogc.gov.bc.ca)

## Transparent Reporting

During 2009, the Commission made great strides in the area of transparent reporting. Several operational reports were finalized and made available to the public; The Flaring, Incinerating and Venting Reduction Annual Report, the Site Restoration Report, the Field Inspection Annual Report and the Hydrocarbon and By-Product Reserves Report. The Footprint Analysis Procedure Report is currently underway and is set to be released in early 2010.

As the Commission moves forward, it remains committed to providing additional reporting on its operations and activities. Activities undertaken by the Commission within this mandate support the safe operation of oil and gas related activities in the Province.

## Science and Community Environmental Knowledge (SCEK) Fund

The SCEK Fund supports and facilitates the research of practical ways to address environmental issues related to oil and gas exploration in British Columbia. The vision for this fund is to continuously improve understanding and management of the impacts of oil and gas activities in the Province. Study findings are incorporated into practices and regulations where appropriate.

## Orphan Fund

On April 1, 2006 legislation for a newly created Orphan Site Reclamation Fund was brought into force with an amendment to the *Oil and Gas Commission Act (Act)* and amendment to the Oil and Gas Commission Levy Regulation. The Orphan Fund is administered by the Commission and is intended to pay for the reclamation of orphan oil and gas sites (sites that no longer have an owner associated with them).

# Principal Partners, Clients and Stakeholders

Many individuals and groups are the direct beneficiaries of services provided by the Commission.

As the regulator of oil and gas activity in British Columbia, value service is provided in many forms to various stakeholders throughout the Province. The Commission maintains a unique relationship with First Nations and has built on ten years of partnerships to enhance the quality of decisions made by the Commission. Outside northeast British Columbia the Commission also interfaces with First Nations on areas of oil and gas activity.

The Commission regularly communicates with the oil and gas industry, the primary users of the Commission's services. Such interactions range from sharing information to soliciting recommendations for best practices.

Commission employees ensure resources are recovered in the safest and most effective manner possible. Liabilities incurred through these activities are borne by the operators. In this capacity the Commission is in regular contact with industry, First Nations, landowners, the public, other government agencies, and corporate peers in other jurisdictions.

Many partners use information collected and maintained by the Commission. For example, the BC Assessment Authority accesses information collected by the Commission in the development of annual assessment rolls and the Integrated Land Management Bureau uses Commission information to update provincial land resource maps.

The Commission maintains a strong voice in the communities where oil and gas activity occurs. This is done primarily through the efforts of the Commission's Community Relations staff, whose job is to assist landowners in gaining a better understanding of the oil and gas industry, the responsibilities of the Commission and the role of other government agencies.

The Commission maintains a number of working agreements and Memorandums of Understanding (MOUs) that support and define relationships and delegated authorities with partner agencies. These agreements support Commission authority with respect to upholding the values associated with partner agencies' mandates.

## Shareholder's Letter of Expectations

Strategic direction and performance expectations from the Government of British Columbia for the Commission are outlined in a Shareholder's Letter of Expectations. This document is a public agreement that outlines strategic priorities, public policy issues and performance expectations.

This clarification of Shareholder and Commission roles is provided to promote a cooperative working relationship and to ensure the alignment of Commission activities with overarching provincial goals.

The most recent Shareholder's Letter of Expectations was signed on January 8, 2010. It outlines the Commission's role in delivering commitments on its responsibilities and mandate direction:

- Continue to support the successful implementation of climate action initiatives and regulatory requirements in meeting the commitments of the Province's 2007 Energy Plan;
- Further succeed in meeting the 50 percent interim reduction of all routine flaring at oil and gas production wells and production facilities by 2011, with a target of flaring elimination by 2016;
- Encourage the participation of First Nations in processes affecting them through collaborative working relationships;
- Continue to collaborate with partner agencies in developing and improving

policies and procedures to ensure a modern regulatory framework;

- Progress with the Shareholder in developing and successfully implementing new regulations under the *Oil and Gas Activities Act (OGAA)*;
- Further facilitate transparency to clients and stakeholders through public reporting on operations and activities;
- Continue to develop operational procedures to manage and address stakeholder concerns at the approval and permitting stage.

To view the most recent Shareholder's Letter of Expectations, please refer to the Commission website at [www.ogc.gov.bc.ca](http://www.ogc.gov.bc.ca).

## Corporate Governance

The Commission was established by the Province of British Columbia as a service delivery Crown Corporation. It is mandated to regulate upstream oil and gas activity in British Columbia, including exploration, development, pipeline transportation to facilities, and reclamation activities.

Regulatory authority of the Commission is derived from legislation, including the *Oil and Gas Commission Act (Act)*, *Pipeline Act*, *Petroleum and Natural Gas Act*, *Land Act*, *Forest Act*, *Forest Practices Code of BC Act*, *Heritage Conservation Act*, *Environmental Management Act*, and *Water Act*.

The Act establishes the Commission as a Crown Corporation and provides for the establishment of internal authority structures as well as funding of the organization through fees and levies. The Act and other legislation also give the Commission authority to regulate various aspects of oil and gas activity.

The Commission is governed by a three-member Board of Directors that is responsible for directing

and overseeing the organization's affairs and operations. Additionally, the Board:

- ensures the Commission exercises its powers in accordance with governing legislation;
- ensures the Commission establishes appropriate internal controls and practices; and
- approves the Commission's budget, Service Plans and regulatory initiatives.

The Board is made up of a chair and two directors. The Act establishes the Deputy Minister of Energy, Mines and Petroleum Resources as Board Chair, the Oil and Gas Commission Commissioner as vice chair, and a third independent member appointed by the Lieutenant Governor in Council. The independent member serves as a chair for the two sub-committees of the Board. The role of these sub-committees is to engage in review of policies, issues and corporate finances, and to make recommendations to the Board where decisions are made. The Board of Directors provides policy direction and performance review, while operational matters are the responsibility of the Commissioner and the executive team, as shown on the following page.

To view guiding legislation, visit the Commission website at [www.ogc.gov.bc.ca](http://www.ogc.gov.bc.ca).

# Corporate Governance Structure

## Board of Directors

### Mission

Ensures the Commission exercises its powers and performs its duties in accordance with the Act and other applicable laws.

### Directors

#### **Greg Reimer - Board Chair**

BC Oil and Gas Commission

#### **Alex Ferguson - Commissioner and CEO**

BC Oil and Gas Commission

#### **John Jacobsen - Independent Member**

appointed by the Lieutenant Governor in Council

## Executive Team

### Mission

Leads the management of business affairs of the Commission, and implements policy direction received from the Board.

### Members

#### **Alex Ferguson - Commissioner and CEO**

BC Oil and Gas Commission

#### **Paul Jeakins - Deputy Commissioner**

Stewardship

#### **James O'Hanley - Deputy Commissioner**

Project Assessment and Compliance Assurance

#### **Ken Paulson - Deputy Commissioner and Chief Engineer** Engineering

#### **Steve Simons - Leader** Corporate Affairs

#### **Randall Smith - Leader** Corporate Services

## Governance and Human Resources Committee

### Mission

Provides oversight and direction in regard to human resource and compensation matters and ensures the good governance of the Commission.

### Members

#### **Greg Reimer - Board Chair**

BC Oil and Gas Commission

#### **John Jacobsen - Independent Member**

appointed by the Lieutenant Governor in Council (Chair)

#### **Randall Smith - Leader**, Corporate Services (ex-Officio)

## Audit Committee

### Mission

Provides oversight and direction on matters relating to the financial position of the Commission.

### Members

#### **Greg Reimer - Chair**

BC Oil and Gas Commission

#### **John Jacobsen - Independent Member**

appointed by the Lieutenant Governor in Council (Chair)

#### **Randall Smith - Leader** Corporate Services (ex-Officio)

Terms of Reference for the Board and sub-committees are online: <http://www.ogc.gov.bc.ca>

The Governance policies and practices of the Oil and Gas Commission and the Board of Directors comply with the Governance and Disclosure Guidelines for Governing Boards of British Columbia Public Sector Organizations (Best Practice Guidelines) February 2005 issued by the Board Resourcing and Development Office (BRDO), Office of the Premier of British Columbia.

# Capacity, Outlook and Drivers

As the regulator of oil and gas activity in British Columbia, the Commission continually strives to keep pace with a dynamic oil and gas industry. This includes taking bold, proactive steps and providing innovative solutions to ensure safe and sustainable development while considering the needs of a competitive and thriving industry, community interactions and First Nation rights.

The Commission has developed a risk register as a key component of the Commission Enterprise Risk Management Strategy. The Commission risk register now includes documented process flow analysis for all major business processes.

All business processes are being reviewed, analysis documentation adjusted and risks identified to reflect regulatory changes from OGAA and associated regulations.

In addition, the register documents options for mitigation, strategies, and timelines. This analysis and an annual review of strength, weaknesses, opportunities and risks are the cornerstones of the Commission's annual business planning which prioritizes the overall mitigation strategies for efficient use of available resources.

The following section provides an overview of the anticipated operating environment and key strategic issues faced by the Commission for 2010/11 through 2012/13. This section highlights key internal and external factors that may shape the business of the Commission, and outlines the Commission's proactive responses to these trends.

## **Driver** TECHNOLOGY

### **Issue Impact**

New technologies are providing opportunities to increase linkages between working groups, reduce timelines for service delivery, increase data integrity and improve the quality of decision making.

### **Commission Response**

The continuing improvement of Commission business systems is a critical factor in meeting the success of Goal 1 of our Service Plan; to protect the public interest.

In support of OGAA implementation and continued business process improvement, a priority for the Commission is to migrate information technology infrastructure to a single platform with improved electronic submission, information management, and reporting. The streamlining of data processes and client accessibility are priority management considerations over the next three years.

This includes partnering with parallel government agencies to discuss solutions beneficial across industry sectors and provincial borders.

Significant development and enhancement of systems continues in an ongoing effort to improve and streamline the application process, accessibility of services, and reliability of data.

The Commission has completed an evaluation of our current business systems and future needs. From this, the Commission plans to change its business systems to continue to improve upon its service delivery.

## **Driver REGULATORY TRENDS**

### **Issue Impact**

OGAA and its associated regulations are anticipated to be in force by early summer 2010, affecting Commission processes and documentation. Additionally, the Province's operating environment is in the process of shifting its emphasis from conventional to unconventional natural gas development.

This transition and trend presents opportunities for the Commission and industry to streamline processes where practical. With opportunity comes risk; the Commission and industry will cautiously implement procedural changes as necessary to comply with the new regulatory requirements.

There are also risks that application review timelines could increase if Commission staff are redirected to the new review and appeal process. Short term risks also include potentially higher industry non-compliance as they learn the new OGAA related processes.

Financial and resource constraints related to developments of information technology systems may create the need to develop more complex processes in order to accommodate staged implementation of some compliance programs.

### **Commission Response**

To manage the transition, the Commission has undertaken a detailed business process mapping initiative to identify opportunities for efficiencies as well as likely risk areas. Process maps created by the Commission provide the foundation for application manuals and guidelines, which are tools that will be used to ensure compliance with new regulatory requirements.

Upon OGAA implementation, staff will manage, track, and react to process and documentation deficiencies and will develop solutions through consultation with operational and regulatory specialists. Commission staff, industry, First Nations, and stakeholders will also have training opportunities on new and revised processes throughout the spring of 2010.

The Commission will be developing and implementing an internal quality assurance audit program during 2010. The program will be set up to ensure that the Commission is meeting its obligations under its legislation, agreements, Service Plan and MOUs.

## **Driver ORGANIZATIONAL CAPACITY**

### **Issue Impact**

As the oil and gas industry in British Columbia evolves, the Commission is handling more complex development applications each year, resulting in more intricate consultation and compliance activities.

### **Commission Response**

The Commission has been building capacity to meet regulatory demands by increasing staffing and providing facilities and services to attract, retain, and accommodate additional employees.

In order to keep pace with changing needs, the Commission continually reviews regulatory processes. Additionally, managing for the long term the Commission is actively protecting capacity through enhanced skills training, leadership development and health and wellness initiatives for Commission staff.

Capacity growth has also expanded Commission presence in the South Peace through the creation of a new satellite office in Dawson Creek.

### **Issue Impact**

As a result of the recent oil and gas rights land sales in the Province, unconventional gas development, and new plant and facility applications, consultation requirements with First Nations will continue to expand and evolve.

The Consultation Process Agreement (CPA) Implementation Committee will be faced with continued changes to the processes for oil and gas related consultations. Some First Nations wish to revisit their consultation agreements.

The Environmental Assessment Office (EAO) has granted a certificate for the Kitimat-Summit Lake (KSL) Pipeline project. The anticipated start up on the KSL project, along with new TransCanada Pipeline (TCPL) pipelines (NEB jurisdiction), will further increase activity levels in the NEBC region. Application to the Commission for land based operations is anticipated. These applications will generate the need for consultation with a number of First Nations located outside of NEBC.

### **Commission Response**

The Commission's Aboriginal Program staff members continue to engage First Nations and ensure consultation is conducted appropriately on all oil and gas development within the Province. The Commission will work to improve First Nation working relationships and consultation processes, seeking input in the development of regulations, guidelines and manuals.

The Commission continues to work with First Nations and MEMPR in the development and realization of CPA implementation strategies. CPAs encourage industry engagement with First Nations; this early engagement improves participation and consultation timelines. Working collaboratively augments consultation processes through regular meetings with Chiefs and Councils, and through the development of joint activities and projects with community land offices. The Implementation team has developed a review framework that will guide in assessing the effectiveness of the agreements while looking for opportunities for improvement.

The Commission participated with the EAO on consultation for the proposed pipeline project between Summit Lake and Kitimat. The Commission will continue to work with government agencies that have begun coordinated consultation activities with First Nations through the Integrated Land Management Bureau's First Nations Initiative Division (FNID). The Commission will continue to work with partner agencies such as FNID and the EAO to facilitate an efficient and productive consultation process on land and resource management issues beyond the mandate of the Commission. These issues include access management, wildlife issues, and land use planning.

In working alongside other government agencies, the Commission will continue to coordinate First Nations initiatives and consultation on a number of proposed major projects outside of North East BC.

### **Issue Impact**

A shift in oil and gas activity from conventional oil and gas development to unconventional development is occurring in British Columbia. Oil and gas rights land sales continue to increase in shale gas plays.

This shift translates into changes in land and resource uses and patterns by the oil and gas industry. These changes include:

- an increase in the construction and use of all-season roads,
- an increase in the use of water,
- multiple wells drilled from a single site,
- an increase in the use of aggregate,
- development activity in areas with little historic oil and gas activity,
- re-development in areas of historic conventional oil and gas activity, and
- a change in the pattern of oil and gas footprints on the land base.

Oil and gas rights land sales continue to increase in two unconventional shale gas plays, the Horn River Basin (HRB) and the Montney Basin. Other areas (Liard, Cordova) have attracted industry interest as well.

Development in the HRB is in early stages. This is primarily due to gas pricing and the existence of minimal infrastructure. Coordination of development activities related to water, wildlife access and First Nation values is currently taking place. Conversely, the Montney Basin has experienced accelerated development. This is primarily due to the existence of a more developed infrastructure.

In addition to the changing technical environment for oil and gas, there are increasing management requirements as expressed in the evolving oil and gas legislation.

OGAA and supporting regulations will enhance the Commission's ability to manage the effects of oil and gas activities on environmental values.

### **Commission Response**

A priority for the Commission will be supporting the implementation of OGAA, specifically focusing on developing more robust methods of managing the effects of oil and gas development on environmental values.

The Commission has consolidated its surface land specialists and analysts under the Stewardship business unit aimed at providing a tactical approach to managing surface land and resource values in a subsurface resource development context. The business unit develops tactics for the management of effects of oil and gas development on other resource values (water, land, wildlife, fish, and other land users).

The Commission will collaborate with land and resource managers in other government agencies to coordinate land use activities, promote the use of shared geographic information services and data, and manage the effects of oil and gas development on other values on the land base.

The business unit provides professional expertise and analytical services throughout OGAA development, supplying decision makers with informed advice and recommendations on process development.

The Commission recognizes that good decisions are informed and transparent, relying on quality information and data. Availability of this information and resulting analysis for review by other parties is equally important. The Commission will continue to improve the integrity and tactical use of data and information used to support decisions. Capacity will continue to be built in order to conduct geospatial analysis and to predict and proactively address emerging environmental issues.

The Commission has developed an updated system for managing water permitting. The Commission relationship with the Ministry of Environment Water Stewardship Division has been strengthened and clarified in support of water permitting activities.

## **Driver MAJOR PROJECTS**

### **Issue Impact**

As a direct result of the recent unconventional drilling success, there is an emerging need for more gas processing capacity in the Province and/or Western Canada.

The Commission is currently working on a number of new gas processing plant and large facility applications at various stages, and expects to receive continued submissions at the current pace. The Commission has three major projects, the Cabin Gas Plant, the KSL Pipeline, and the gathering of BC Ojay gas into new gathering and processing facilities. Additionally, the Commission anticipates construction start-up on the Kitimat liquid natural gas facility, along with the new TransCanada Pipeline (TCPL) project (under NEB jurisdiction), which will increase activity levels in the NEBC region.

As new regions and projects are identified for oil and gas activity, consultation requirements with First Nations, landowners and the public increase.

### **Commission Response**

Internally, the Commission is prepared to manage these shifts by increasing technical capacity to review and manage new and complex applications. The Commission is also developing routine and non-routine application streams to better service industry and to better utilize existing resources.

The Commission has also worked with external agencies toward a provincial major oil and gas projects team for projects outside of NEBC. In this way, the Commission is working to leverage our expertise as the provincial oil and gas regulator to better serve all areas of British Columbia.

Directives and strategies related to ensuring that quality decisions are made in a timely manner and that technical expertise is in place are presented in Goals 2 and 5 of this Plan.

## **Driver INDUSTRY ACTIVITY TRENDS/FUNDING**

### **Issue Impact**

British Columbia natural gas reserves continue to increase in size. With conventional Western Canadian gas production in decline, the emergence of unconventional gas sources could be vital in maintaining Canada's position as a major producer of natural gas.

North American oversupply of natural gas continues to suppress commodity price. Commodity price is linked to industry activity which in turn is linked to the Commission's revenue structure.

Industry will continue to invest in unconventional gas exploration and development, although in a restrained manner over the short term.

### **Commission Response**

While continued exploration is expected, the Commission is choosing a conservative approach to spending in the coming years while continuing to monitor industry forecasts and expenditures.

The Commission expects industry activity levels to reflect the North American situation. Allocating resources carefully will allow the Commission to navigate the current economic climate while continuing to guide resource development and management throughout British Columbia.

## **Driver HUMAN RESOURCES**

### **Issue Impact**

The Commission has faced labour market pressures, including challenges recruiting to northern locations. Changing economic situations required adjustments to recruitment plans. Competition for leadership talent continues.

The Commission recognizes the value of utilizing information technology solutions to better track and manage Human Resource functions.

### **Commission Response**

With significant reductions in turnover, improved employee engagement scores and changes to economic conditions, the Commission has seen an increase in the number of applicants for recently posted positions. The Commission continues to focus on health and safety, employee engagement and wellness programs to support continued recruitment and retention efforts.

The Commission continues to focus on supervisors and leaders with increased training and development programs for all supervisory staff.

Implementation of a new Human Resources Information System has continued to provide more efficient delivery of services and has provided greater reporting and measurement of Human Resource services.

## **Driver BC ENERGY PLAN**

### **Issue Impact**

The BC Energy Plan puts British Columbia at the forefront of environmental and economic leadership. This plan looks to all forms of clean, alternative energy in meeting the needs of British Columbians and the provincial economy.

New technologies and solutions will be encouraged to 'green the grid' and provide clean, remote energy and reduce energy losses. These policy actions will mean more jobs, new investment and ultimately greater prosperity for British Columbia.

The Commission released the Flaring, Incinerating and Venting Reduction Guideline for British Columbia in February 2008 and issued the first Flaring, Incinerating and Venting Reduction Annual Report in September 2009.

### **Commission Response**

The Commission will continue to move forward with implementing priority aspects of the BC Energy Plan including flaring reduction, commingling policy, community level engagements and the process of measuring and reporting the Commission's carbon footprint.

The Commission will continue to build on the success of past flaring reduction initiatives by continuing to pursue regulatory and policy changes that will achieve the BC Energy Plan targets, reduce flaring and reduce flaring related impacts. Publication of educational resources, reporting of flaring activities and reporting of flaring reduction initiatives will increase transparency and public understanding of flaring operations.

# Summary Financial Outlook

## Management Perspective of the Future

The Commission has developed a three year financial plan. The details of the Summary Financial Outlook and assumptions are on the following two pages.

## Capital Planning

The Commission has no major capital plans as defined by the *Budget Transparency and Accountability Act* (plans in excess of \$50M). Capital spending on information technology upgrades, tenant improvements and furniture and equipment are forecast to be \$9.25 million over the next three years. Cash flow will be provided by Operating Surpluses.

Summary Financial Outlook (Consolidated) \$000s	2008/09 Actual	2009/10 Forecast	2010/11 Forecast	2011/12 Forecast	2012/13 Forecast
<b>Revenue</b>					
Fees	13,278	10,458	13,886	15,174	16,467
Levies	14,050	18,254	20,595	22,988	25,892
Misc	510	25	259	259	259
<b>Total Revenues</b>	<b>27,838</b>	<b>28,737</b>	<b>34,740</b>	<b>38,421</b>	<b>42,618</b>
<b>Expenses</b>					
First Nations	8,797	4,100	6,000	6,500	7,000
Salaries and Benefits	15,592	15,232	17,560	19,415	21,380
Operating Expenses (incl amort)	7,950	7,950	9,180	10,506	12,238
<b>Total Expenses</b>	<b>32,339</b>	<b>27,282</b>	<b>32,740</b>	<b>36,421</b>	<b>40,618</b>
<b>Operating Income (Loss)</b>	<b>(4,501)</b>	<b>1,455</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>
Orphan Sites Reclamation Fund	709	712	183	442	704
Amortization of Contributed Assets	58	10	10	10	10
<b>Net Income (Loss), Consolidated</b>	<b>(3,734)</b>	<b>2,177</b>	<b>2,193</b>	<b>2,452</b>	<b>2,715</b>
Capital Expenditures	1,451	2,420	3,735	2,945	2,567

The above financial information, including forecast information, was prepared based on current Canadian Generally Accepted Accounting Principles (GAAP).

## Key Assumptions

- New well applications are projected to be 900, 1000, 1100 starting in 2010/11.
- Gas volumes are  $30.5 \times 10^9 \text{ m}^3$ ,  $39.3 \times 10^9 \text{ m}^3$  and  $48.3 \times 10^9 \text{ m}^3$  starting in 2010/11.
- Oil volumes are  $1.1 \times 10^6 \text{ m}^3$ ,  $1.0 \times 10^6 \text{ m}^3$  and  $0.9 \times 10^6 \text{ m}^3$  starting in 2010/11.
- Wage and benefit increases are subject to future labour negotiations.
- Inflation is estimated at 3% per annum.
- Reclamation activities are projected at four well sites per annum @ \$200K each starting in 2010/11.

## Forecast Risks and Sensitivities

- Revenues are highly sensitive to fluctuations in activity volumes (well applications) and production volumes (levies on oil and gas). The Commission intends to manage this volatility by adjusting rates.
- The Commission has access to a three million dollar line of credit to mitigate temporary cash flow issues due to revenue fluctuations.
- Exploration activity levels (well applications) are affected by adverse weather conditions, commodity price fluctuations, and economic conditions.
- Premise costs reflect incremental additions to staffing without considering future possible consolidation of Fort St. John facilities.
- An Environmental Liability Management program will be in development over the forecast period; there is uncertainty with respect to the financial resources required to fully implement the program.

## Performance Goals

This Service Plan provides an overview of the Commission's performance model used to achieve organizational goals through the implementation of directives and strategies, as measured through performance indicators. Goals, strategies and performance measures have been selected to ensure that the Commission achieves its vision. Values are applied during planning and conducting regulatory activities.

The Service Plan provides a three-year outlook for the direction of the Commission, reflecting the trends and issues faced by the Commission, and serves as the strategic framework for annual corporate business planning, resource allocation and budgeting.

## Goals

The Commission's long term goals are as follows:

1. The Commission protects the interests of the people of British Columbia.
2. The Commission makes quality decisions in a timely manner.
3. The Commission is recognized as a service oriented organization.
4. The Commission works with government to continually improve the regulatory environment.
5. The Commission is a great place to work.

These goals represent the strategic foundation for the direction of the Commission based on existing legislation as well as a dynamic and evolving operating environment. The goals are inter-dependent and reflect the multi-faceted nature of the Commission's regulatory mandate. These goals also clearly capture the intended purpose of the Commission and provide a set of criteria for government, the Board of Directors, First Nations, landowners, stakeholders, industry and the general public to assess the success of the organization going forward.

Goal 1 protects the interests of the people of British Columbia and is the result of many activities undertaken by the Commission in the public interest. These include public engagement, application review, compliance and enforcement, engineering reviews, and emergency management functions. This also includes resource conservation activities which ensure oil and gas resources are extracted in the most efficient way possible and environmental management activities which ensure environmental standards are achieved. This goal provides clarity about the public purpose served by the Commission and combines the intent behind the mandate for public safety, environmental protection and resource conservation.

The clarifications included under Goal 1 describe the mandate of the Commission as outlined in legislation. More specifically, the directives associated with the first goal are;

- maintaining public safety and the safety of operations,
- minimizing the potential for negative environmental effects from oil and gas activities, and
- ensuring the optimal recovery of oil and gas resources over time.

Quality decisions, as described in Goal 2, relate to the statutory decision making authority that is delegated to the Commission through legislation. The Commission endeavors to adjudicate activity applications in a timely manner based on available information. Activities included under this goal consist of application processing, transfer of assets, general management of internal operations, and capturing and documenting corporate knowledge.

Clarifications included in Goal 2 highlight the priority of being aware of the external environment and also ensure internal capacity is present to support decisions. The directives associated with Goal 2 are;

- decision making consistent with the complexity of the operating environment, and
- maintaining consistency of information and processes used in decision making.

Goal 3 reflects the Commission's aim to proactively set a standard of excellence in service for clients. Clients are considered to be all people in British Columbia including communities, First Nations and industry. Activities included under this goal are FrontCounter BC, community relations services to assist landowners, and alternative dispute resolution, among others.

In much the same way as the second goal, the third goal outlines internal and external components to build and sustain quality delivery standards. Directives of goal 3 include;

- building and sustaining relationships of trust and confidence with communities, First Nations and stakeholders, and
- enhancing the culture of service excellence.

Goal 4 speaks to the efforts of the Commission in working with government ministries to improve the regulatory environment for oil and gas activities in the Province. There are many activities the Commission undertakes to achieve this goal including the development of MOUs with partner agencies, establishing and implementing agreements with First Nations, leading the development of regulations within the Commission's authority and implementing government policy.

Descriptors of Goal 4 highlight the Commission's priority of building innovative activities into aspects of regulation. These include;

- contributing to the ongoing development of an innovative and efficient regulatory framework for oil and gas activities in British Columbia, and
- supporting an environment where innovative practices can be introduced and implemented.

Goal 5 presents the Commission's commitment to improve the quality of work experience for employees by instilling a culture of 'the Commission is a great place to work'. Activities under this goal include development of organizational training and performance measurement plans, implementing a

robust health and safety program, and engaging staff across the organization in the development of these goals, objectives and strategies.

Specific descriptors of Goal 5 outline the ways in which the Commission will ensure our working environment serves the needs of Commission employees.

- support a healthy and safe work environment, and
- ensure appropriate infrastructure and support services are in place to allow for development and growth of Commission employees.

Strategies were chosen to reflect the direction of Commission activities based on an annual review of the operating environment. Tactical direction for the Commission, outlined in the corporate Business Plan, is updated annually and provides a three year outlook outlining specific processes and projects that will be undertaken to achieve the goals of the Service Plan. For more information on the Commission's Business Plan, visit: [www.ogc.gov.bc.ca](http://www.ogc.gov.bc.ca).

## Strategic Initiatives

### Strategic Planning Framework and Governance

The Commission Board and management are undertaking a review of the Commission's strategic planning framework and its linkage to board governance best practices. This process will ensure clear and stable long term goals taking into consideration direction from government and oil and gas sector stakeholder needs. Under the direction of the Board aligning goals, strategies and resource allocation will ensure long range planning and performance reporting discipline within the Commission.

### Regulatory Process Improvement

With the Commission poised to complete OGAA regulations, strategic regulatory and business

processes linked to the implementation of the new legislation will continue to undergo accordant improvements. OGAA is a contemporary regulatory framework; a product of considerable consultation, resulting in valuable opportunities to evaluate and further our innovative, integrated approach to governing and regulation.

In support of OGAA implementation and continued business process improvement a priority for the Commission is to migrate information technology infrastructure to a single platform with improved electronic submission, information management and reporting. The streamlining of data processes and client accessibility are priority management considerations over the next three years. This includes partnering with parallel government agencies to discuss solutions beneficial across industry sectors and provincial borders.

## Advancing an Organizational Measurement and Reporting Framework

Internally, in order to further position itself as a transparent, proactive and responsive organization, the Commission recognizes the value of advancing a performance measurement culture. Through refining measurement, the Commission will be prepared to address improvements in critical processes and establish target areas for development. Vertical and horizontal integration within the Commission will be a key activity in reforming, balancing and advancing its activities. The capacity to maintain measurement and integration for future planning of the Commission will be supported through a focus on leadership and supervisory development. Based on the value proposition that process measurement and reporting is the knowledge based cornerstone of business improvement and better decision making, the Commission is embarking on an internal process to identify opportunities to improve the transparency of reporting, measurement of business process deliverables, collection of trend information and analysis of information.

# Performance Measures

Performance measures have been chosen and targets have been set to outline what success looks like for each goal. Actual results have been provided for 2008/09, with 2009/10 actuals to be presented in the Commission's 2009/10 Annual Report. Targets are shown for the upcoming three years to provide a complete performance picture for the Commission. The performance measures have been selected from numerous possible indicators used to track and guide overall performance.

The Commission strives to measure both outputs and outcomes of activities, and to incorporate the eight reporting principles as outlined by the Office of the Auditor General of British Columbia:  
[www.bcauditor.com](http://www.bcauditor.com).

The majority of Commission measurement information is collected through database systems of the Commission, including the IRIS and KERMIT systems, as well as the financial and Human Resource information systems.

The Commission tracks data for performance measures from:

- application and compliance statistics, which are benchmarked against comparable jurisdictions;
- engineering information related to oil and gas operations in British Columbia;
- human resource information, including tracking of employee development; and
- information from surveys, such as employee engagement.

Organizational performance is measured at least quarterly. Where possible benchmark and baseline information is reviewed to provide context to Commission results. Detailed information related to the methodology of Commission performance measures is maintained and updated as necessary. The Commission continues to develop business

applications in order to refine business processes and enable the electronic submission and validation of data. Business application systems are continually developed and enhanced to meet the performance targets of the Commission.

In addition, the Commission continues to have strong relationships with external agencies, such as the Integrated Land Management Bureau and GeoBC, in order to improve the quality of data used to track and measure progress.

The components of service planning, business planning, budgeting and performance management are closely integrated. As a result, when a goal is revised, the associated strategies and performance measures must also undergo revision. This cycle of continuous improvement underpins both effective public service planning and meaningful, accountable public performance reporting.

Information in the following tables presents the strategies and performance measures of each Commission goal.

The Commission benchmarks internal evaluation processes and practices against selected North American oil and gas regulators, provincial Crown Corporations and public agencies. The Commission has introduced new performance measures in this Service Plan.

The Commission occupies a unique role with its single-window service to industry. Research confirms that no oil and gas regulatory agency in North America provides the range of services that the Commission provides. As shown in previous Annual Service Plan Reports, performance on Commission goals, strategies and measures are outlined in the following section in table format.

**Goal Descriptors:**

- Maintain public safety and safety of operations
- Minimize potential for negative environmental effects from oil and gas activities
- Ensure optimal recovery of oil and gas resources over time

**Strategies**

- Develop, implement and maintain internal systems and processes for managing risks to public interests
- Maintain emergency management and emergency response training framework
- Develop innovative reservoir management techniques for efficient and effective extraction of petroleum resources for unconventional gas

<b>Performance Measure</b>	<b>Actual 2008/09</b>	<b>Forecast 2009/10</b>	<b>Target 2010/11</b>	<b>Target 2011/12</b>	<b>Target 2012/13</b>
Field Inspection Compliance Rate Baseline: 96.6% (2008/09) Benchmark: 97.9% Alberta Energy Resources Conservation Board (ERCB) (2008)	96.6%	95.8%	98%	98%	98%

The strategies utilized in protecting the interests of the people of British Columbia are accomplished through core operational activities of the Commission. Regulations and requirements have been established surrounding public safety, protection of the environment, accurate product measurement and responsible reservoir management. Field inspections are performed by the Commission and compliance and enforcement actions are undertaken where necessary.

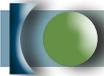
Major Compliance in both exploration and development and in facility/operations performance is not measured separately. These shared results are reflected as a joint 'Field Inspection Compliance Rate'. Targets for this performance measure have been set based on a continuation of trends from previous years.

The Commission has become more effective and efficient with inspections, ensuring protection of public and the environment. Compliance has moved to a focused inspection process, utilizing a risk-based inspection model as its primary method of prioritizing

and allocating site inspection resources. This ensures sites are inspected based on considerations such as previous unsatisfactory inspections, proximity to sensitive environments, and public request. Additionally, inspectors are supported by technical advisors for more in-depth inspection matters.

Regulatory compliance commences as soon as an application for industrial activity is submitted. Prior to any industrial activity taking place, applications are reviewed to ensure legislative requirements and stakeholder concerns have been accounted for. During project reviews, modifications to an application may be requested by the Commission based on First Nation consultation, landowner concern or technical assessment results.

Compliance information related to the performance measure of this goal is drawn from the Commission's KERMIT database which is used to manage applications and inspections; except for information on non-site inspections which is drawn from the IRIS database.



## Goal 2

The Commission makes quality decisions in a timely manner

### Goal Descriptors:

- Decisions consistent with the complexity of the operating environment
- Maintain consistency of information and processes used in decision making

### Strategic Initiative

Advancing an Organizational Measurement and Reporting Framework

- Define leadership of the Commission by advancing a measurement culture supported by supervisory development.
- Identify opportunities to improve the transparency of reporting, measurement of process deliverables, collection of trend information and analysis of information.

### Strategies

- Implement process improvement initiatives
- Communicate the role of the Commission to First Nations, industry, public and landowners
- Strengthen organizational and employee capacity for effective issue management and decision making

Performance Measures	Actual 2008/09	Forecast 2009/10	Target 2010/11	Target 2011/12	Target 2012/13
Calendar days to process new applications Baseline: 24 calendar days (2008/09) Benchmark: 30 days (Colorado Oil and Gas Conservation Commission Strategic Plan)	24	19	21	21	21
Percentage of internal processes reviewed (to confirm they satisfy quality assurance criteria) Baseline: 33% (2008/09)	33%	100%	33%	33%	33%

The Commission is a decision making agency, therefore goal and performance measures associated with decision timelines give a reasonable indicator of the performance of the Commission on its core activities. It also provides a certainty to industry groups for operational planning activities.

The performance measure for this goal applies to the majority of applications submitted for review. This measure does not include timelines for major project applications that may require enhanced review or prolonged review periods due to their complexity. Targets remain unchanged.

Management closely monitors processing timelines. The Commission expects to have discussions with clients to determine if there is a more meaningful measure of efficiency available.

In an effort to ensure continual improvement of the

Commission's processes, internal evaluations are carried out to determine whether the processes conform to specified quality assurance criteria. The quality assurance criteria include the concise documentation and review of the current Commission processes, the analysis of potential process improvements, and the implementation of recommendations.

Preparation for OGAA during the 2009/10 fiscal year will result in the review of all internal processes associated with processing new applications through the regulatory review and process development functions.

In 2010/11 the Commission will review 33% of internal processes, returning the Commission to its goal of reviewing all internal processes associated with processing new applications over a three year cycle.



### Goal 3

## The Commission is recognized as a service oriented organization

### Goal Descriptors:

- Build and sustain relationships of trust and confidence with communities, First Nations and stakeholders
- Enhance the culture of service excellence

### Strategies

- Apply previous learning when developing new partnerships with First Nations
- Ensure Commission services are readily and consistently available
- Increase Commission profile
- Integrate FrontCounter BC with Commission operations
- Ensure consistent and transparent reporting

Performance Measures	Actual 2008/09	Forecast 2009/10	Target 2010/11	Target 2011/12	Target 2012/13
Percentage of applications responded to by First Nations Baseline: 75% (2008/09) Benchmark: n/a	75%	82.4%	85%	85%	85%
Success of community relations facilitation service Baseline: n/a Benchmark: 89% Alberta Energy Resources Conservation Board (ERCB) (2008)	n/a	89%	89%	89%	89%
Number of community awareness meetings conducted Baseline: 10 (2007/08) Benchmark: n/a	10	11	12	12	12

To meet its goal of being recognized as a service oriented regulator, the Commission continually evolves its relationships with key stakeholders and partners.

As a Crown Corporation, Commission accountabilities extend to affected communities and landowners, First Nations, client companies and their representative associations. The Commission continues to provide First Nations with the opportunity to review applications and to comment on major changes to policies and procedures that may significantly affect them. This includes OGAA regulations as well as new or revised industry directives. Regulatory issues addressed and tracked by the Commission originate from these constituents.

For the benefit of stakeholders, the Commission consolidated its facilitation and dispute resolution services into a single department. Recent years have also seen the introduction of a rural outreach initiative aimed at conveying the various roles and services of the Commission to local landowners and other interested community members. Since 2008, over 20 public meetings have been held in the Peace region, covering close to 40 rural communities. The Commission remains committed to its rural outreach initiative and plans to continue focusing on topics most relevant to communities. Interested parties will continue to have a proactive voice in industry development options through these community relations services.



## Goal 4

## The Commission continually improves the regulatory environment

### Goal Descriptors:

- Contribute to the ongoing development of an innovative and efficient regulatory framework for oil and gas activities in British Columbia
- Support an environment where innovative practices can be brought forward

### Strategic Initiatives

#### Strategic Planning Framework and Governance

- Board engagement; approving and monitoring of strategies
- Alignment of goals, objectives, strategies, regulatory scope and resource allocation
- Link planning with strategic and operational risks

#### Regulatory Process Improvement

- Lead the development of OGAA regulations within the Commission mandate and responsibilities
- Preparation of OGAA drafting instruction and vetting through First Nations, industry and stakeholders
- Facilitate OGAA legal and Board approval
- Revision of business processes, manuals and guidelines
- Facilitate training of external groups and Commission staff
- Revise information systems to be consistent with new OGAA business processes
- Upgrade information technology to a supportable database platform and migrate to a single product for all operational software applications

### Strategies

- Develop and document relationships with partner ministries and agencies
- Communicate a broader level of understanding of the oil and gas regulatory system with stakeholders and partner agencies
- Utilize available academic, research and development funds in advancing best practices

<b>Performance Measures</b>	<b>Actual 2008/09</b>	<b>Forecast 2009/10</b>	<b>Target 2010/11</b>	<b>Target 2011/12</b>	<b>Target 2012/13</b>
Number of updated MOUs or working agreements with partner agencies Baseline: 18 (total number of MOUs at 2007/08) Benchmark: n/a	2	1	2	2	2
Number of new MOUs or working agreements with partner agencies Baseline: 18 (total MOUs at 2007/08)	2	3	2	2	2
Internal audit to ensure consistency with MOU and OGAA requirements Baseline: n/a Benchmark: n/a	n/a	n/a	n/a	*2	10

In an effort to continually improve and advance the regulatory climate, the Commission maintains a number of working agreements and MOU that reinforce and define the relationships and delegated authorities with its partner agencies.

These agreements support Commission authority in upholding the values attributed to partner agencies' mandates. They also provide for a continued dialogue with partner agencies when and if agreements require

updates or enhancements.

OGAA implementation is a priority; the Commission will be charged with assessing regulations and related MOU effectiveness.

The Commission will continually review its benchmarks and, with its MOU partners, set targets for future reports.

\*Pilot audits to begin in 2011/12.

**Goal Descriptors:**

- Support a healthy and safe work environment
- Ensure appropriate infrastructure and support services are in place to allow for development and growth of Commission employees

**Strategies**

- Utilize employee survey results to foster a climate where employees are engaged in their work
- Improve training, knowledge and education organization wide
- Maintain the Commission’s health and wellness program in support of ActNow BC

<b>Performance Measures</b>	<b>Actual 2008/09</b>	<b>Forecast 2009/10</b>	<b>Target 2010/11</b>	<b>Target 2011/12</b>	<b>Target 2012/13</b>
Percentage of employees with a development plan in place Baseline: 98% (2008/09)	98%	98%	100%	100%	100%
Voluntary turnover rate of regular staff Baseline: 9.1% (2008/09) Benchmarks: 4.4% (Public Service, 2007) 10.6% (Alberta ERCB 2008/09)	9.1%	7.5%	10%	10%	10%
Percentage of employees that respond to an employee engagement survey Baseline: 94% (2007/08) Benchmarks: 87% (Public Service Agency 2009)	92%	90%	90%	90%	90%

The first performance measure has been adjusted from previous years to reflect changes to the performance management system. Targets have been set based on current organizational capacity. The second measure is unchanged from previous years, although the targets have been adjusted based on the reality of a dynamic and competitive operating environment.

To maintain efficient process and capacity growth within the Commission, focus was placed on supervisory training, health and wellness programs, and an increase in staff support systems in the Human Resources, Communications and

Finance departments. Key initiatives were implemented in support of the Workplace Environment Surveys. Increasing capacity in these employee driven initiatives help to foster a positive working environment thus increasing employee satisfaction and retention.

# Historical Financial Information

For fiscal 2008/09, the Commission's Consolidated Net Loss was \$3.7 million compared to a budgeted Net Loss of \$2.9 million and Net Income of \$0.7 million the prior year.

<b>Consolidated Financial Results \$000s</b>	2004/05 Actual	2005/06 Actual	2006/07 Actual	2007/08 Actual	2008/09 Budget	2008/09 Actual
<b>Revenues</b>						
Fees	16,243	16,605	14,364	11,588	13,900	13,278
Levies	10,283	11,415	14,323	13,727	14,167	14,050
Misc & Recoveries	402	1,709	1,039	1,057	780	510
<b>Total Revenues</b>	<b>26,928</b>	<b>29,729</b>	<b>29,726</b>	<b>26,352</b>	<b>28,847</b>	<b>27,838</b>
<b>Expenses</b>						
First Nations	9,819	11,108	9,065	7,103	7,830	8,797
Salaries and Benefits	9,198	10,078	11,370	13,165	14,496	15,592
Operating Expenses	4,588	6,776	6,579	6,329	9,584	7,950
<b>Total Expenses</b>	<b>23,605</b>	<b>27,962</b>	<b>27,014</b>	<b>26,597</b>	<b>31,910</b>	<b>32,339</b>
<b>Operating Income (Loss)</b>	<b>3,323</b>	<b>1,767</b>	<b>2,712</b>	<b>(245)</b>	<b>(3,063)</b>	<b>(4,501)</b>
Amortization of Contributed Assets	95	95	105	105	48	58
<b>Net Income (Loss)</b>	<b>3,418</b>	<b>1,862</b>	<b>2,817</b>	<b>(140)</b>	<b>(3,015)</b>	<b>(4,443)</b>
Orphan Site Reclamation Fund - Surplus	-	-	911	841	104	709
<b>Consolidated Net Income (Loss)</b>	<b>3,418</b>	<b>1,862</b>	<b>3,728</b>	<b>701</b>	<b>(2,911)</b>	<b>(3,734)</b>

This report is complete and contains no confidential information.

Not applicable: information on subsidiaries / operating segment information.

## Contact Information

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