



**OIL AND GAS COMMISSION  
ADVISORY COMMITTEE**

**ANNUAL REPORT  
2002 – 2003**



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ADVISORY COMMITTEE**

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*Message from the Chair*

I am pleased to submit the Annual Report on behalf of the Advisory Committee for 2002-2003. This year was a very active one in which the Committee met on three requests for reconsideration as well as on our regular meetings throughout the year.

The members of the Advisory Committee continue to demonstrate interest and dedication to the Advisory Committee and have shown a keen interest in providing knowledge in representing their respective stakeholder groups.

The Advisory Committee has taken strong steps to refine its role in relation to the Oil and Gas Commission, and the Committee is on a path to make even greater improvements to internal functions and processes.

We wish to thank the Oil and Gas Commission, and in particular Commissioner Doyle, for their assistance and professionalism in responding to inquiries and recommendations of the Advisory Committee in a timely manner.

We hope the attached Annual Report is useful and informative. If you have any comments or suggestions, please contact Jennie Leidl, Advisory Committee Secretary, at (250) 261-5775.

We look forward to continuing to serve in this important role in the years ahead.

Sincerely,

A handwritten signature in black ink, appearing to read 'Bob Fedderly', written in a cursive style.

Bob Fedderly  
Chair



### ***Role of Advisory Committee***

The role of the Advisory Committee is to reflect the government's commitment to expand consultation with local interest groups as the oil and gas industry grows. The Advisory Committee provides the Oil and Gas Commission with an outside perspective and their mandate is to provide advice and make recommendations on policy, budget issues and to further provide strategic planning to the Commission. Below are sections 7, 8 and 9 of the Oil and Gas Commission Act that outline the role and expectation of the Advisory Committee in detail:

*7 (1) The minister must establish an advisory committee to*

*(a) provide advice and make recommendations to the commission as to the fulfillment of the commission's purposes and its adherence to the responsibilities of the commission under section 17,*

*(b) fulfill that committee's role described in section 9,*

*(c) anticipate and identify environmental, economic and social issues arising out of the commission's operations,*

*(d) by June 30 of each year, review the commission's operating plans and audited financial statements for the fiscal year of the commission that ended on March 31 of that year, and*

*(e) assist the commission to develop short and long term operating plans.*

*(2) The commission may pay to an advisory committee member*

*(a) an allowance for reasonable traveling and incidental expenses necessarily incurred in carrying out the responsibilities of the advisory committee, and*

*(b) if the advisory committee member is not a member of the Legislative Assembly or a public servant, remuneration at rates set by the Lieutenant Governor in Council.*

## **Alternative dispute resolution**

*8 (1) The commission must encourage the use of consensual alternative dispute resolution methods for the purpose of resolving disputes relating to the commission's discretion, functions and duties under*

*(a) this Act in relation to a specified enactment, or*

*(b) the Petroleum and Natural Gas Act or the Pipeline Act in relation to a licence, permit, approval or other authorization under either of those Acts.*

*(2) The commission on its own initiative or at the request of an interested person may authorize one or more persons to facilitate settlement, by a process of consensual alternative dispute resolution, of a dispute relating to the carrying out of the commission's discretion, functions and duties under*

*(a) this Act in relation to a specified enactment, or*

*(b) the Petroleum and Natural Gas Act or the Pipeline Act in relation to a license, permit, approval or other authorization under either of those Acts.*

*(3) The commission may ask the person or persons authorized under subsection (2), if unsuccessful in settling the dispute, to make recommendations that must be considered by the commission before deciding the disputed matter.*

## **Advisory committee's role in reconsideration by alternative dispute resolution**

*9 (1) The advisory committee, on application in the prescribed manner by an interested person, may request that the commission grant an authorization, referred to in section 8 (2), in respect of any decision of the commission other than a decision for which a right of appeal is provided under section 136 of the Petroleum and Natural Gas Act, section 44 of the Waste Management Act or section 40 of the Water Act.*

*(2) If the commission grants the authorization requested by the advisory committee,*

*(a) the effect of the commission's original decision is suspended pending the outcome of the reconsideration under paragraph (b), and*

*(b) following the consensual alternative dispute resolution process, and after taking into account the recommendations referred to in section 8 (3), if there are any, the commission must reconsider the original decision and redecide the matter in a manner the commission considers appropriate.*

*(3) The advisory committee must exercise its discretion to make a request under subsection (1) within the prescribed period after the decision that is the subject of the request.*

*(4) The commission must*

*(a) grant or refuse the request within the prescribed period after it receives the request, and*

*(b) redecide the matter that is the subject of the request within the prescribed period after granting the request.*



***Advisory Committee Members' Profiles***

The Advisory Committee consists of eight members. The representatives are from varied sectors including environmental, government, First Nations, oil & gas sector and the service sector.

*The Advisory Committee appointments as of November 4, 2002:*

**Bob Fedderly, (Chair)**

Nov 2002 - Nov 2004

Bob Fedderly graduated from Fairview College as a Crop Production Technician and has been the owner of Fedderly Transportation since 1979. Mr. Fedderly is the President of the Northern Society of Oilfield Contractors and Service Firms. In addition, Mr. Fedderly has been a member of the Advisory Committee since it originated.

**Kathi Dickie, (Vice-Chair)**

Nov 2002 - Nov 2006

Kathi Dickie is a Dene from the Fort Nelson First Nation. She attended the Alaska Highway Consortium on Teacher Education at Northern Lights College then went on to complete her Bachelor's degree at Simon Fraser University. Kathi has been involved in all aspects of community development for the last 20 years; aspects including education, employment, and economic development.

**Carylin Greatbanks**

Nov 2002 - Nov 2004

Carylin Greatbanks is the former Chief and Chief negotiator of her community, West Moberly First Nations where she contributed to the development of the community's custom constitution and accountability procedures. Carylin has also worked in the field of Aboriginal relations within government and industry. Presently, Carylin works with BP Canada's Alaska Canada Gas Pipeline Team in the area of Aboriginal policies and protocols.

**David Pryce**

Nov 2002 - Nov 2006

David Pryce obtained a degree in Physical Geography from York University (1973-1977). He is employed at the Canadian Association of Petroleum Producers. In past years, David has worked for the National Energy Board (1993-1994), worked as an independent environmental consultant (1991 to 1993) and was an employee of BP Canada (1982-1993).

**Jim Campbell**

Nov 2002 - Nov 2006

Jim Campbell is a businessman who established W. J. Campbell Contracting Ltd. in 1990. Jim's past and present community and civic activities have included being the Director and Chair of Industry Committee – Fort Nelson & District Chamber of Commerce, Co-Chair of the Fort Nelson Oil and Gas Conference in 2001 and Fort Nelson Economic Task Force. Mr. Campbell is also a volunteer at the Northern Rockies Regional District, and the Town of Fort Nelson.

**Michelle Gardner**

Nov 2002 - Nov 2006

Michelle Gardner attended the Grande Prairie Regional College from 1982 – 1983 and furthered her education with a Diploma in Business Administration from Mount Royal College in Calgary (1988-1990). Michelle established her own business, On-Site Camp Services Inc., in 1993 and was a former partner with Pipeline Construction Company from 1993 to 1999.

**Wayne Sawchuk**

Nov 2002 - Nov 2004

Wayne Sawchuk graduated from Chetwynd Secondary School and took various courses at UBC from 1974 to 1976. Wayne began working as an environmental consultant in 1993 and prior to that worked in the resource industries as a logger, guide, and trapper. He still owns a woodlot near Chetwynd. Wayne is board member of the Canadian Parks Wilderness Society of BC, the Coordinating Committee of Yellowstone to Yukon Conservation Initiative, and was the Founding President of the Chetwynd Environmental Society. Mr. Sawchuk is a member of the Oil and Gas Commission Advisory Committee and the Muska-Kechika Board. He was a winner of the 1998 Minister's Environmental Award in the category of Individual Citizen.

**Van Greig**

Nov 2002 - Nov 2006

Van Greig has been an employee of Shell Canada since 1977. For two years, Van was Chair of the CAPP Geophysical Committee and he was also a member of the BC Trapper Compensation Program team. Mr. Greig is currently a member of the Canadian Association of Geophysical Contractors (CAGC) and of the Canadian Association of Petroleum Producers (CAPP).



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***Administration of the Advisory Committee***

**OGC Staff who served as Advisory Committee Secretary during the past year included:**

Scott Wisdahl  
Mindy Jackle  
Cheryl Scott  
Joyce Beaudry  
Craig Wilkinson  
Marcia Strelaeff  
Crystal McDonald

The Chair would like to thank these staff members for their hard work and dedication to the smooth administration of the Committee.

From the inception of the Oil & Gas Commission in 1998, Advisory Committee Secretarial duties were performed by staff such as these who had other full time work at the Commission.

The staff worked long hours tirelessly to ensure that material going before the Committee was complete and accurate and that meetings proceeded flawlessly.

Once again, thank you!



***Requests for Reconsideration In Review***

For the fiscal year 2003, the Advisory Committee has dealt with only two requests for reconsideration and they did not recommend ADR on either. Below is an outline of the requests for reconsiderations:

**FY03-01**     ADR Applicant:        **Blueberry River First Nation**  
                  Original Applicant:    **Samson Canada Ltd.**  
                  Committee Decision:    January 21, 2003

***Committee Decision***

The Applicant was a First Nation (Blueberry River First Nation). On December 9, 2002, the Commission had granted approval to Samson Canada Ltd. for the construction of a pipeline. The pipeline was to be located on private land. The Applicant requested reconsideration by alternative dispute resolution on the basis that the pipeline and approval processes infringed its hunting rights under Treaty 8 and constitutionally-protected treaty and aboriginal rights generally, in particular because neither the Commission nor the company carried out any consultations with the First Nation in relation to the approval. As of January 7, 2003, the pipeline was near completion.

The Advisory Committee commented that it is not a forum designed for the determination of constitutional and legal claims. The Committee's role under s. 9 of the Act is to identify the issues as between disputants and request or not request that the OGC authorize ADR and reconsider the decision. The Committee commented that the legal issue of whether government is required to consult with First Nations with respect to projects entirely located on private land was a key issue in the dispute, and was more fundamental and broader than the particular pipeline approval at issue. The Committee concluded that was unlikely that the broader issue could be resolved through a s. 9 process in relation to the particular pipeline approval. The Committee also concluded that it was unlikely that ADR with a suspension of the approval could address the issues of importance to the First Nation in relation to the pipeline since the pipeline was nearly complete.

While the Committee declined to request s. 9 reconsideration, it did request that the OGC consider establishing a separate ADR process in order to address and resolve the larger issue of consultation with respect to projects on private property and that the process include the Government of British Columbia.

- **The Committee did not request ADR.**

**FY03-02**    ADR Applicant:        **610385 BC Ltd.**  
                 Original Applicant:    **Peace River Corporation**  
                 Committee Decision:    February 13, 2003

***Committee Decision***

The Applicant was a landowner (610385 BC Ltd. / Peter and Steven Morris). On December 31, 2002, the Commission had granted approval to Peace River Corporation for an experimental scheme on lands in the vicinity of the Applicant's lands. The Applicant requested reconsideration by alternative dispute resolution on the basis that the landowners had not been properly consulted, or consulted at all, and had not been provided with a sufficient opportunity to be involved in the decision-making process. The application was submitted on February 9, 2003. The applicant conceded that the application was not made within 15 business days after the date of the original decision, as required by s. 9(1) of the Act and s. 2(1) of the Regulation.

The Advisory Committee rejected the application, on the basis that as a matter of law, the Committee cannot make a request under s. 9(1) of the Act unless an application meeting the requirements of s. 2(1) and (2) of the Regulation is received within the 15 business day time limit.

- **The Committee did not request ADR.**



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***Advisory Committee Regular Meetings  
April 1, 2002 – March 31, 2003***

The Advisory Committee meets on a number of occasions every year to reflect and make recommendations on policy, budget and various issues. The Advisory Committee met on three different occasions for the 2003 fiscal year:

- May 2 & 3, 2002 – Northern Grand Quality Inn, Fort St. John, B.C.
- October 2, 2002 – Northern Grand Quality Inn, Fort St. John, B.C.
- January 16 & 17, 2003 – Northern Grand Quality Inn, Fort St. John, B.C.



***Recommendations to Commissioner Doyle and Minister Neufeld Checklist***

The spreadsheet below outlines all of the recommendations made by the Advisory Committee to the Commissioner and the Minister between April 1, 2002 and March 31, 2003:

<b><i>RECOMMENDATIONS</i></b>	<b><i>ADVICE</i></b>
<b>May 23, 2002</b>	
The Commissioner should communicate the Advisory Committee's opposition to the proposed change of governance structure in the legislative amendments presently before the legislative committee. It is the view of the committee that policy makers and regulators need to be separate.	Done – Communicated to the Minister & MEM. The Committee also wrote letters on this.
Since the Advisory Committee is a public body and its work open to public review under the Freedom of Information Act, all Committee meeting notes and decisions should be made available to the general public on the OGC website.	This matter was further refined by the Committee at its January 2003 meeting.
The Environmental Fund should be broadened to include other industries and have greater community involvement.	Done. This has been done by adding community involvement through an emphasis on First Nations, education and extension.
All four Environmental Fund proposals brought to the previous meeting to go forward, keeping in mind the advice we gave Scott Wisdahl on the proposals.	3 out of 4 underway. The ethrobotanical study and the moose cyst investigation, and Doig Spill documentation are underway. The West Moberly project needs further refinement to meet the funds terms of reference and committee advice.
Ensure that any surplus remains with OGC, and not taken up with general revenue by the Minister of Finance.	Done. A deferral account has been established and this will be used to stabilize fees and levies.
Consider a fee reduction for multi-pad drilling.	Done – A fee reduction of \$600 has been established.
<b>January 24, 2003</b>	
<ul style="list-style-type: none"> <li>• Public/Web Reporting information that we would like to be available to the public are:</li> <li>• The final decisions of the Committee (without reference to votes, abstentions, etc.)</li> <li>• Letters of advice the Committee provides to the Commission;</li> <li>• Letter of advice the Committee provides to government;</li> </ul>	Commissioner is currently consulting with various affected agencies in regards to this issue and will provide more information at the next regular meeting of the AC.

<ul style="list-style-type: none"> <li>Names of committee members, along with short biographies and what interests they represent.</li> </ul>	
<ul style="list-style-type: none"> <li>Public Notification of Violators of Compliance and Enforcement Regulations the Committee would like to work with the Commission to explore a process for providing public notification of repeat offenders.</li> </ul>	<p>Commissioner stressed that there could be legal implications regarding this issue and the OGC needs to approach this issue with caution. As well, other mechanisms can be very effective.</p>
<ul style="list-style-type: none"> <li>Materials developed for the Committee members, be prepared in double-sided format.</li> </ul>	<p>Done.</p>
<ul style="list-style-type: none"> <li>Scientific Community Environmental Knowledge Fund Proposals;</li> <li>Pioneer Natural Resources Ltd./Ernst Environmental proposal be approved, contingent on the Commission going through the proposal to ensure the budget shows a true reflection of costs, the proposal be more specific (refined), there is a better definition of Doig River First Nation's involvement.</li> </ul>	<p>Done.</p>
<ul style="list-style-type: none"> <li>Monashee Resources Ltd. proposal be declined. The Committee believes the government should tighten up reclamation time frames (should occur immediately after operating ceases) and ensure there is an up-to-date inventory of abandoned and orphan wells. The Commission should create a comprehensive strategy/plan for rehabilitation and reforestation of abandoned and orphaned wells.</li> </ul>	<p>Monashee Resources proposal was substantially reformulated to integrate work being done by Ministry of Forests by Dr. Chuck Bulmer. The Doig River First Nation with their keen interest in reclamation became a participant in the project. A Steering Committee of Ministry of Forests and OGC has been set up to guide the study. Work has commenced and a progress report will be available shortly.</p>
<ul style="list-style-type: none"> <li>Committee believes the government should tighten up reclamation time frames (should occur immediately after operation ceases) and ensure there is an up-to-date inventory of abandoned and orphaned wells. The Commission should create a comprehensive strategy/plan for rehabilitation and reforestation of abandoned and orphaned wells.</li> </ul>	<p>Done - We appreciate and accept this advice. Action has been initiated. We have added staff and expedite restoration. We are developing a more expeditious collaborative process with the Ministry of Water, Land and Air Protection. We have examined our filed for orphan wells and now have four (4). A strategy for expediting abandonment of suspended wells has been developed and has recently commenced implementation. Thank you for the input to this very important matter.</p>
<ul style="list-style-type: none"> <li>Coal Bed Methane (CBM)</li> <li>The Commission needs to address public issues related to CBM in Hudson's Hope, BC. This includes identifying the concerns expressed at the recent meeting and responding/addressing them.</li> <li>The Committee also requests an information session on CBM for its members at the next Advisory Committee meeting. The Committee also requests an information package prior to the next meeting.</li> </ul>	<p>Done – Presentation scheduled for October 3, 2003.</p>



***Recommendations to Commissioner Doyle and Minister Neufeld derived from the October 3, 2003 Quarterly Meeting***

Although this Annual Report is for the 2003 fiscal year, the Committee feels that it is important that the issues discussed and the recommendations made at their October 3, 2003 quarterly meeting be known to the public as the Committee feels these issues are very contentious and long standing issues that need to be addressed by the government.

1. ***Safety Issues regarding drilling for sour gas in populated areas.***

During a recent request to the OGC Advisory Committee for reconsideration, applicants raised questions regarding potential links between sour gas and birth defects, cancer, and respiratory problems. It is the opinion of the Committee that there is a need to address public concerns with respect to sour gas development, particularly given policy initiatives that encourage increasing production of this resource. It seems appropriate to review existing legislation and regulatory requirements to confirm its adequacy, and where appropriate, to make changes that ensure responsible development of sour gas. One specific area for review is the current setback requirements for sour gas wells near any urban centre or public facility. As oil and gas activity in proximity to residential areas continues, people will want assurance that their health and safety is not being compromised.

2. ***First Nation's Issues***

The root of many requests for reconsideration arose from long-standing First Nations issues. Issues contributing to this trend include questions regarding ownership of the resource, jurisdiction, capacity of first nations to engage in consultation, measurement of impacts and the need for clear policy direction for the Oil and Gas Commission to discharge its duties. The Committee recommends that clear policies and agreements be negotiated with First Nations in order to come to agreement on 1) co-management of the resource, 2) resource revenue sharing, and 3) cumulative impact and cumulative impact assessment. The Committee feels that it is important that the government move quickly to address these significant issues.

3. ***The Structure of the Board of the Commission***

The Oil and Gas Commission Advisory Committee has the legislated authority and responsibility to “anticipate and identify environmental, economic, and social issues arising out of the commission’s operations.” Since the activity of the Board of the Commission has a direct influence on these issues, we have the responsibility to comment on the Board, and thus the governance model of the Commission. The Committee believes that an important issue exists regarding the current constitution on the Board of the Commission.

The number of directors of the Oil and Gas Commission has recently been increased from 2 to 3. The Deputy Minister of the Ministry of Energy and Mines has been appointed as a director and chair of the Commission. The reason given is that this will ensure that the perspectives of Government are reflected in the decisions of the Commission, and that this change acknowledges the close relationship that must exist between the Commission and the Ministry of Energy and Mines.

The Committee believes that it is critical that the Regulatory arm of government (the Commission) remain separate and independent from the Policy arm, or Energy, Mines, and Petroleum Resources (EMPR), if the decisions of the Commission are to be perceived as credible by the public. Therefore, the Committee recommends that independent third parties not associated with the EMPR be appointed as the Chair and Director of the Board of the Commission.

4. The Committee feels that it is important that the issues and recommendations of the Committee are freely available to the public. Therefore, we have requested that the letters of the Committee, and any recommendations we might make should be posted publicly on the Oil and Gas Commission’s web site, which has been implemented.