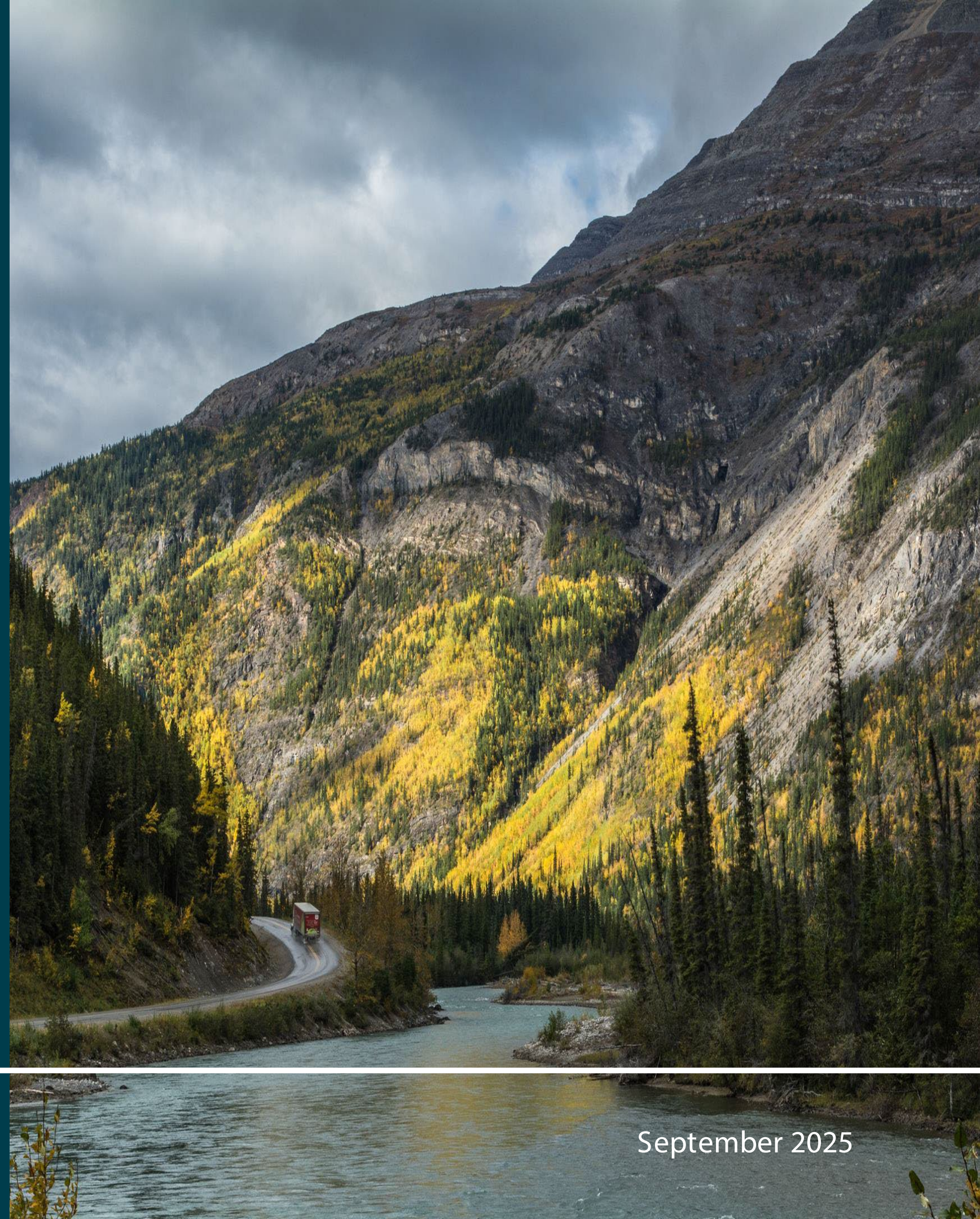


Dormancy and Shutdown Regulation (DSR) Proposed Regulatory Policy



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Background

Background

- Regulatory Impact Analysis conducted in early 2025 included engagement with First Nations, industry and the public.
- RIA feedback identified need for increased flexibility in DSR and increased role for First Nations in the planning and prioritization of restoration work.
- The changes currently under consideration are focused on improving the current DSR. Expansion of the DSR to additional activities (gas plants, roads, LNG, hydrogen) will be considered through future regulatory development processes.
- The regulatory policies under consideration are intended to support the development of a sustainable restoration economy in Northeast BC, streamline processes, reduce administrative burden and increase alignment with First Nations priorities.



Problem Statement

- The DSR prescribes closure timelines for different types of sites, directing when, and to some extent where, closure work must be completed.
- Some permit holders may be challenged to meet the prescribed timelines which can result in a significant spike in effort and cost.
- Since 2019, there have been policy shifts impacting the flexibility for permit holders to plan and execute large-scale, efficient programs that align with the priorities of First Nations, allow for collaboration opportunities and use of local resources, and support initiatives designed to mitigate cumulative effects.



Draft Regulatory Policy

Scope of Change

Key themes and objectives proposed for regulatory development focus on what can be achieved by regulation under the Energy Resource Activities Act (ERAA) and do not address other interventions that may be achieved through other acts, policies or programs. Any new or revised provisions will build on the existing legislative and regulatory framework under the ERAA for dormant sites and closure activities including:

- Dormancy and Shutdown Regulation
- Drilling and Production Regulation
- Pipeline Regulation
- Applicable guidance documents (e.g. the Dormant Sites Program Manual)



Liability Reduction Plan (LRP) – Current State

- Eligibility Criteria: Permit holders with greater than 100 Type A dormant or former sites are eligible to submit a LRP.
- Restoration Timelines:
 - Establishes intermediate timelines for assessment.
 - Type A and B sites must be restored by December 31, 2036
 - Type C sites follow default timelines.
- Duration: Covers a period of no more than 6 years.
- Form and Manner: Must specify sites by field and type and include specific plans for decommissioning, assessment, and restoration.
- Notification: Must provide written notice to local First Nations including the opportunity for the First Nation to request a meeting.





Liability Reduction Plans - Policy Outcomes

- **Outcome 1:** Increase the rate of restoration while holding industry accountable for site closure at all dormant and former sites within a specific time.
- **Outcome 2:** Enable flexibility to ensure that closure requirements are achievable and facilitate opportunities for efficiency while maintaining final closure milestones.

Note 1: *All permit holders not operating under an approved LRP must meet the default status quo site closure requirements for Type A, B, and C sites.*

Note 2: *The legislated exemption provisions under ERAA do not include the provisions that establish LRPs..*

Proposed Changes to Liability Reduction Plans

- Create substantially more flexibility for large portfolios by creating two tiers of LRPs based on the number of dormant and former wells, instead of previous requirements of 100 type A sites.
- Differentiate timelines for closure activities based on the LRP Tier.
- Establish new fixed backend timelines for restoration with no intermediate decommissioning or assessment timeline.

Topic	Tier 1	Tier 2
Eligibility Criteria	100 - 500 dormant and former sites that are wells	> 500 dormant and former sites that are wells
Restoration Timelines	Maintain status quo back-end timelines for Type A, B, and C sites, with increased planning flexibility	<ul style="list-style-type: none">• Type A and B sites: Restoration completed by 2041 (additional five years from current requirements)• Type C sites that became dormant prior 2032: Restoration completed by 2041• Type C sites that become dormant in 2032 and onwards: Restoration completed within 10 years of dormancy (status quo for Type C sites)

Proposed Changes to Liability Reduction Plans

Proposed changes include:

- Scope: Require permit holders to identify sites that become dormant and former sites within the LRP.
- Rate: Demonstrate a rate of decommissioning, assessment, and restoration that will allow for restoration timelines to be met (i.e. that work will not be delayed or deferred).
- Form and Content: Ensure the form and content enable identification of the number of sites (dormant, former) and type of closure work planned annually instead of field/type.
- Duration: Establish a duration of up to 10-years.
- Annual Report: Require identifying closure work done on sites that become dormant and former sites.

Notification – Current State

- Permit holders must give written notice to interested persons prior to starting specified work each calendar year.
- Annual Work Plan notice must be submitted prior to January 30th or 60 days before starting work.
- Notice includes a copy of the Annual Work Plan and a statement that interested persons can request a meeting or submit a written response.
- If a meeting is requested, the permit holder must make reasonable efforts to meet and submit a report to the BCER.
- Notification of Intention to Begin Work required 30 days before doing specified work.

Proposed Changes – Notifications

Proposed Changes to Notification of Annual Work Plan:

- Require Annual Work Plans to be submitted by November 15 (previously Jan 30) of the prior calendar year to which the plan applies.
- Remove all notification requirements for Annual Work Plans and replace with:
 - BCER as public repository for DSR closure work and enable transparency to Annual Work Plans for interested persons.
- Require permit holders to:
 - Make reasonable efforts to meet with interested persons if a meeting to discuss the Annual Work Plan is requested.
 - Where a meeting is requested, set timelines for permit holder to respond (within 30 days).
 - Submit records of meeting: including efforts made to meet with interested persons; any changes that the permit holder has made to the Annual Work Plan.

Proposed Changes to Notification of Intention to Begin Work:

- If a dormant or former site is going to have closure work completed and that site was not included in a permit holder's accepted Annual Work Plan, require the permit holder to complete minimum notifications as soon as practicable prior to commencing work.

Proposed Changes

LRPs: Pre-Engagement

Proposed changes include:

- Before submitting a Liability Reduction Plan or Annual Work Plan to the BCER, require a permit holder to make reasonable efforts to meet with a local First Nation for the sites covered by the plan.
- Require a permit holder to submit to the BCER a record that includes:
 - Description of the efforts made to meet.
 - Any objections or concerns raised during engagement, and the manner in which the application addresses them.
 - List of any changes that the permit holder has made to the plan based on consideration of above or scientific, Indigenous and local knowledge.
 - Description of how sites in identified geographic areas for the local First Nation, if any, will be addressed in work planning.
 - A statement of how local First Nations want to be engaged in the development of both Annual Work Plans and Intention to Begin Work.
- Notification of Annual Work Plan and Intention to Work adopt approach on previous slide, where applicable.

Site Prioritization – Current State

- The BCER may identify a Type A, B or C site as a Priority Site by giving a written notice to the permit holder.
- A site may be designated as a Priority Site if it is in the public interest that the site be decommissioned, assessed, and restored on an expedited basis.
- Priority Sites are potentially subject to accelerated timelines if those timelines are less than the current requirements, including:
 - 2 years to decommission the site after it is identified;
 - 3 years to assess the site after it is identified; and
 - 5 years to restore the site after it is identified.



Identification of Geographic Areas

Proposed Changes Include:

- New approach for local First Nations to identify geographic areas where they want restoration work accelerated.
- The intention of this change is to provide First Nations with a greater role in the prioritization of restoration, while providing an area-based approach that can support the implementation of Treaty 8 agreements and land use planning.
- The BCER will consult with local First Nations to identify geographic areas where they want to accelerate restoration and require permit holders with LRPs to demonstrate how they are prioritizing work in those areas in Annual Work Plans.
- All permit holders without an LRP will be encouraged to accelerate closure work in these areas.
- Existing priority site provisions unchanged.



Other Considerations

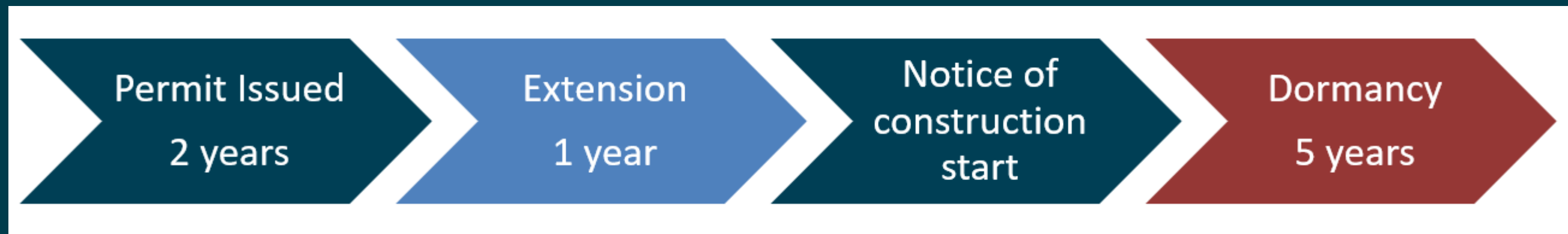
Other items:

- Clean-up dates that are no longer relevant
- Provide additional clarity on when closure stage gates are met.
- Update language for alignment with other Board regulations
- BCER considering new provisions for remedial closure plans to require a permit holder to meet portfolio specific targets in the rare circumstances where they may be required.



WAGs - Wells with NCS

Expand the scope of DSR to include the operating area for a well permit where a Notice of Construction Start (NCS) is submitted under the DPR section 8 (1) (a), and no well is drilled within five years of the NCS submission.

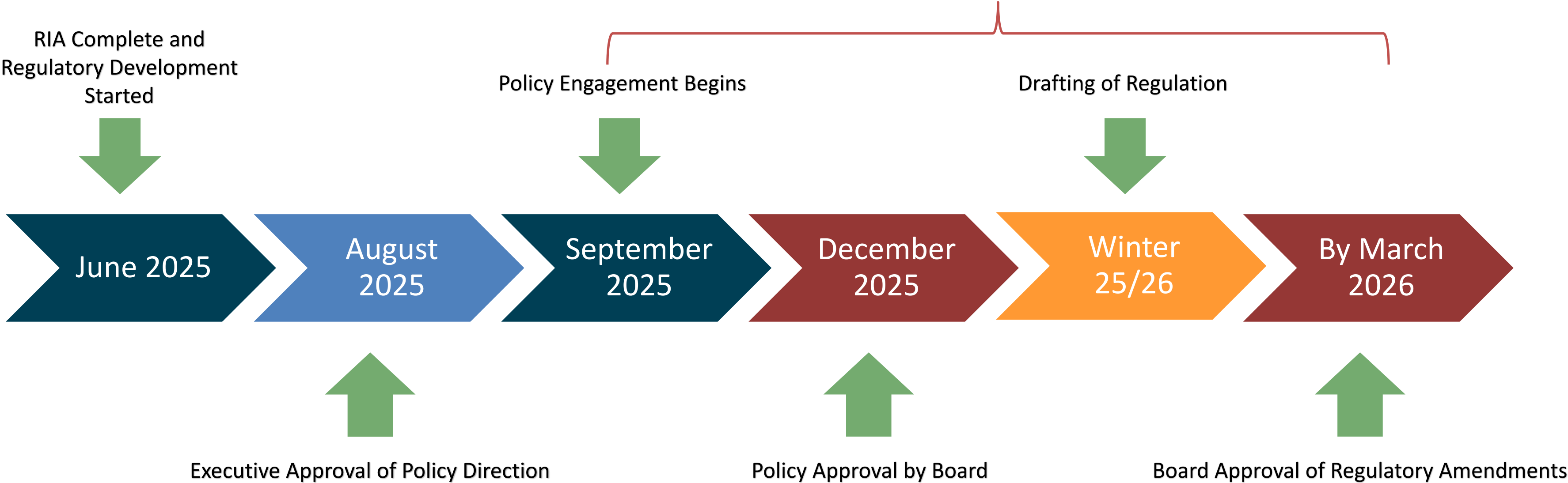


- Five years from the NCS and no drilling event occurs → site is dormant.
- Enable all relevant sections of Part 1 and Part 2 of the DSR to apply.

The Path Forward

Engagement and Regulatory Development Timeline

Consultation and engagement with First Nations, Industry, and the Public





**Please submit your written feedback
by October 17, 2025, via email
to RegulatoryAffairs@bc-er.ca.**

Thank you!