

File: 292-30/OGC2019-039

November 19, 2019

### VIA ELECTRONIC MAIL:

Dear

### Re: Request for Information – Release Freedom of Information and Protection of Privacy Act (FOIPPA)

I am writing further to your request received by the BC Oil and Gas Commission (Commission). Your request is for:

Copies of all meeting materials for meeting dated February 15, 2019 at 10:30am in CA15169 DM Wes Shoemaker's February 2019 calendar, "Meeting: Dave Nikolejsin, Don Wright, Christine Kennedy, Grant Main, Wes Shoemaker, John Allan, Fazil Mihlar, Lori Wannamaker, Paul Jeakins, Doug Caul, Garth Thoroughgood, and Jackie Kjos". Restrict search to named Oil & Gas Commission staff. [Date Range: February 1-28, 2019]

Please find enclosed a copy of the records located in response to your request. Some information has been withheld pursuant to the following section(s), 13 (Policy Advice or recommendations, 17 (Disclosure harmful to the financial or economic interests of a public body), and 22 (Disclosure harmful to personal privacy). A copy of the FOIPPA is available for access online: <u>http://www.bclaws.ca/Recon/document/ID/freeside/96165\_00</u>

Your file is now closed.

Pursuant to section 52 of the FOIPPA, you may ask the Office of the Information and Privacy Commissioner (OIPC) to review any decision, act, or failure to act with regard to your request under FOIPPA.

### Please note that you have 30 business days to file your review with the OIPC. In order to request a review please write to:

Information and Privacy Commissioner PO Box 9038 Stn Prov Govt 4<sup>th</sup> Floor, 947 Fort Street Victoria BC V8W 9A4 Phone: 250.387.5629 Fax: 250.387.1696 Email: <u>info@oipc.bc.ca</u>

www.bcogc.ca

If you request a review, please provide the OIPC with a copy of your original request; a copy of the Commission's response; and the reasons or grounds upon which you are requesting the review.

For more information on the complaint and review process, please visit the OIPC website: <u>https://www.oipc.bc.ca</u>

Please write <u>FOIIntake@bcogc.ca</u>, if you have any questions regarding your request or require any further clarification.

Yours truly,

Dana Keough BC Oil and Gas Commission

From:	McCann, Meghan EMPR:EX <meghan.mccann@gov.bc.ca></meghan.mccann@gov.bc.ca>
Sent:	Thursday, December 6, 2018 3:15 PM
То:	Hohnsbehn, Cathy
Subject:	RE: Meeting Request
Attachments:	Briefing Note LNG North Peace Rural Road Program November 30 2018 REVISED.PDF

s.22

From: Hohnsbehn, Cathy Sent: Thursday, December 6, 2018 1:59 PM To: McCann, Meghan EMPR:EX Subject: RE: Meeting Request Do you have the Briefing Note Dave Nikolejsin refers too? Please find attached a Briefing note that fleshes this out further Cathy



Cathy Hohnsbehn Senior Executive Coordinator Cathy.Hohnsbehn@BCOGC.ca

Victoria BC Office Address Directory bcogc.ca T. 250 419-4497 F. 250-419-4403 s.17

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From: McCann, Meghan EMPR:EX <<u>Meghan.McCann@gov.bc.ca</u>>

Sent: Thursday, December 6, 2018 12:45 PM

To: Higgins, Keira PREM:EX <<u>Keira.Higgins@gov.bc.ca</u>>; Smith, Victoria TRAN:EX <<u>Victoria.Smith@gov.bc.ca</u>>; O'Connor, Lara FIN:EX <<u>Lara.OConnor@gov.bc.ca</u>>; Kwan, Shirley JTT:EX <<u>Shirley.Kwan@gov.bc.ca</u>>; Larkin, Brenda FLNR:EX <<u>Brenda.Larkin@gov.bc.ca</u>>; Hansen, Erin AGRI:EX <<u>Erin.Hansen@gov.bc.ca</u>>; Hohnsbehn, Cathy <<u>Cathy.Hohnsbehn@BCOGC.ca</u>>; Metcalfe, Megan EMPR:EX <<u>Megan.Metcalfe@gov.bc.ca</u>>; Preston, Naomi D FLNR:EX <<u>Naomi.Preston@gov.bc.ca</u>> Subject: RE: Meeting Request Thanks everyone, please hold afternoon of Feb.15<sup>th</sup> – I will get an invite out this afternoon. From: McCann, Meghan EMPR:EX

Sent: Thursday, December 6, 2018 9:31 AM

To: Higgins, Keira PREM:EX <<u>Keira.Higgins@gov.bc.ca</u>>; Smith, Victoria TRAN:EX <<u>Victoria.Smith@gov.bc.ca</u>>; O'Connor, Lara FIN:EX <<u>Lara.OConnor@gov.bc.ca</u>>; Kwan, Shirley JTT:EX <<u>Shirley.Kwan@gov.bc.ca</u>>; Larkin, Brenda FLNR:EX <<u>Brenda.Larkin@gov.bc.ca</u>>; Hansen, Erin AGRI:EX <<u>Erin.Hansen@gov.bc.ca</u>>; Hohnsbehn, Cathy OGC:EX <<u>Cathy.Hohnsbehn@bcogc.ca</u>>; Metcalfe, Megan EMPR:EX <<u>Megan.Metcalfe@gov.bc.ca</u>> Subject: DE: Macting Boguest

Subject: RE: Meeting Requests.22Thanks for the responses everyone.Please advise which from the following work for your DM, thanks:Feb.13 9-11 or after 3Feb.14 9-12Feb.15 10:30-12 or after 1Feb.15 10:30-12 or after 1

so let's look at February options.

Feb.20 9-12 or after 1:30 Feb.21 1-5 Feb.22 10:30-12 or after 1 Thanks!

From: McCann, Meghan EMPR:EX

Sent: Wednesday, December 5, 2018 4:32 PM

**To:** Higgins, Keira PREM:EX <<u>Keira.Higgins@gov.bc.ca</u>>; Smith, Victoria TRAN:EX <<u>Victoria.Smith@gov.bc.ca</u>>; O'Connor, Lara FIN:EX <<u>Lara.OConnor@gov.bc.ca</u>>; Kwan, Shirley JTT:EX <<u>Shirley.Kwan@gov.bc.ca</u>>; Larkin, Brenda FLNR:EX <<u>Brenda.Larkin@gov.bc.ca</u>>; Hansen, Erin AGRI:EX <<u>Erin.Hansen@gov.bc.ca</u>>; Hohnsbehn, Cathy OGC:EX <<u>Cathy.Hohnsbehn@bcogc.ca</u>>; Metcalfe, Megan EMPR:EX <<u>Megan.Metcalfe@gov.bc.ca</u>>

Subject: FW: Meeting Request

Good afternoon all,

It looks like the DMs would prefer a 1 hr joint meeting with Jackie Kjos. Based on the dates she proposes for a Victoria meeting I would kindly ask for your DMs availability from the following:

Jan.7<sup>th</sup> between 10-12 or 12:45-1:45

Jan.8<sup>th</sup> any time after 1:30

Let me know and I will work with Jackie and get an invite out, we can hold the meeting here in our offices at 1810 Blanshard. Thanks in advance,

### Meghan McCann

Senior Executive Assistant to Deputy Minister Dave Nikolejsin Deputy Minister's Office | Ministry of Energy, Mines, and Petroleum Resources Direct: 250 952-0504

From: Nikolejsin, Dave EMPR:EX

Sent: Wednesday, December 5, 2018 1:53 PM

**To:** Higgins, Keira PREM:EX <<u>Keira.Higgins@gov.bc.ca</u>>; Wright, Don J. PREM:EX <<u>Don.J.Wright@gov.bc.ca</u>>; Main, Grant TRAN:EX <<u>Grant.Main@gov.bc.ca</u>>; Wanamaker, Lori FIN:EX <<u>Lori.Wanamaker@gov.bc.ca</u>>; Mihlar, Fazil JTT:EX <<u>Fazil.Mihlar@gov.bc.ca</u>>; Allan, John FLNR:EX <<u>John.Allan@gov.bc.ca</u>>; Shoemaker, Wes AGRI:EX <<u>Wes.Shoemaker@gov.bc.ca</u>>

**Cc:** McCann, Meghan EMPR:EX <<u>Meghan.McCann@gov.bc.ca</u>>; Thoroughgood, Garth A EMPR:EX <<u>Garth.Thoroughgood@gov.bc.ca</u>>; Jeakins, Paul OGC:IN <<u>Paul.Jeakins@bcogc.ca</u>>

Subject: RE: Meeting Request

Colleagues, you (or your assistants) will all have received this email by now. Please find attached a Briefing note that fleshes this out further. Also fyi - myself, OGC and MOTI have been spending time up in the region with these folks on s.13, s.17

You can either do that as she

suggests with a half hr session with her, or I can take on organizing a 1 hour meeting with her and us collectively. If you prefer a group meeting let me know asap and I'll take that on. Thanks.

From: Jackie Kjos <<u>jackie@jksolutions.ca</u>>

Sent: December 5, 2018 12:17 PM

To: Higgins, Keira PREM:EX <<u>Keira.Higgins@gov.bc.ca</u>>

Cc: Nikolejsin, Dave EMPR:EX <<u>Dave.Nikolejsin@gov.bc.ca</u>>

Subject: Meeting Request

Deputy Minister Don Wright;

I am requesting a meeting with you to discuss the current status of the North Peace rural road network and the implications for residents, Aboriginal communities and industry. As BC prepares for exciting new LNG investment, we want to ensure that decision makers understand the regional infrastructure impacts, along with the threats and opportunities.

**Background** 

The Rural Roads Task Force (RRTF) was established and lobbied for rural road improvements between 1997 and 2003. We were successful in demonstrating the benefits to government and the return on investment for infrastructure spending by:

- creating certainty for industry
- shortening travel cycle times

- reducing the duration of annual load restrictions
- increasing the competitiveness of the region and making it more attractive for investment.

That investment translated to increased royalties for government, more jobs for workers and a strong economy for the region and the province.

In retrospect, the initiative also had a tremendous impact on the quality of life for rural residents, Aboriginal communities and other road users. The infrastructure investments improved the safety and reliability of the roads while reducing the time and cost to travel to service centres for health, education, retail and entertainment. <u>Current Status</u>

In 2018 the initiative was revived and a new local government/industry task force was established with the goal of apprising the new government of the regions infrastructure challenges and opportunities.

We have been actively engaged with the Ministries of Transportation and Infrastructure and Energy Mines and Petroleum Resources, but the economic impact extends beyond them. The current and projected road conditions have a direct impact on agriculture, forests, rural economic development, jobs, technology and provincial revenue. I am proposing to meet with the Deputy Ministers responsible for those functions and have three target timelines to choose from. I could travel to Victoria on either December 11-12, Jan 7-8 or February 5-6. I propose a ½ hour meeting with a 10-12 minute presentation followed by questions and answers. Once I understand your availability, I will work with your calendar managers to find a time that will work for everyone.

Could you please confirm if either of those timelines would work?

Thank you

Jackie Kjos, Consultant North Peace Rural Roads Initiative

250-262-5510

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PEACE RIVER REGIONAL DISTRICT

### **Briefing Note**

- I PREPARED FOR: Dave Nikolejsin, Deputy Minister, Ministry of Energy Mines and Petroleum Resources
- II ISSUE: Infrastructure Rural Roads in the North Peace

### III BACKGROUND:

The North Peace Rural Roads Task Force (RRTF) was formed in 1997 to demonstrate to the NDP government of the day the impacts of heavy industrial traffic on weak, poorly constructed rural roads. It was severely restricting access for rural residents and negatively affecting the agriculture, forest industries and oil and gas industries that shared the roads. The government responded with the Oil and Gas Initiative 2 (OGI2) which invested an incremental \$103 million over 5 years to rehabilitate key rural roads.

The incremental investment of OGI2 and subsequent oil and gas road investments transformed key portions of the region and left a lasting legacy. It has improved the quality of life for rural residents and Aboriginal communities by:

- providing safe, reliable, smooth and dust free corridors between rural communities and service centers that provide critical retail, recreation and health services; and
- allowing the Ministry of Transportation and Infrastructure (MoTI) annual funding to extend further on the secondary road network to improve safety and reliability for more residents.

The investments supported industry by:

- mitigating the impact of seasonal load restrictions and the associated annual job losses by strengthening key corridors to year-round 100% legal axle loading; and
- encouraging industry to invest more in their roads that originate from public roads.

Funding was provided through until about 2013 when the incremental program became the annual budget and MoTI was required to use most of the allotment to maintain, but not improve the rural road network.

The North Peace Rural Roads (NPRR) initiative was revived in 2018 due to concerns about the current condition of key rural roads. The objective is to communicate the importance of safe, reliable rural infrastructure appropriate for the type and volume traffic that uses it.

### IV DISCUSSION:

### The Challenge:

The North Peace has 2,200 km of rural roads, of which 80% are gravel, weak and unable to withstand yearround legal axle loading, the absolute minimum for economic prosperity. The geography of the North Peace is such that roads are difficult and expensive to build and maintain. The abundance of steep river valleys through clay soil results in many slides. Gravel is a scarce, rapidly depleting non-renewable resource that is located far from the roads that require it. Heavily used gravel road corridors are not cost effective as the gravel gets pounded into the soft clay roadbeds and is forever wasted. Poor roads increase cycle time for users, damage vehicles due to roughness and when wet, become nearly impassible for the residents and industries who rely on the public road.

### diverse. vast. abundant

### The Opportunity:

On October 1, 2018 the Federal and BC governments celebrated the final investment decision for LNG Canada. The \$40B investment will transform the economy of Northwest municipalities, Aboriginal communities and residents along the pipeline corridor. It will also provide billions of dollars of sustained provincial revenue. That reliable revenue stream will positively impact the lives of all British Columbians through the delivery of key government priorities such as affordable housing and child care, workplace and human rights initiatives, health and education.

But it will be Northeast BC, the source of the LNG, that will experience the long-term impacts of the decision, both positive and negative. The North Peace has been the epicenter of the provinces energy development since the 1950's. Producers are expanding exploration and development as they seek the liquids rich natural gas in the North Montney, where a \$1.4 B pipeline is currently being constructed to deliver natural gas to LNG Canada and other networks.

The best predictor of future energy investments are land tenure dispositions. In the past two years they have occurred almost exclusively in the North Peace. High value dispositions like the 2017 Farrell Creek parcel by Arc Resources for \$77 million occurred in the North Montney field. There has also been steady, month over month infill acquisition of lands south and east of Fort St. John in the Baldonnel, Golata Creek, Clayhurst, Goodlow and Flatrock areas. Rural roads are not strong enough to withstand a robust drilling and development program. The heavy loads and volume of vehicles will damage the existing roads, causing hardship to residents and industries that rely on them.

Industry is already ramping up to meet the demands of LNG. Petronas, a 25% investor in LNG Canada has not had rigs in the area for the past two years. Since the investment decision they have already brought in one rig and started drilling. By 2022, they plan to be up to and sustain six rigs, drill 60 wells per year and invest \$1B annually. Petronas is just one of many companies actively investing in the North Montney, a liquids rich field where only 4% of the gas in place is projected to have been discovered by 2035. The current rural road network is not capable of supporting this growth in either the short or long term.

### V CONCLUSION:

Provincial corridor infrastructure studies that government has conducted have so far failed to evaluate the critical transportation corridor between energy investment in Calgary and field operations in Northeast BC. Over the next 30 years of LNG development and operations, LNG traffic in this corridor will far exceed the amount that will be required between any land point in Canada to the west coast.

Investment in the North Montney is in its infancy. For the North Peace Rural Road network to sustain the existing and projected activity, there needs to be a significant, sustained annual injection of investment. It must be incremental to MoTI's annual operating budget specifically to upgrade roads that are and will be further impacted by this new wave of LNG investment. Not only will this support gas and LNG development, it will protect critical public infrastructure and leave a lasting legacy for residents, Aboriginal communities and the agriculture and forest industries.

### **VI** OPTIONS

### i. Status Quo

Good roads cost less. Continuing to allow existing road infrastructure to crumble under the weight of industry activity will only delay the inevitable investment and waste declining gravel stocks. Gravel roads will become more expensive to maintain, rehabilitate and upgrade with longer hauls. Residents and industry will pay the price of limited access, excessive wear and tear on vehicles, longer cycle times that can affect worker safety and lower their quality of life. The good will towards both government and industry that has built up in the past fifteen years as the oil and gas road programs were rolled out will reverse if investment is not made by government and if industry is viewed as a major contributor to road deterioration.

### ii. Industry Partnership

Industry already contributes to provincial revenue through taxes, fees and royalties. They generate economic development and jobs in the region and should not have to pay for public roads. However, industry may be incented to partner with government on some roads where they have an operational interest. The BC government should explore opportunities for the energy industry to voluntarily draw down existing royalty credits by converting that provincial liability into public road infrastructure funding, resulting in a revenue neutral solution.

### iii. BC Government Initiative

BC is home to the largest private sector infrastructure investment in Canadian history with LNG Canada. The economic spinoffs for all British Columbians have been well documented and will last for generations. All that economic development and job creation is contingent on a competitive, well supported energy industry that can operate in harmony with rural residents, Aboriginal communities and the other prime industries of forestry and agriculture. The BC government must recognize the value of the region where the gas is coming from and allocate adequate funding to address the infrastructure deficit.

### iv. BC Government/Federal Government Initiative

On April 2, 2018, the Federal Government pledged \$4.1B infrastructure investment for B.C. We have investigated the criteria of this program and determined that there is no existing category for upgrade of rural roads. In his speech at the LNG Canada announcement, the Prime Minister spoke of other infrastructure investment in LNG. There is merit in bringing the issues in this BN to the Federal Government for consideration of an LNG road infrastructure program. As it would be delivered by MoTI, provincial support and leadership would be required to take this forward.

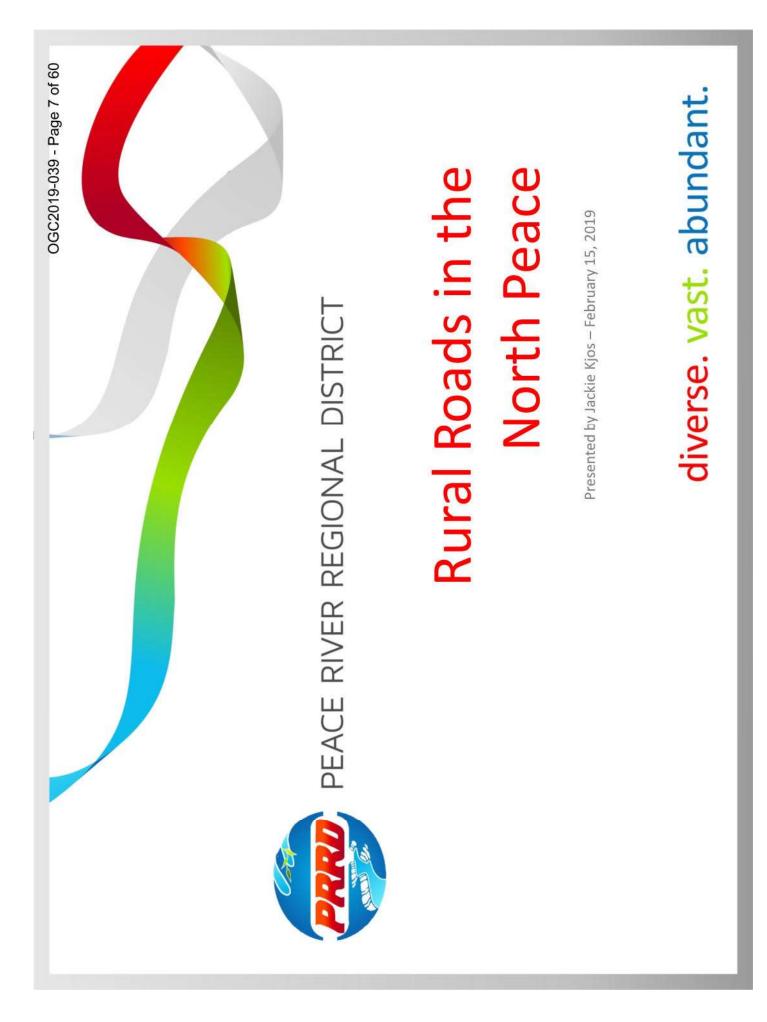
### VII RECOMMENDATION:

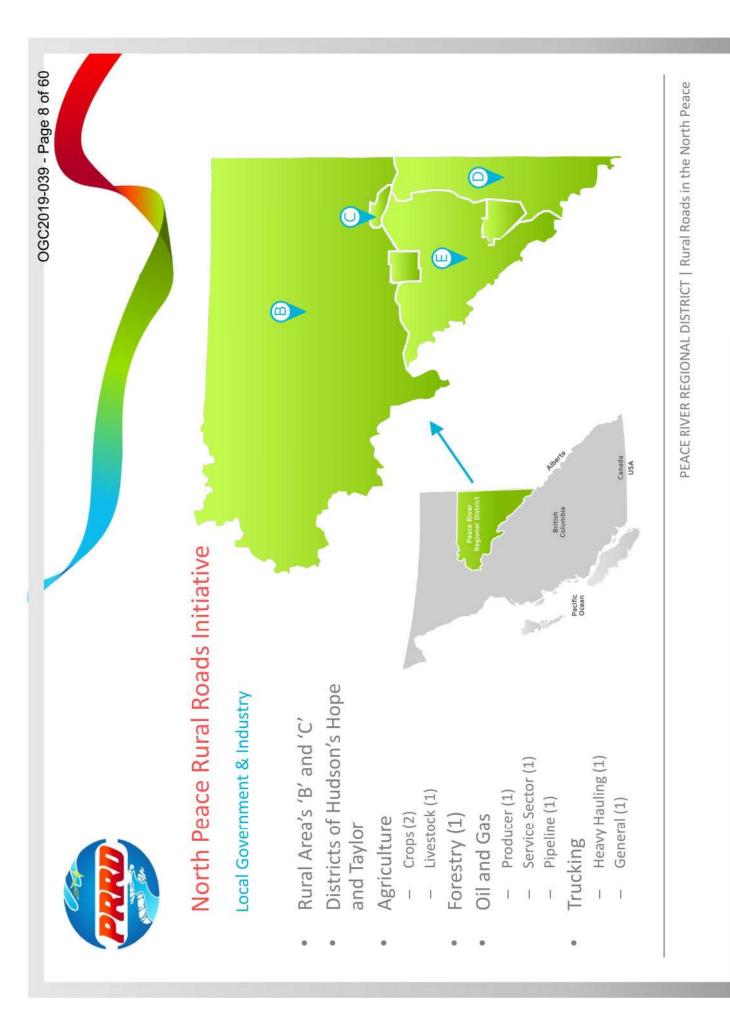
That the MEMPR facilitate creation of a multi-year LNG Infrastructure program, incremental to existing the MoTI District budget. This will ensure that key rural roads are upgraded to a safe, reliable, smooth and dust free state, capable of supporting 100% year-round loads. This investment will encourage industry investment and development, protect jobs and reduce the impact on other road users.

### Approved November 30, 2018 by:

Director Karen Goodings	NPRR Initiative Chair, Electoral Area 'B'
Director Brad Sperling	PRRD Chair, Electoral Area 'C'
Director Rob Fraser	Mayor, District of Taylor
Director Dave Heiberg	Mayor, District of Hudson's Hope

Note: The North Peace Rural Roads initiative is well supported and represented by task force members from North Peace industry rural roads users. Additionally, the NE BC Resource Municipalities Coalition recognized the importance of the initiative in their *Position Paper on Long Term Priorities for Northeastern BC*.



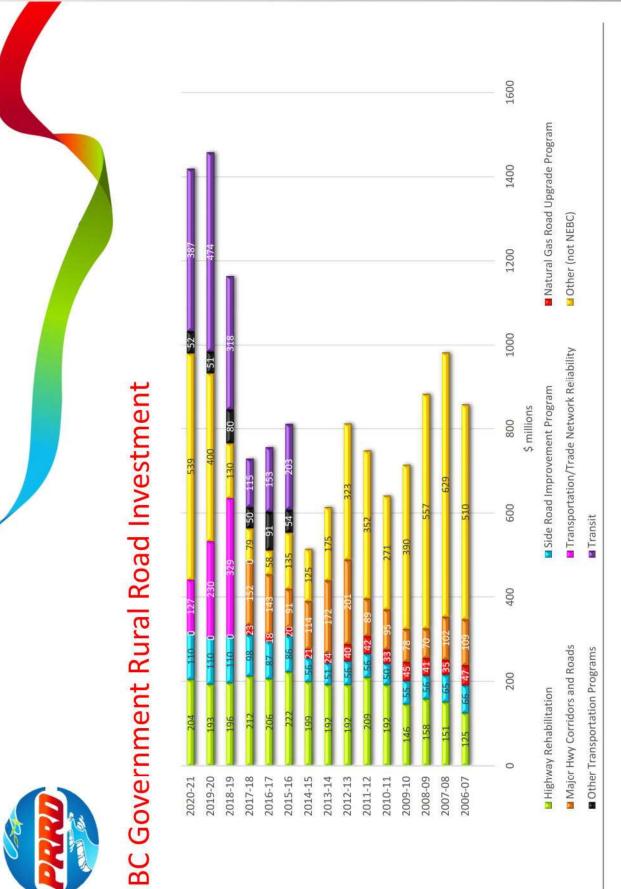




- 1998 \$11 million incremental investment for rural roads
- 1999 and 2000 investment increased
- 2001 Oil and Gas Initiative II \$103 million investment
- Government sustained through other programs (HOGRS, Oil and Gas, Natural Gas)
- Committees were established NPEDC 2003 Regional Transportation Advisory stepped back until 2017
- 2018 Peace River Regional District (North Peace) re-established initiative



Montney Road 121 – 10 km from Fort St. John - May 1997



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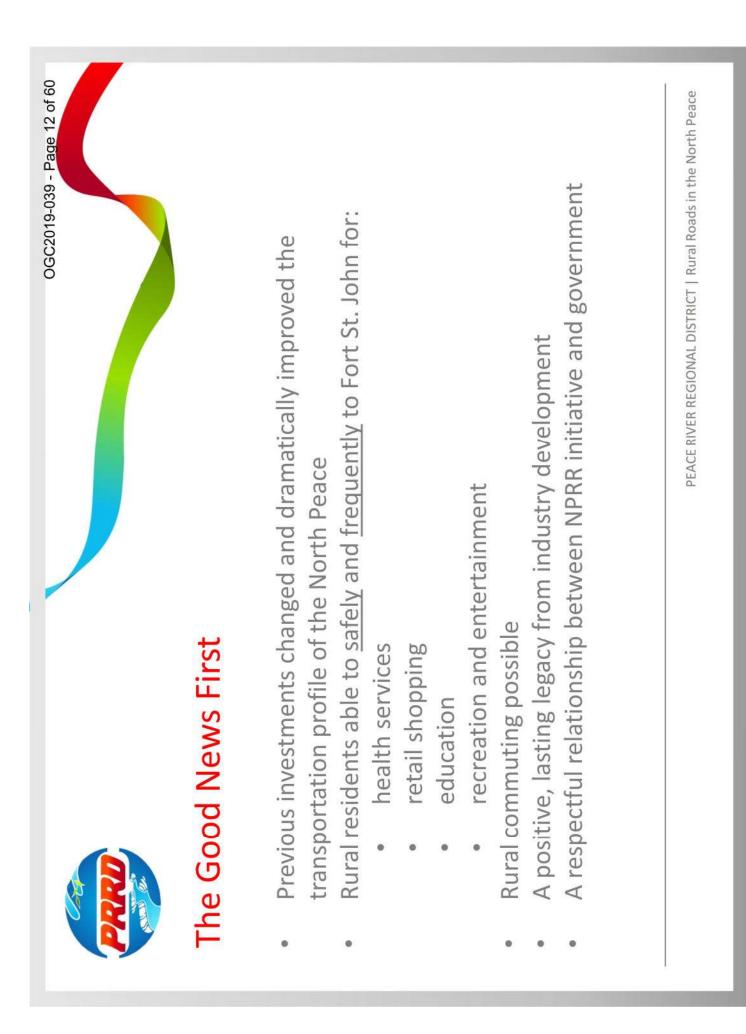


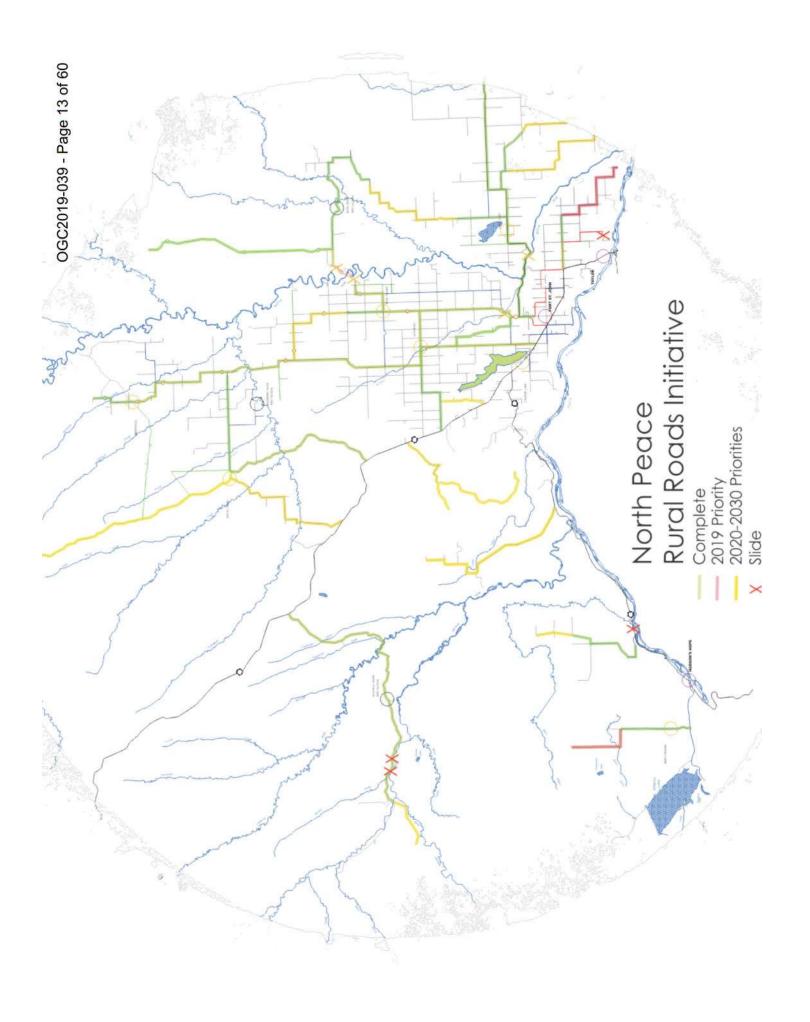
## Our Vision (then and now)

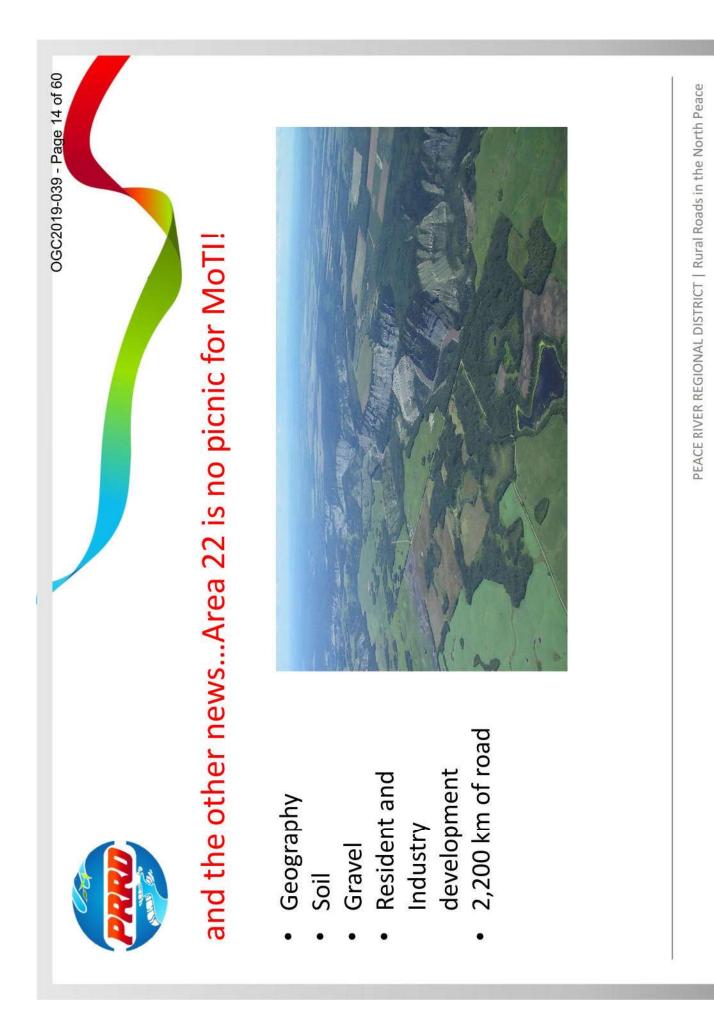
- Proactive road investment ahead of industry development
- Grid of key corridors
- Safe and reliable
- Smooth and dust free
- Year round 100% loads
- Appropriate road design for use
- Maintain previous investment
- Protection of investment
- Increase safety with pullouts



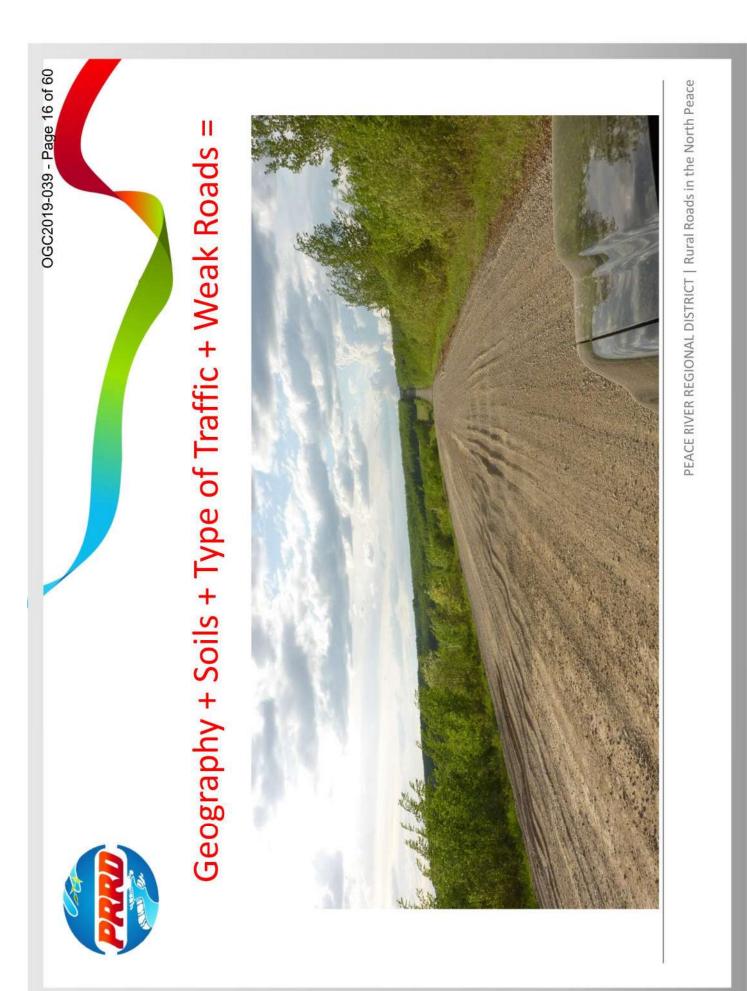
Montney Road 121 – 2005 with OGI 2 investment

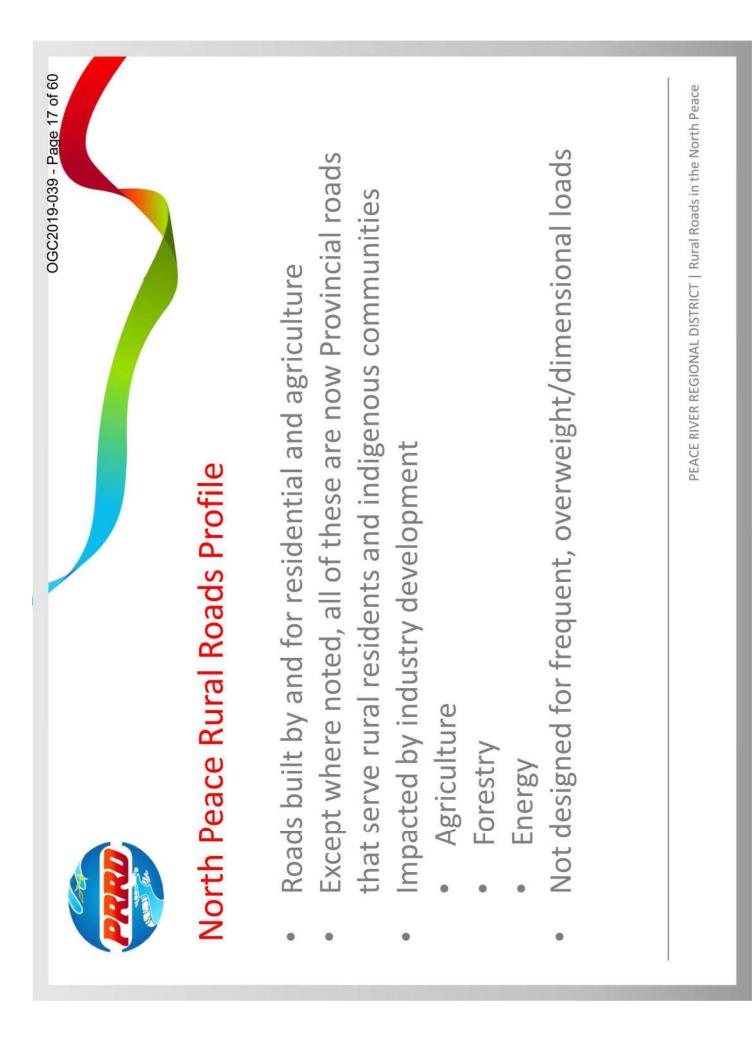












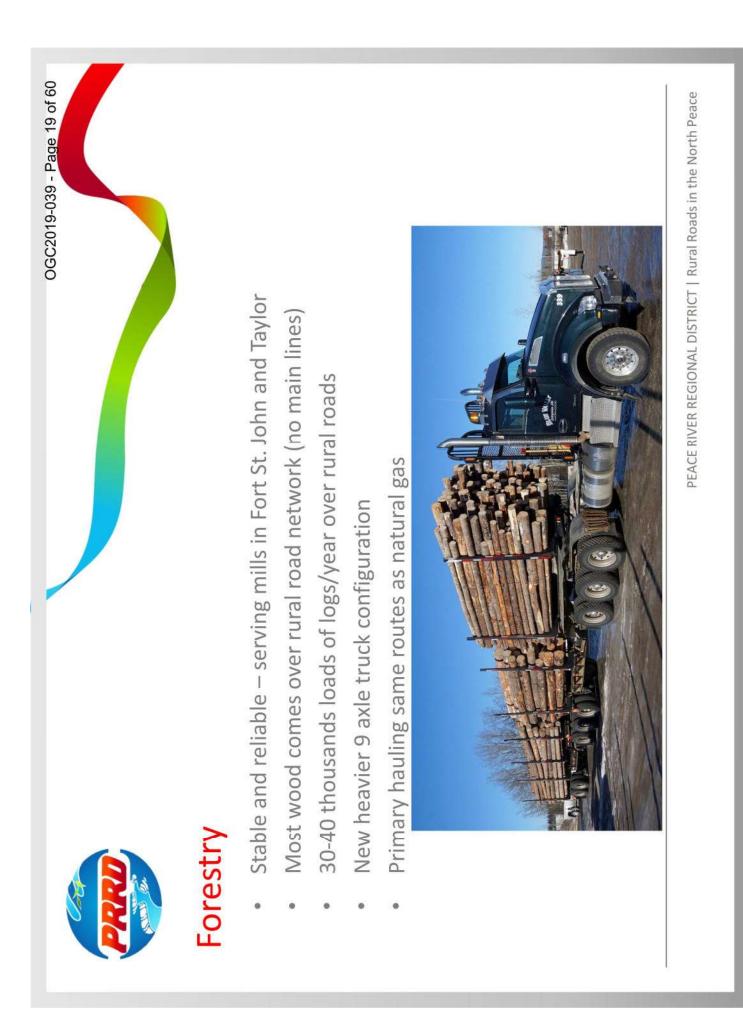


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### Agriculture

- Agriculture is a foundation industry of the North Peace
  - Crops and livestock
- Seasonal labour for other industries
- Changed dramatically in last 20 years
- Larger farms
- Larger farm equipment
- Less reliance on rail
- Bigger/more trucks on rural roads



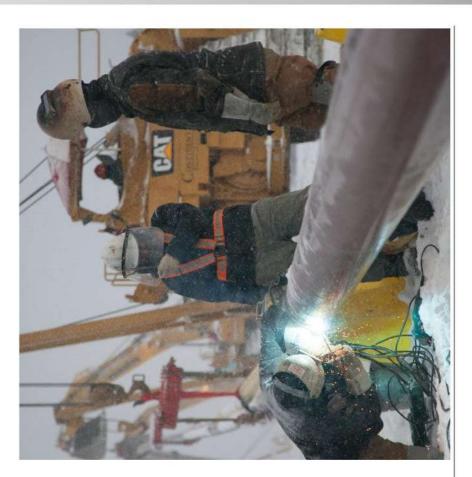


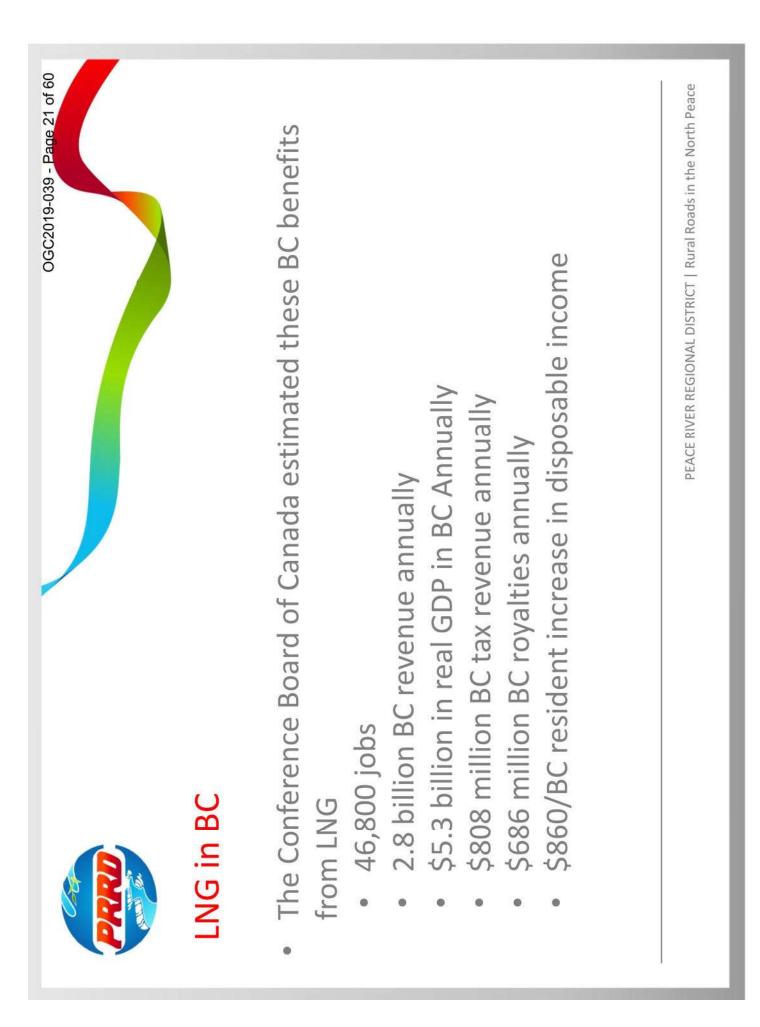


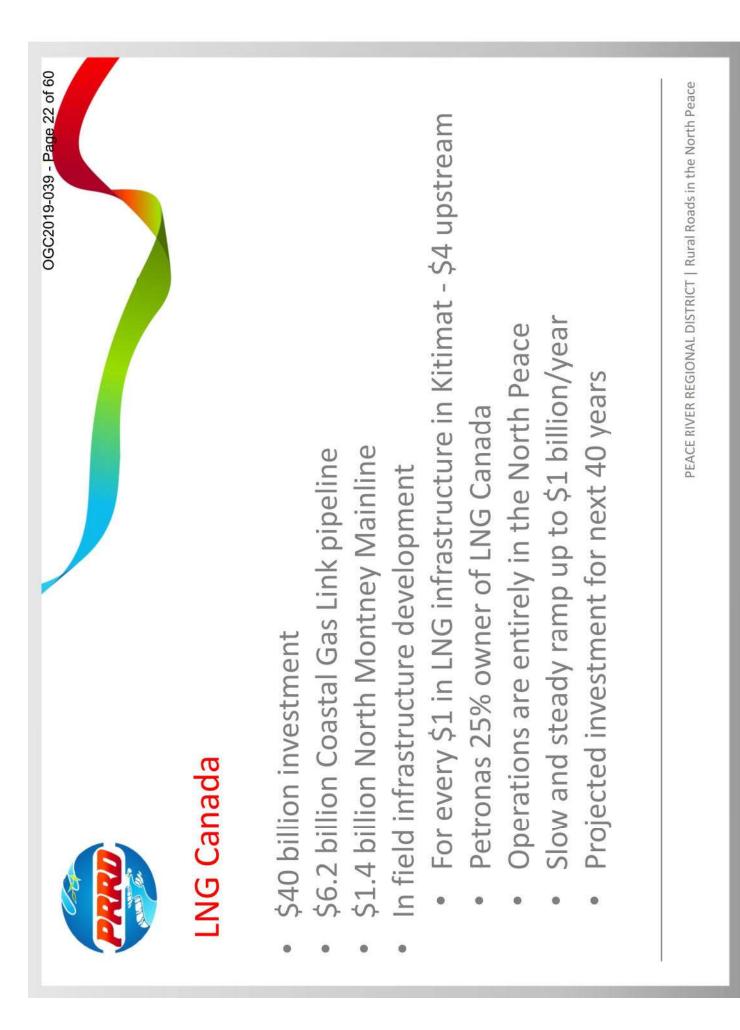
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### Energy, Oil, Gas and LNG

- North Peace led conventional oil and gas development from mid 50's through to mid 2000's
- Shift to non-conventional and to the South Peace
- North Montney is a world class play
- Liquids rich which is offsetting the current low price of natural gas
  - Expectation that by 2035 only 4% of the gas in place is expected to have been discovered







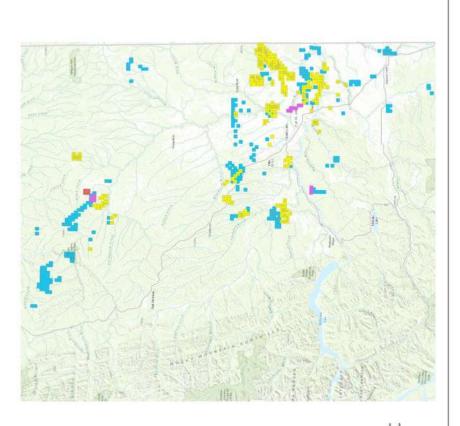


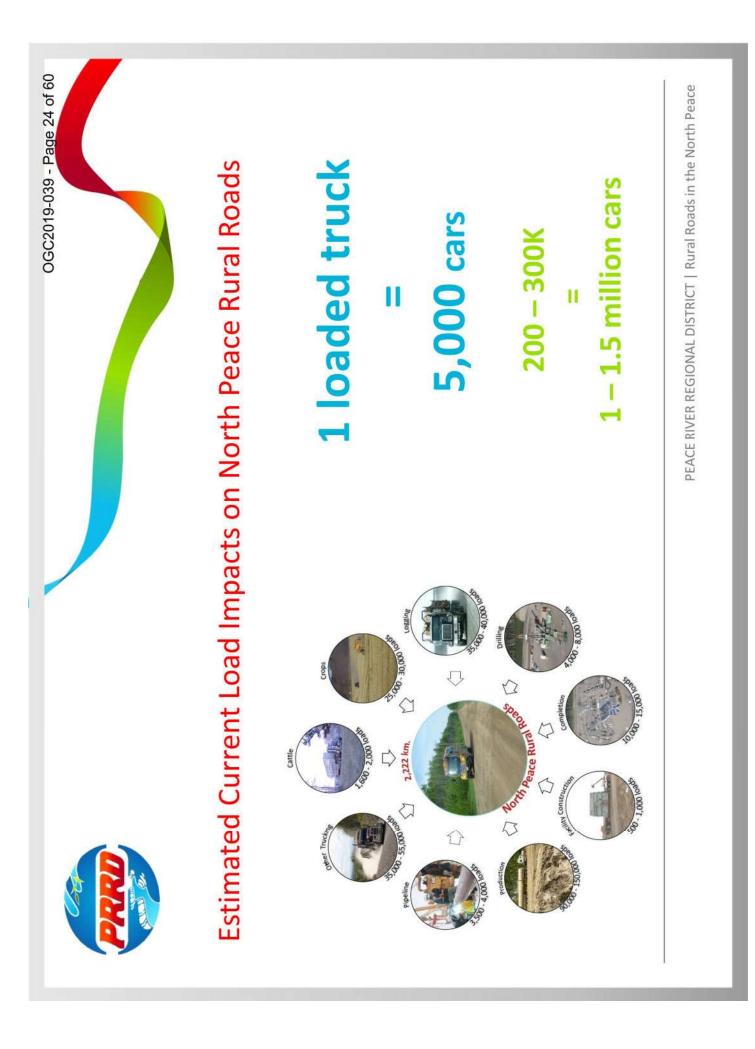
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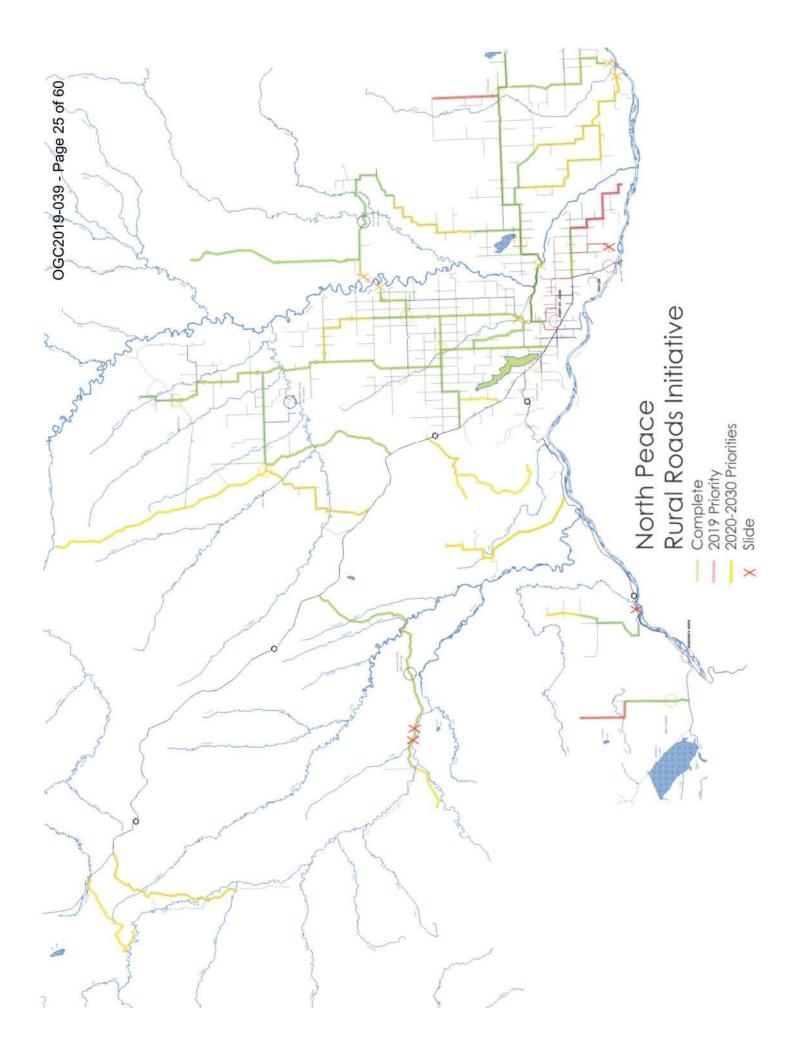
### **Energy Development**

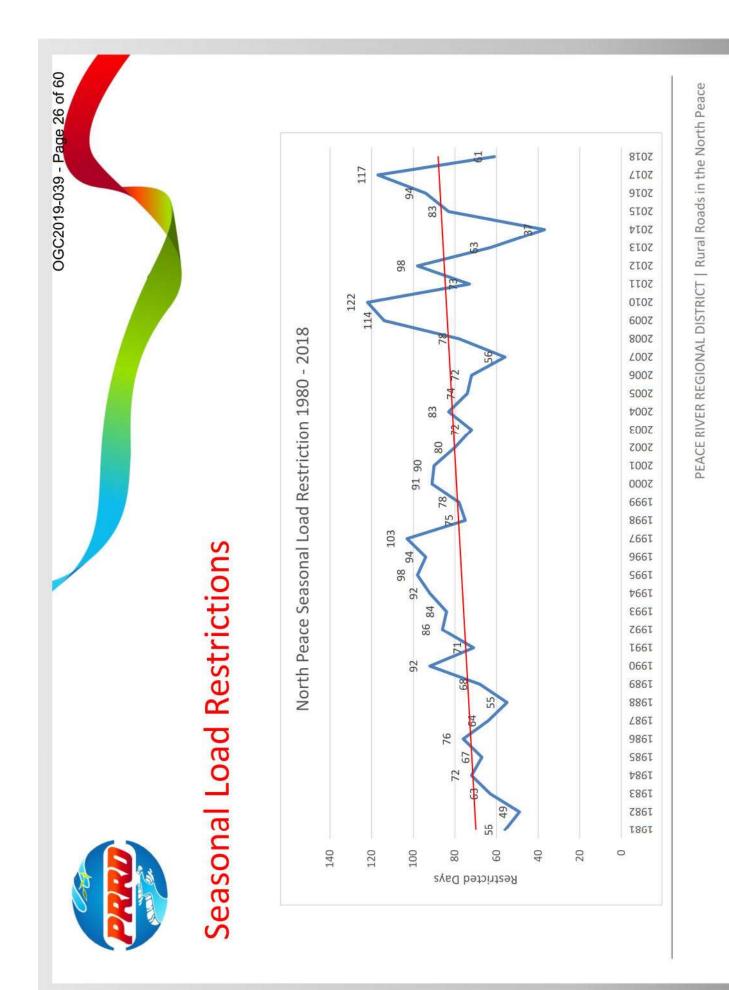
Land sales

- Shift to North Peace
- North Montney
- Liquids Rich
  High \$ value
- agriculture area near Fort St. High activity levels in John
  - South Baldonnel/Two Rivers
- Lake/Golata Creek/Clayhurst East/Southeast – Cecil









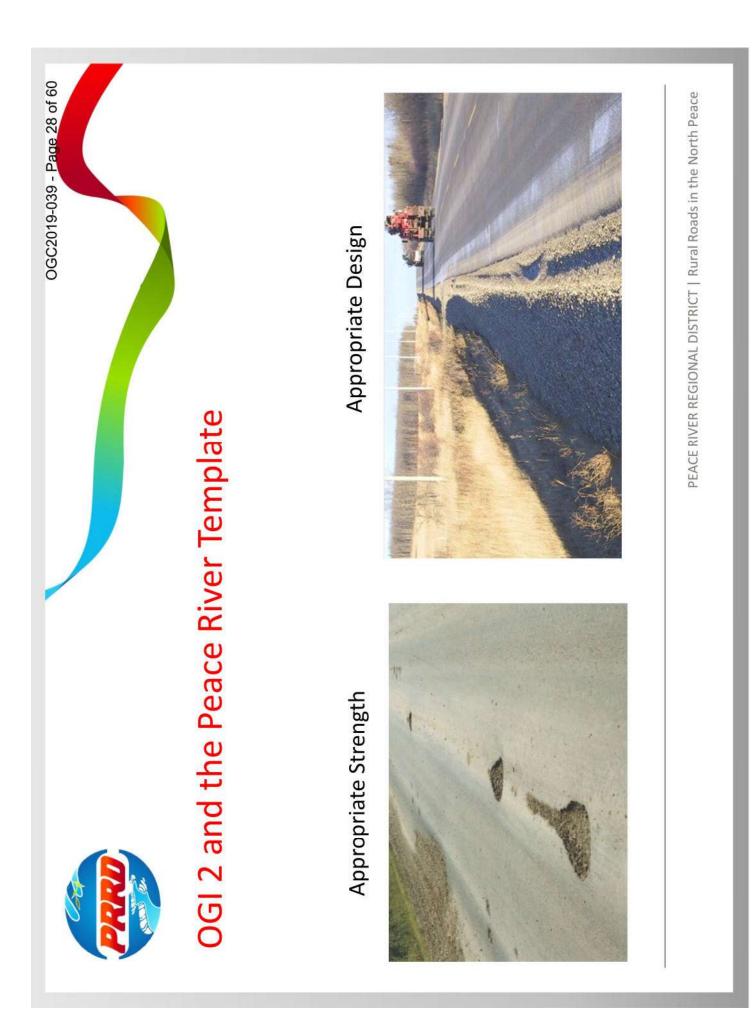


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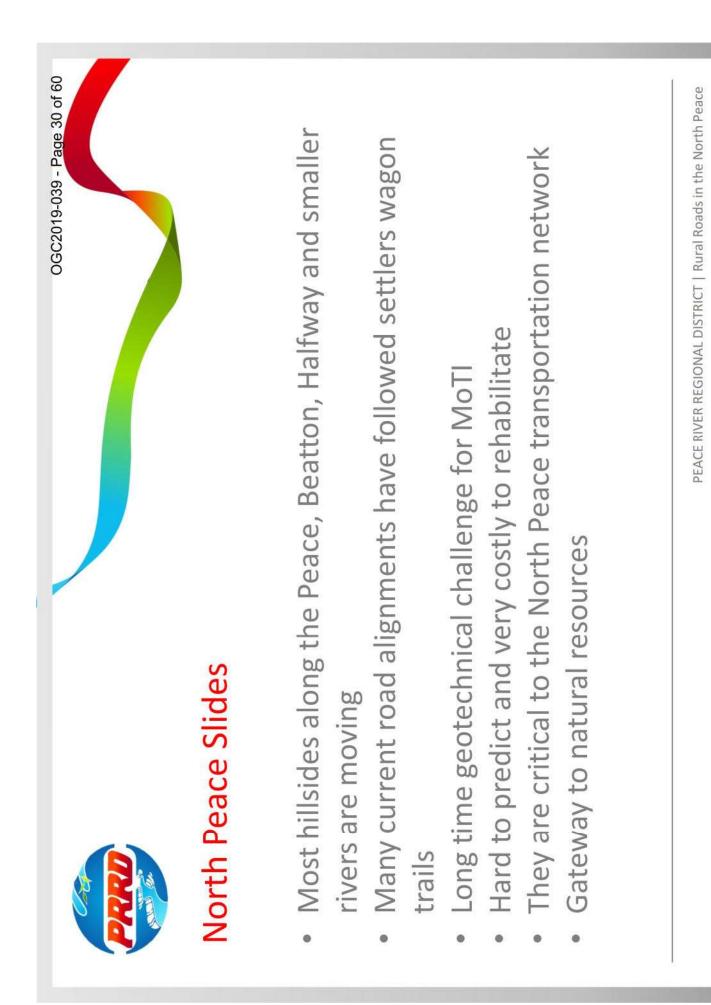
# Impacts of Seasonal Load Restrictions

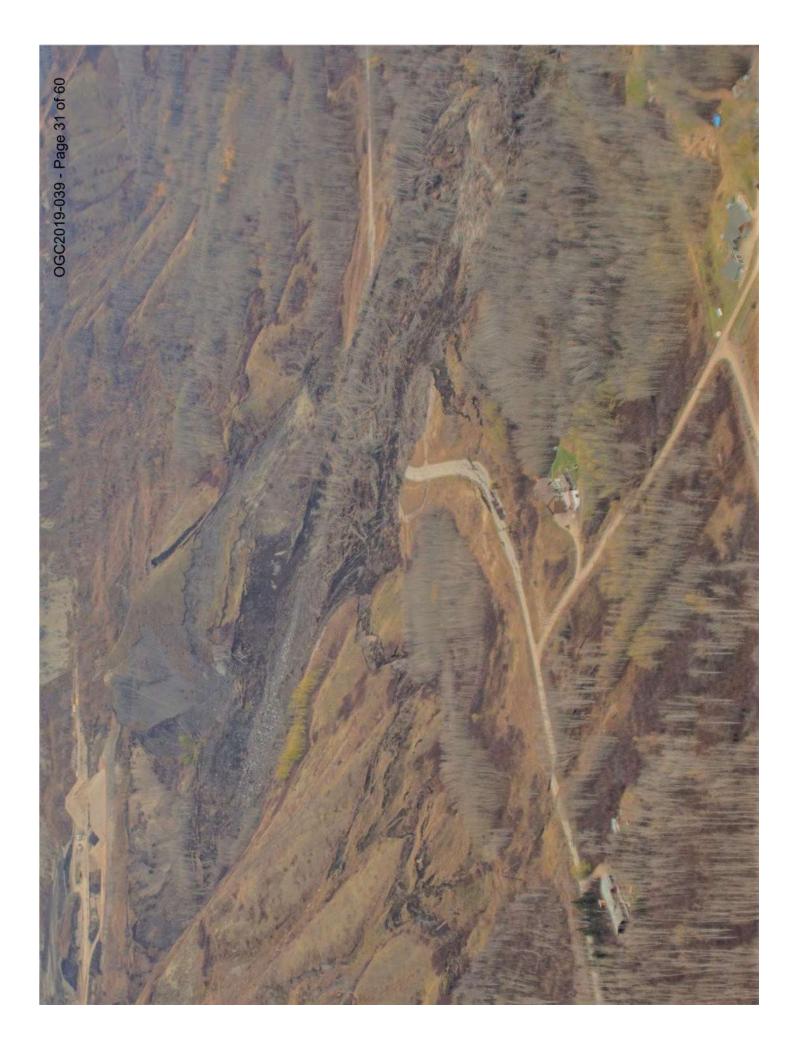


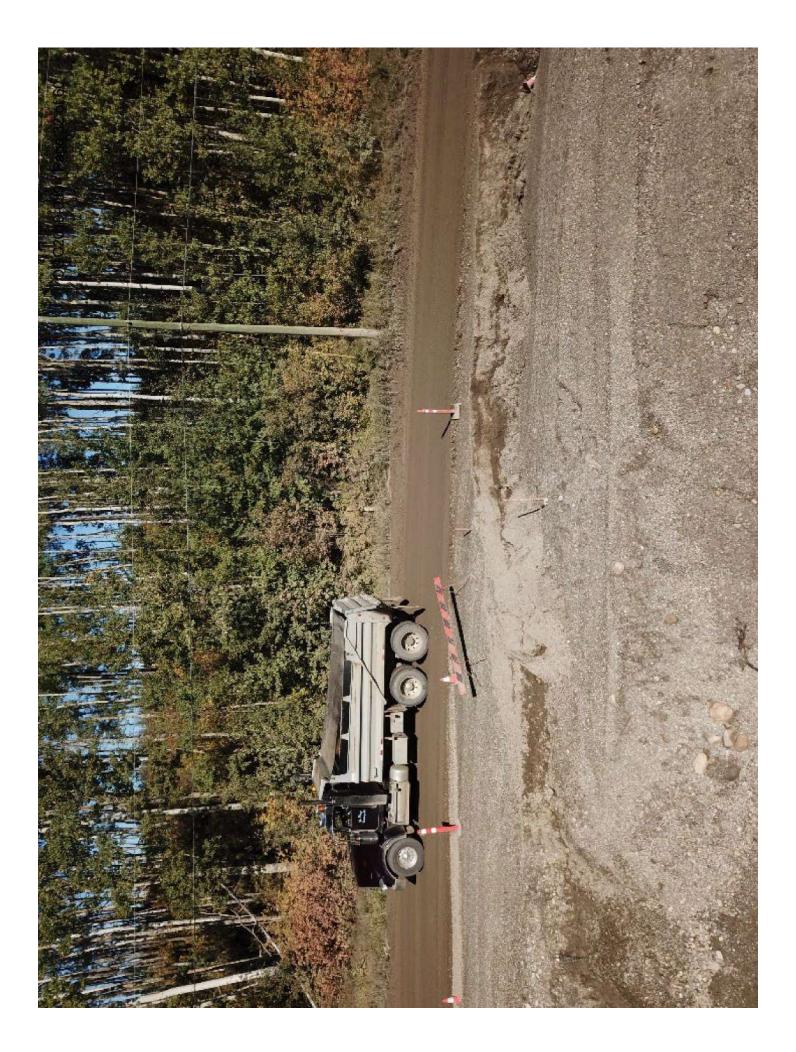
	Net Effect on Payload	Ŷ	40%	<b>48%</b>	%126°
Support of the suppor	Payload	40,000 kg	24,125 kg	20,950 kg	8,250 kg
	Empty Super B	23,500 kg	23,500 kg	23,500 kg	23,500 kg
	Loaded Super B	63,500 kg	47,625 kg	44,450 kg	31,750 kg
	Road Restrictions (% of GVW)	100%	75%	70%	50%

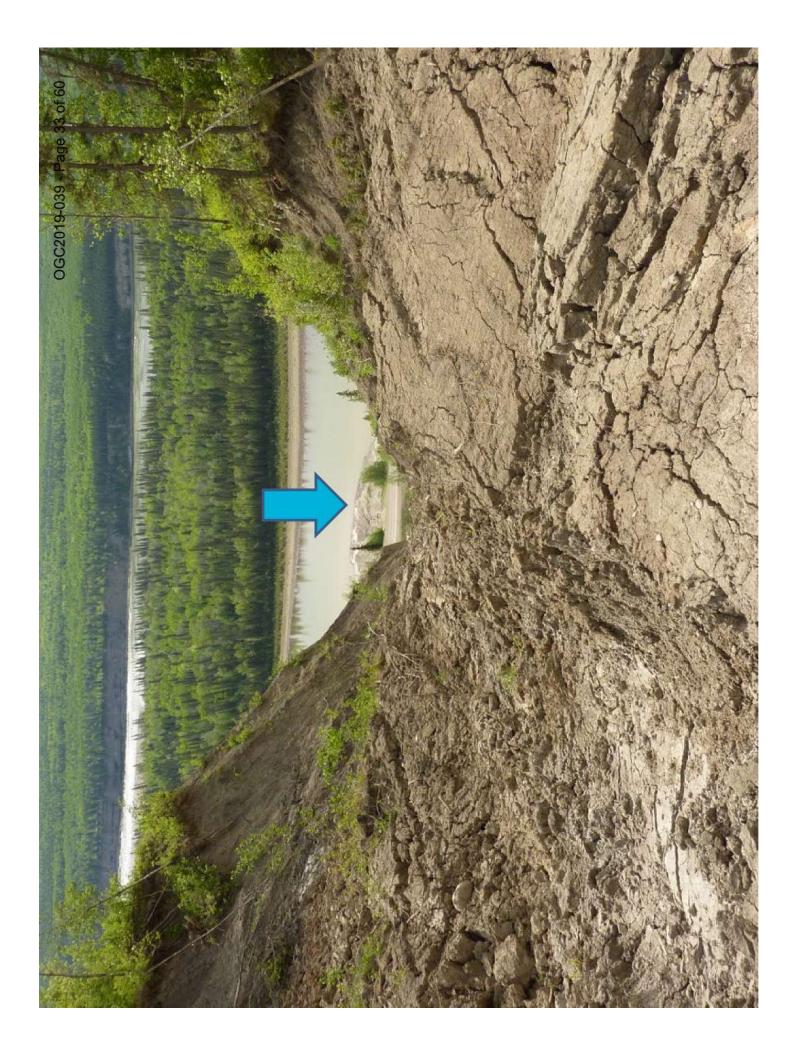






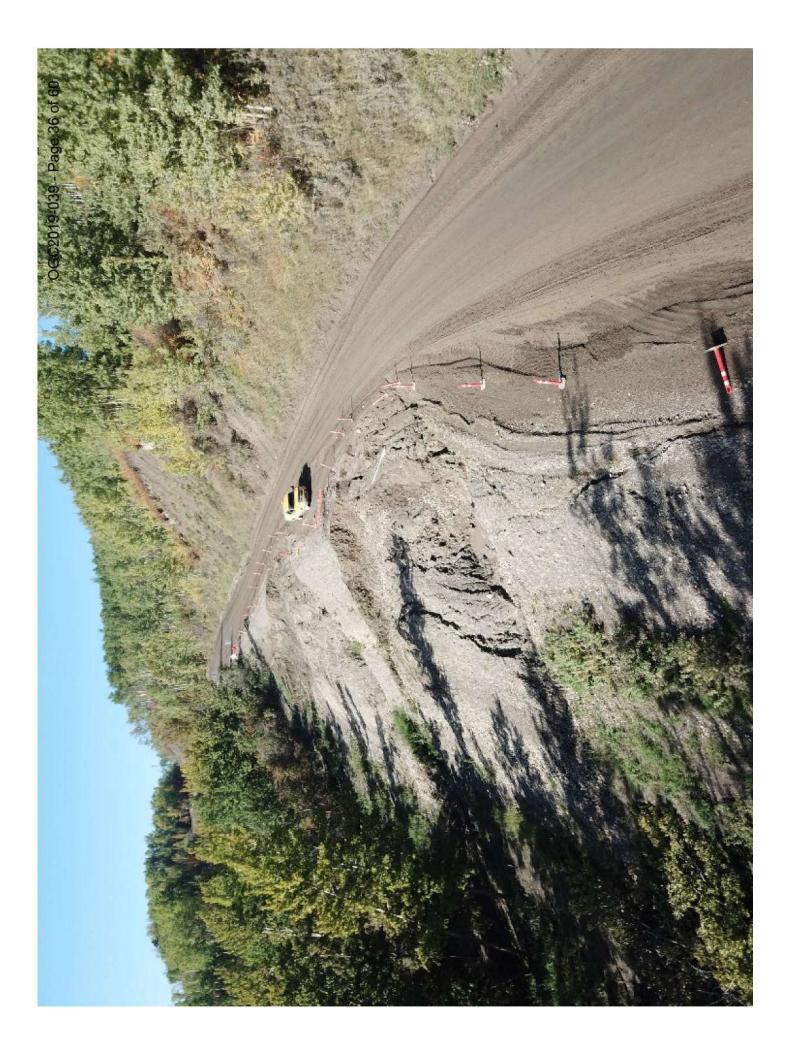


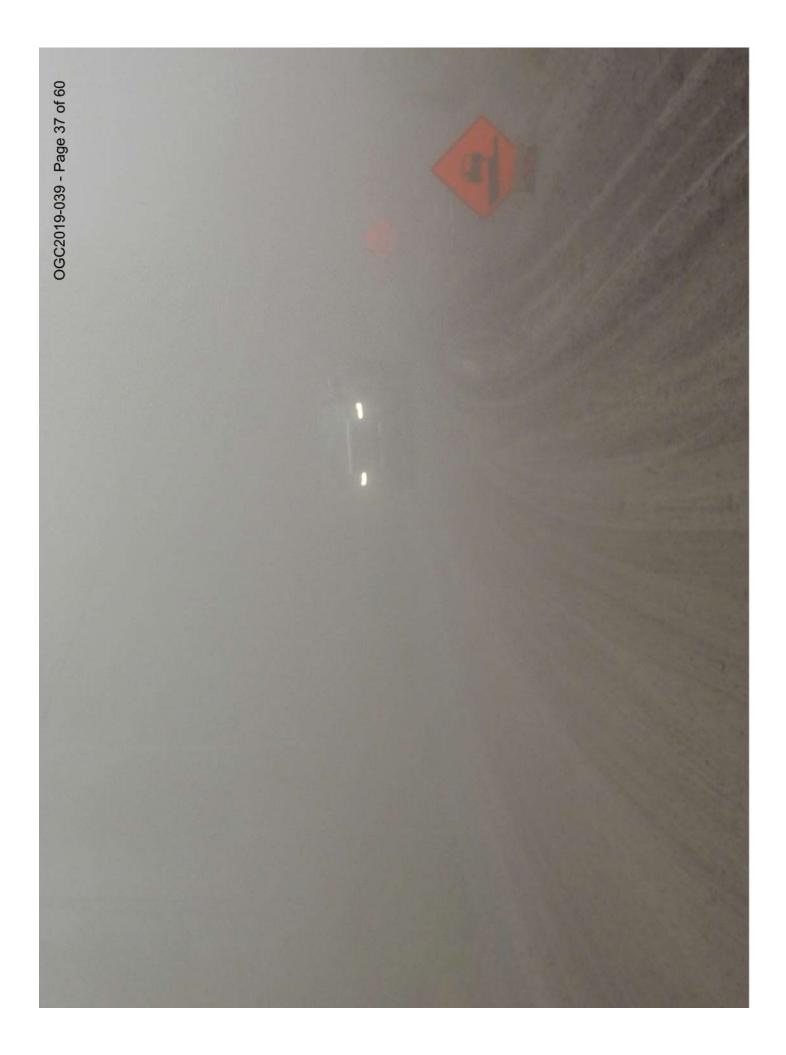


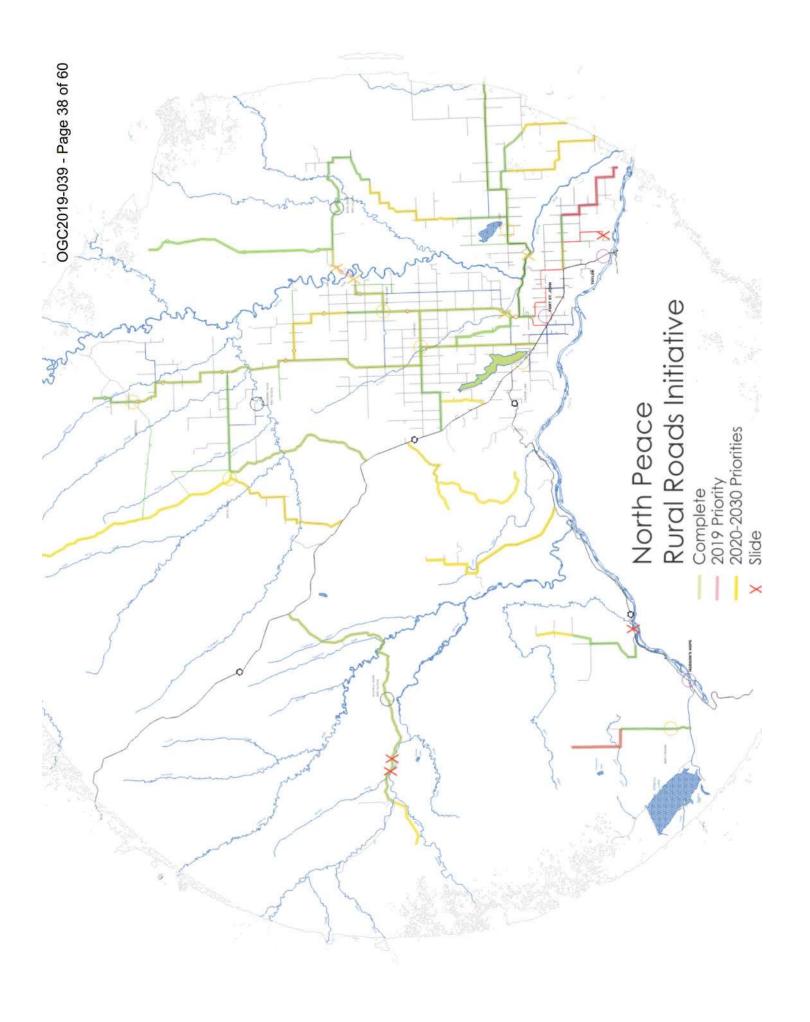




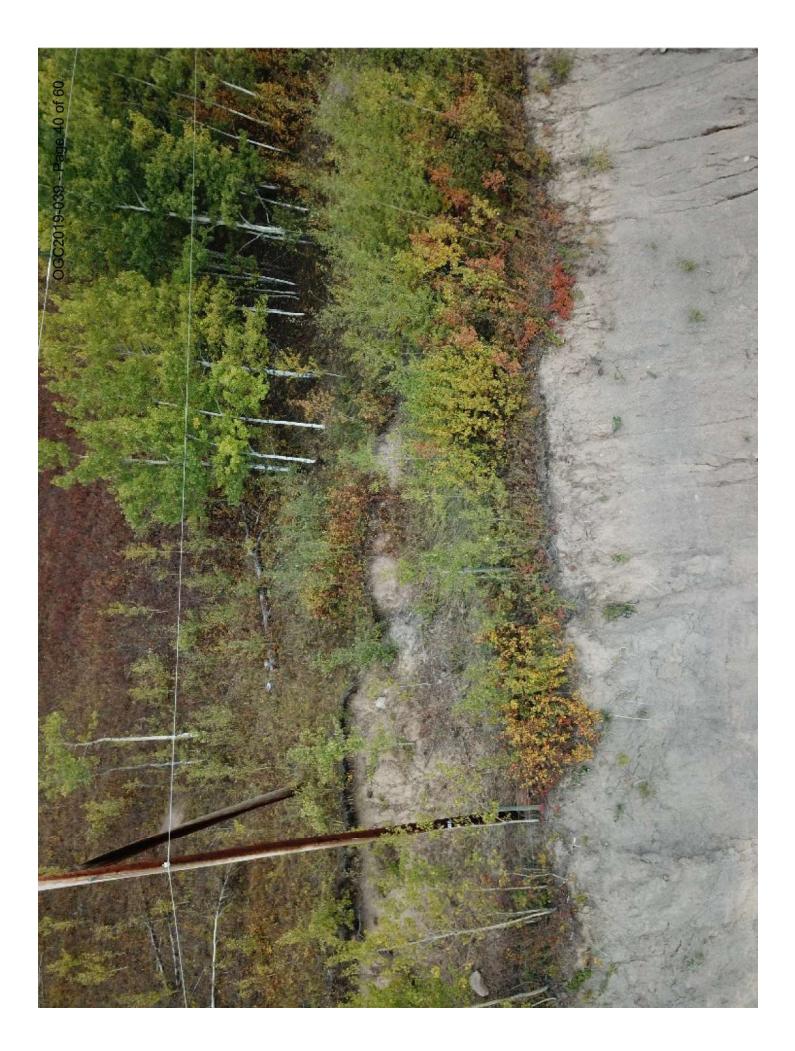


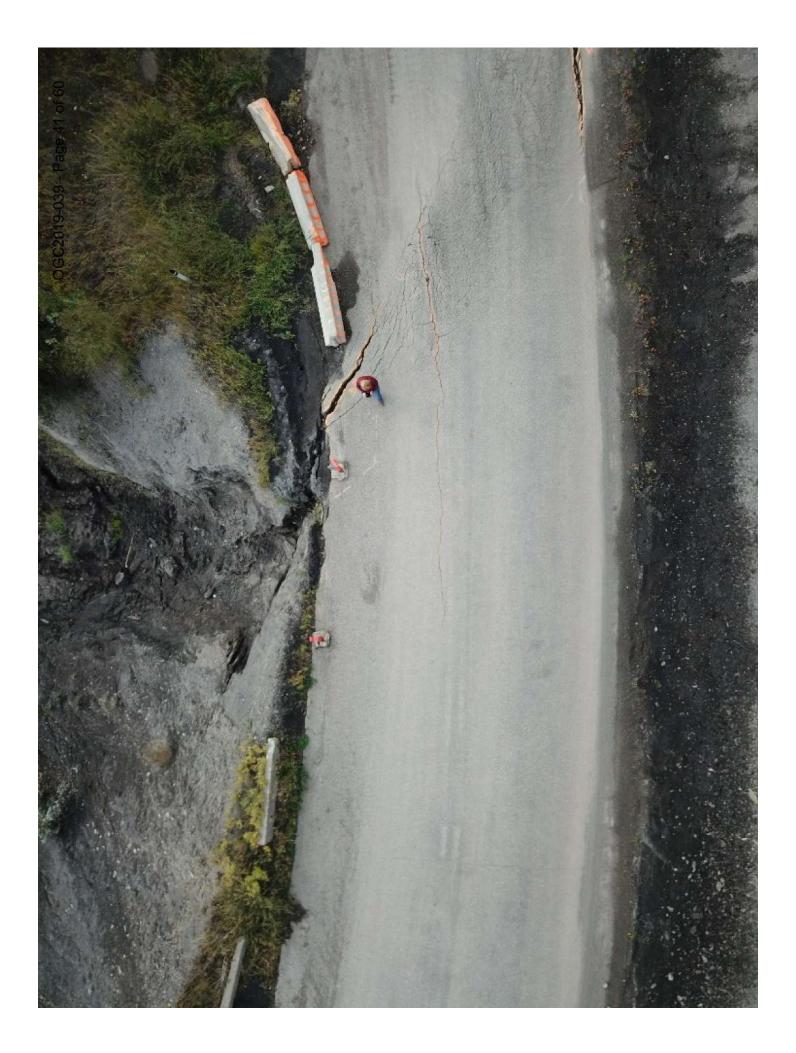


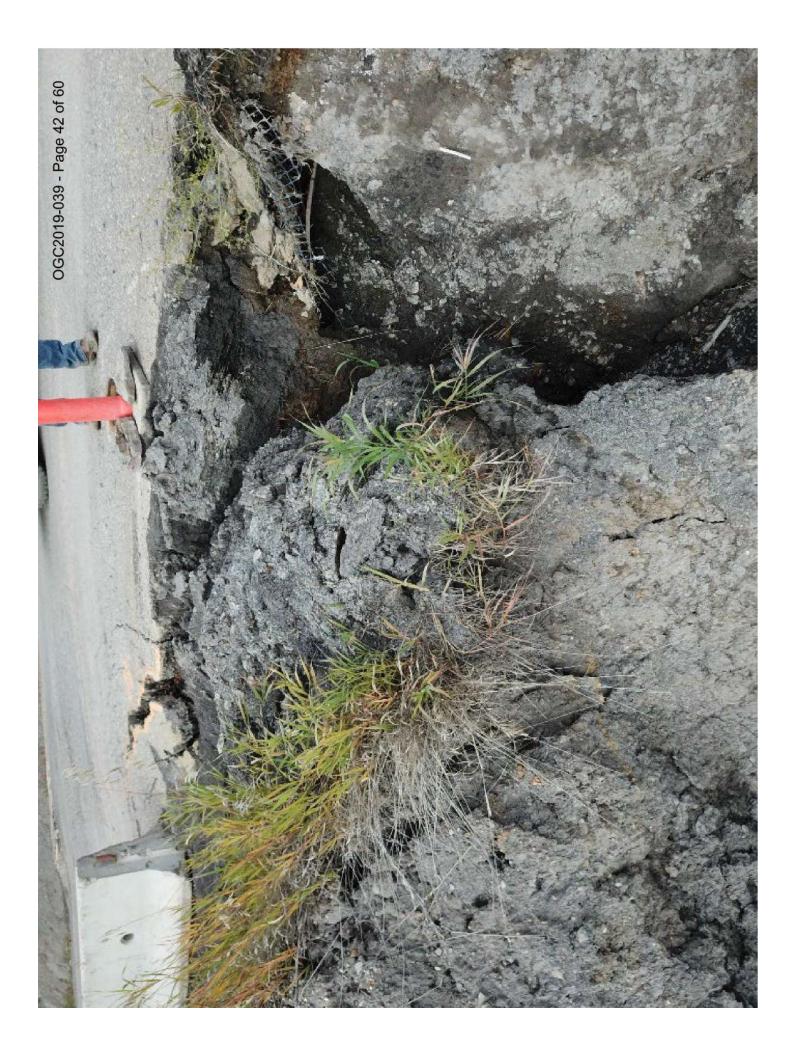














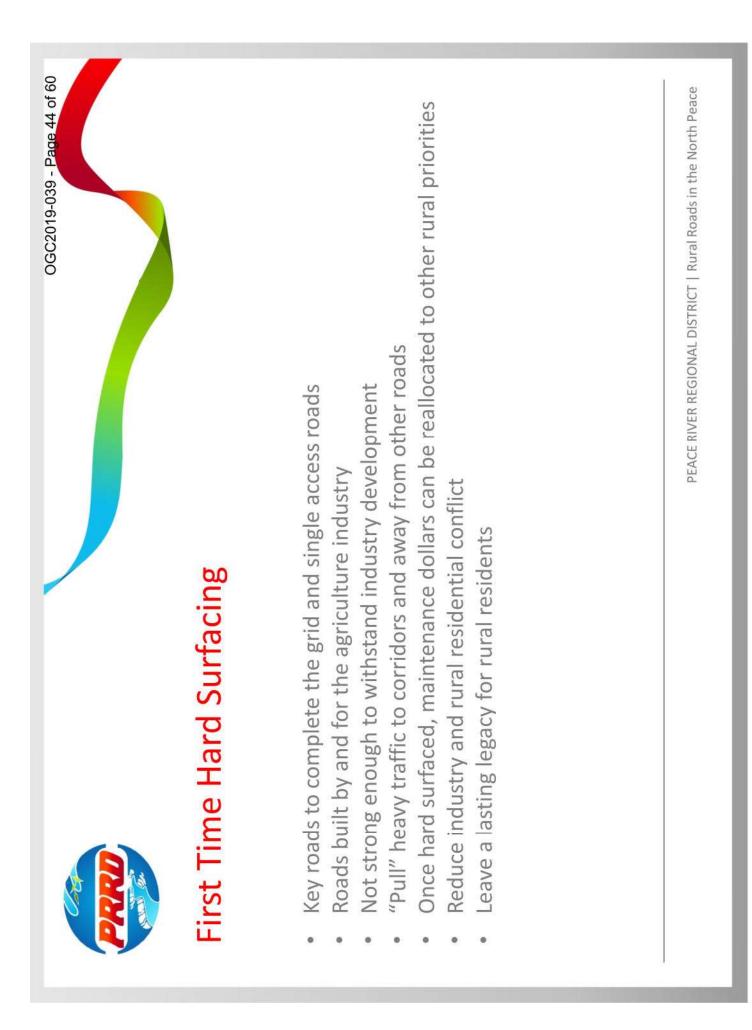
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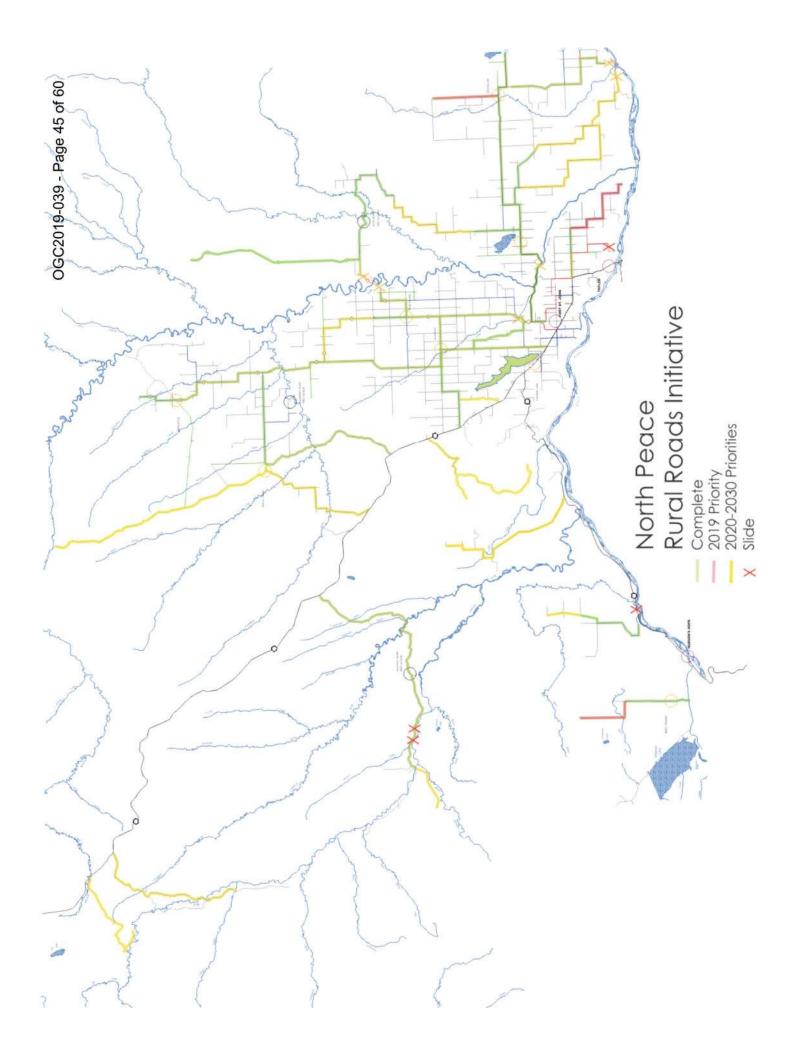
## Previous Investment Lost

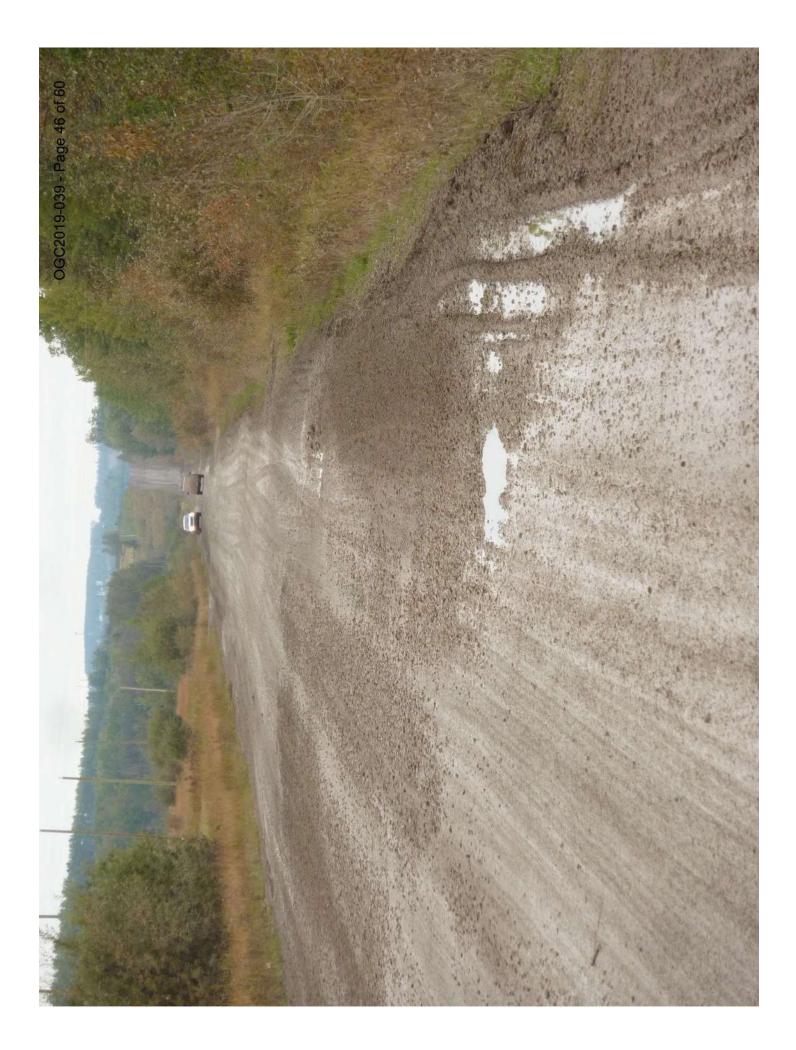
- Farrell Creek and Beatton Airport
- Reconstructed under one of government's natural gas road programs
  - Never hard surfaced
- Gravel contamination
- Geocloth and geogrid exposed
- Investment lost



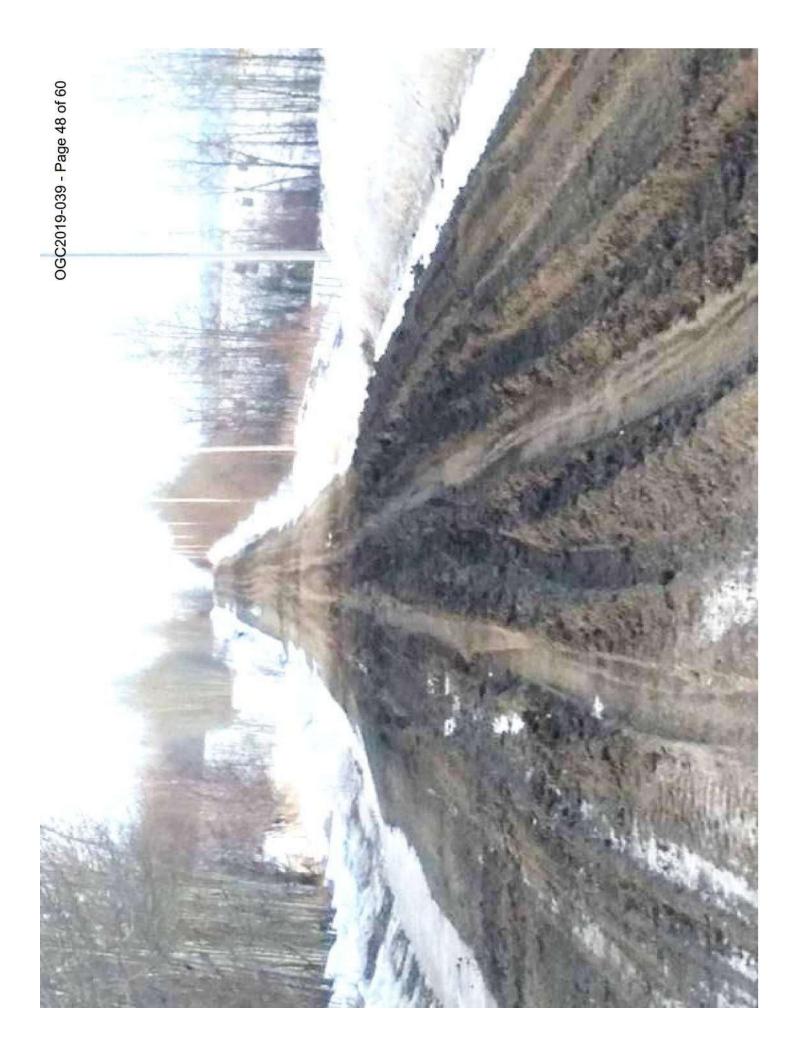
PEACE RIVER REGIONAL DISTRICT | Rural Roads in the North Peace

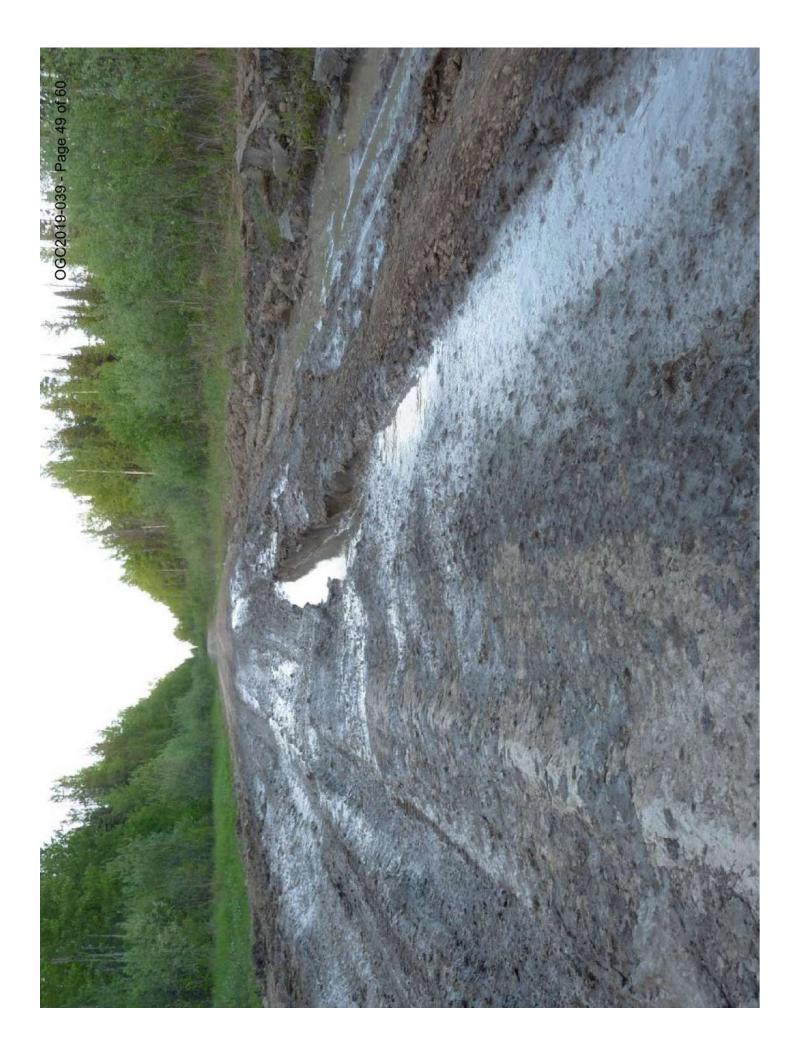


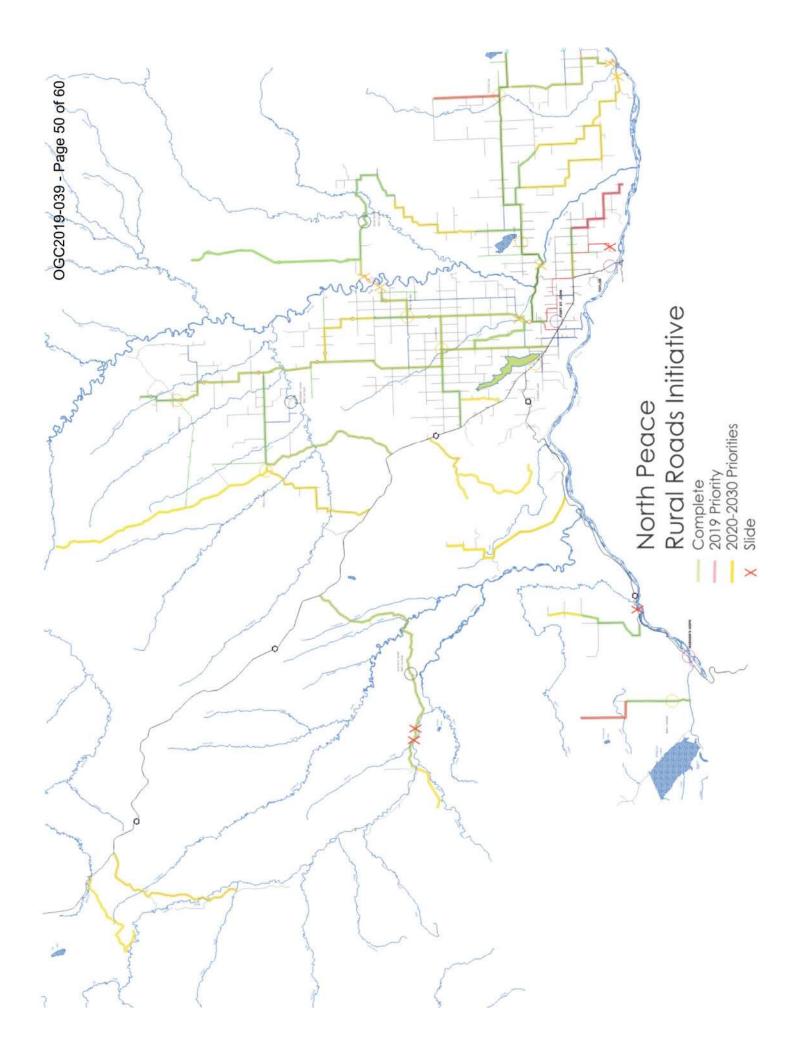






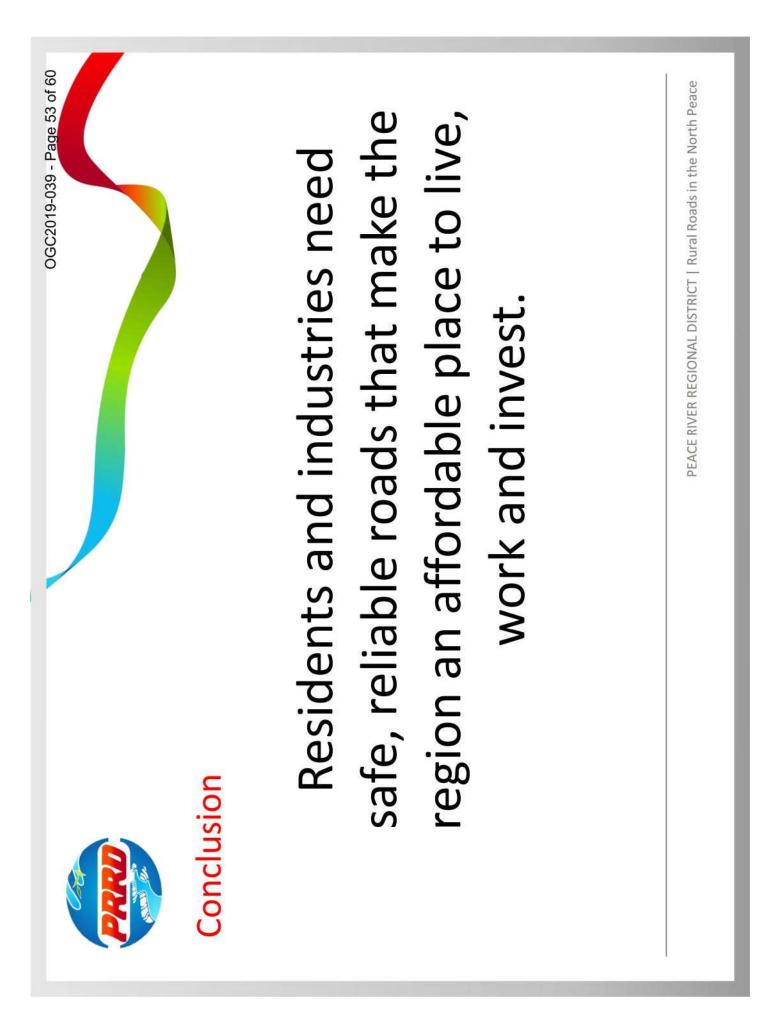


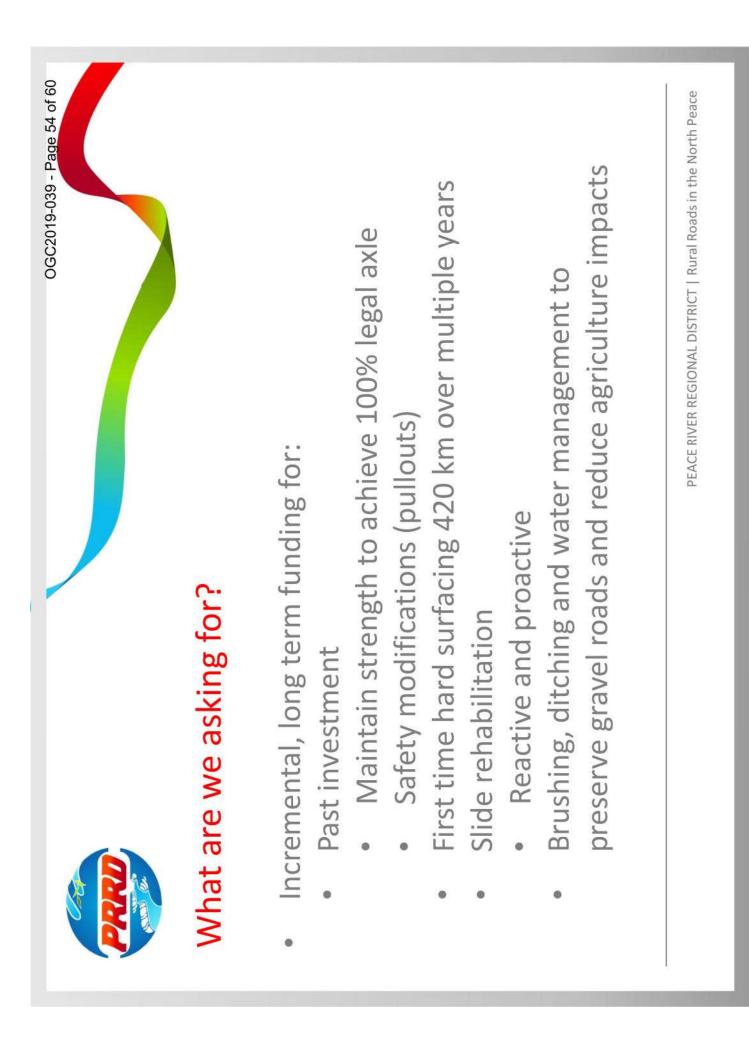


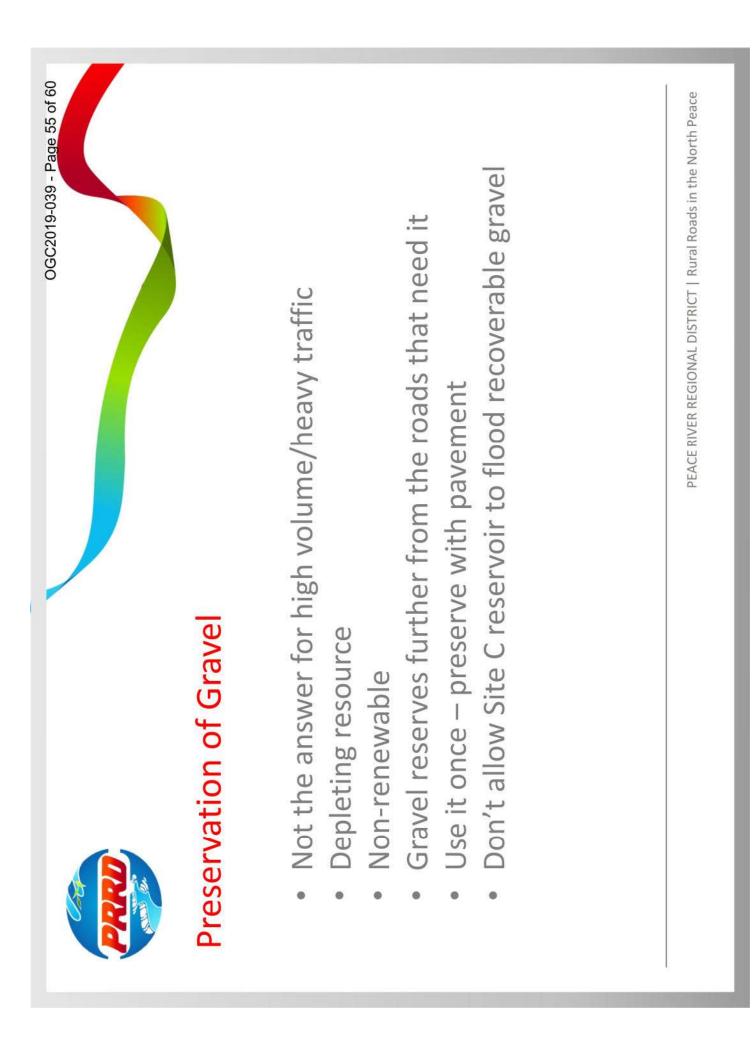




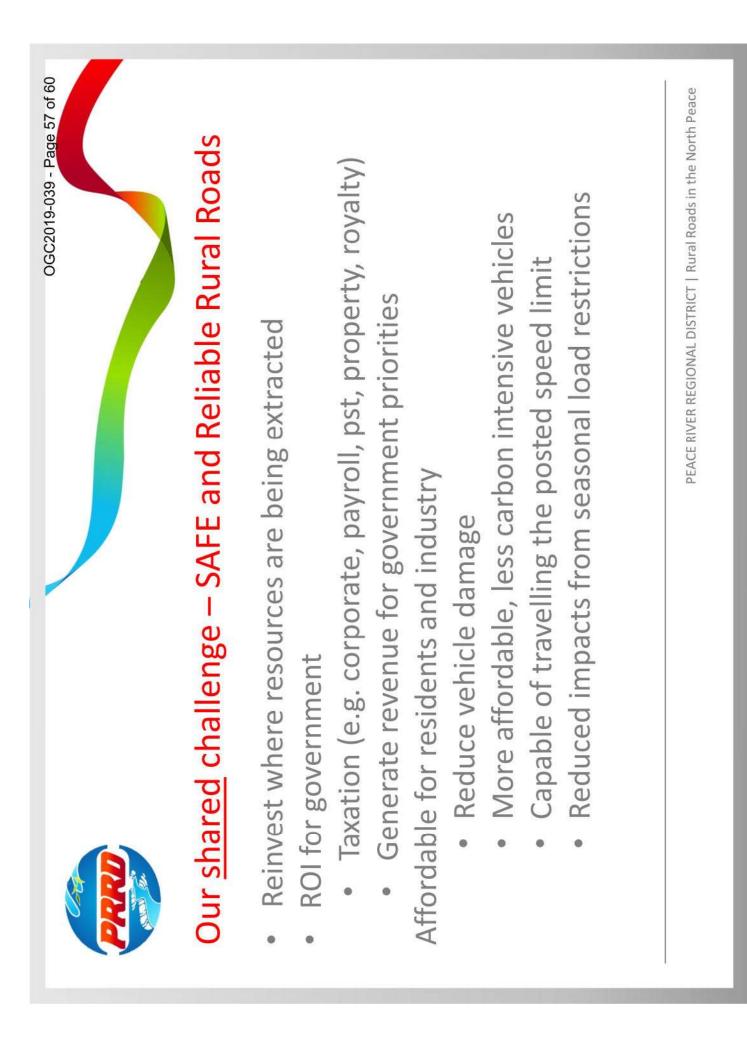


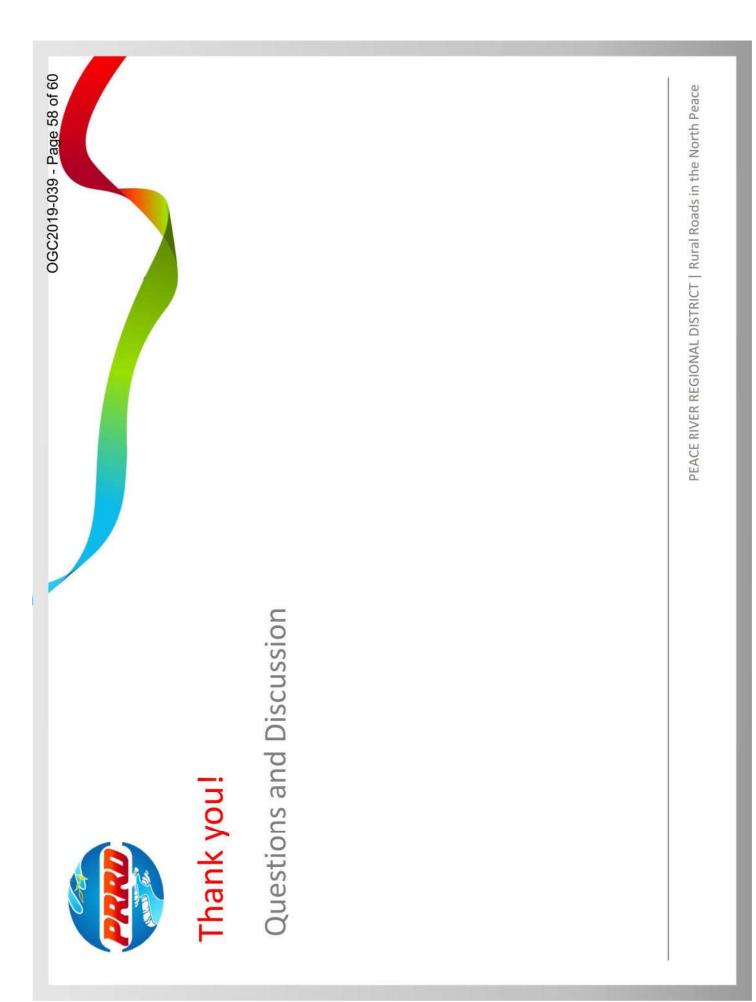






09C2019-Dage 56 of 60	<ul> <li>Worker and Public Safety</li> <li>District of Taylor emergency access improvements</li> </ul>	<ul> <li>Industrial community (gas and forest processing)</li> <li>Limited escape options in emergency</li> <li>Government review of the role existing PDR's play in the</li> </ul>	<ul> <li>overall North Peace transportation network</li> <li>roads not being maintained and bridges potentially being deactivated due to shift in activity levels and locations</li> </ul>	Lack of secondary/emergency access for residents, First Nations and industry Halfway, Doig River and Blueberry River First Nations all have PDR dependencies that affect their existing reserves and/or traditional areas	Potential public corridor development to expand natural resource development and ease emergency concerns PEACE RIVER REGIONAL DISTRICT   Rural Roads in the North Peace
	<ul> <li>Worker and P</li> <li>District of Tay</li> </ul>	<ul> <li>Industrial cor</li> <li>Limited escap</li> <li>Government</li> </ul>	overall North – roads not bei shift in activit	<ul> <li>Lack of secor</li> <li>Halfway, Doig</li> <li>dependencie</li> </ul>	<ul> <li>Potential pub development</li> </ul>





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# PEACE RIVER REGIONAL DISTRICT

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