



Update to the Liability Management Rating Program for Non-Producers

TO: All Industry Stakeholders

BACKGROUND:

The BC Oil and Gas Commission (Commission) has committed to the development of a framework for a [Liability Management Rating \(LMR\) program](#). The objective of the program is to manage the liability risks of oil and gas activities by ensuring permit holders carry the financial risks of their operations through to regulatory closure.

Until now the LMR program focus under Phase II has been on permit holders with producing assets only. In fall 2012 the next phase of the program will be developed to include non-producing permit holders whose assets are in the form of processing, transportation and/or disposal infrastructure. Further information on the inclusion of non-producers in the LMR program will be available in the coming months.

This LMR program has been developed for use by the Commission for determining required security deposits for permit holders under Section 30 of the Oil and Gas Activities Act, although the program does not address security requirements outlined in Section 23.

REQUIREMENTS:

Interested parties are encouraged to review and familiarize themselves with the current [LMR Program Manual](#). It is anticipated the liability model will be carried over to the next phase, and a revised asset calculation for non-producers will be developed and introduced. Suggestions for a deemed asset calculation framework are welcomed by the Commission.

Permit holders may consider reviewing their inventory lists to confirm accuracy, they can be obtained from the Commission through this [link](#).

Should you have any questions regarding this Industry Bulletin or the program, please contact:

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