

June 14, 2017

Kim Grout, Chief Executive Officer  
Provincial Agricultural Land Commission  
133 – 4940 Canada Way  
Burnaby, BC V5G 4K6

**Re: 2016-17 ALC-OGC Delegation Agreement Annual Activity Report**

Dear Kim Grout

The information presented in this document represents the annual report as required under Section V of the Agricultural Land Commission (ALC) – BC Oil and Gas Commission (OGC) Delegation Agreement (Delegation Agreement) for the fiscal year of 2016-17. Section V requires the OGC to report annually on the following elements:

**1. The area affected by each type of oil and gas activity, ancillary activity, and the total area affected**

Table 1 shows the area of ALR land affected by oil and gas activity by type broken down by activity within crown and private lands. The table also tabulates the total area affected by oil and gas activity for the 2016-17 fiscal year.

Oil and Gas Activity	Area (ha)		Total Area (ha)
	Crown	Private	
Pipelines	51	115	166
Wellsites	5	4	9
Roads	30	8	38
Other (Ancillary)	18	40	58
<b>Total</b>	<b>104</b>	<b>167</b>	<b>271</b>

**Table 1 - The ALR area affected by oil and gas activity type and the total ALR area affected on Crown and private land**

As a comparison, 889 ha of new surface land use (SLU) clearing occurred in the 2016-17 fiscal year. Therefore, oil and gas activities within the ALR area account for 30.5% of the total oil and gas activity within northeast British Columbia for the 2016-17 fiscal year.

## 2. The area affected by oil and gas activities and ancillary activities in each land capability class

The area affected by oil and gas activities in each capability class according to the Land Capability Classification for Agriculture in British Columbia classification system is shown in Table 2.

Agricultural Land Capability	Area (ha)		Total Area (ha)
	Crown	Private	
1	0	0	0
2	3	5	8
3	37	40	77
4	39	69	108
5	20	48	68
6	1	2	3
7	0	1	1
<b>Total</b>	<b>100</b>	<b>165</b>	<b>265</b>

**Table 2 – The ALR area affected by oil and gas activity by agricultural land capability classification on Crown and private land**

The data source used were 1:50,000 agricultural capability maps from the ALC offices; digitized in a geo-database format.

It should be noted that the total area indicated in Table 2, is less than the total area as shown in Table 1. The difference between the totals may be due in part to activities that were located within Class O (organic materials) lands, which is not represented in the above table.

### 3. The area affected by oil and gas activities and ancillary activities by land cover categories

Table 3 shows the area affected by oil and gas activities in four land cover categories, including forest, shrub, bryoid-herb and clearing.

Oil and Gas Activity	Land Cover Categories				Total Area (ha)
	Forest	Shrub	Bryoid-Herb	Clearing	
Pipelines	76	7	77	0	165
Wellsites	6	0	3	0	9
Roads	19	7	12	0	38
Other (Ancillary)	25	2	30	0	57
<b>Total</b>	<b>126</b>	<b>20</b>	<b>123</b>	<b>0</b>	<b>269</b>

Table 3 – The ALR area affected by oil and gas activity by land cover classification

Land cover types representing forested and shrub areas, as well as cultivated/pasture lands from the BC Vegetation Resource Inventory were used for this analysis. Any discrepancy in the area between this table and Table 1 may be due in part to development occurring on land not qualifying for the above noted classifications (i.e., rock).

### 4. The area of private land and crown land developed for oil and gas activities and ancillary activities

Table 1 shows the breakdown of area developed for oil and gas activities on both Crown and private land. Specifically, 104 ha of ALR land was developed for oil and gas activities on Crown land and 167 ha of ALR land was developed for oil and gas activities on private land with the 2016-17 fiscal year.

### 5. Summary of the cumulative footprint of oil and gas activities

The following tables demonstrate the cumulative footprint of oil and gas activities, and ancillary activities in each of the categories and subcategories specified in bullet points 1 to 4 expressed in hectares and as a percentage of

the overall area of ALR Lands in each category and subcategory. Note that the footprint summary does not factor in reclaimed sites/areas. This is a summary of the entire oil and gas footprint on ALR land in northeast BC whether or not some of that area has been reclaimed.

Oil and Gas Activity	Total Area (ha)	Area (ha)		Area (%) <sup>†</sup>		Total Area (%) <sup>†</sup>
		Crown	Private	Crown	Private	
Pipelines	7,867	4,246	3,621	0.32	0.28	0.60
Wellsites	10,171	3,561	6,610	0.28	0.48	0.76
Roads	3,063	2,183	880	0.16	0.07	0.23
Other (Ancillary)	2,439	1,124	1,315	0.08	0.10	0.18
Total	23,540	11,114	12,426	0.84	0.93	1.77
No Surface Land Use <sup>‡</sup>	1,309,763	594,273	715,490	44.57	53.66	98.23
<b>Total</b>	<b>1,333,303</b>	<b>605,387</b>	<b>727,916</b>	<b>45.41</b>	<b>54.59</b>	<b>100</b>

Table 4 – The cumulative ALR area affected by oil and gas activity type on Crown and private land

<sup>†</sup> - Percent area is calculated against Total ALR Area

<sup>‡</sup> - The “No surface land use” category is specific to oil and gas activity. This does not account for other surface land uses.

Agricultural Land Capability	Total Area (ha)	Area Affected (ha)		Total Area Affected (ha)	Total Area Affected (%) <sup>†</sup>
		Crown	Private		
Organic (O)	14,382	61	18	79	0.55
1	440	0	2	2	0.45
2	114,521	60	1,353	1,413	1.23
3	397,130	2,749	3,454	6,203	1.56
4	456,343	4,312	4,336	8,648	1.90
5	304,507	3,652	3,025	6,677	2.19
6	15,841	48	101	149	0.94
7	30,079	230	136	366	1.22
<b>Total</b>	<b>1,333,305</b>	<b>11,112</b>	<b>12,425</b>	<b>23,537</b>	<b>1.77</b>

Table 5 – The cumulative ALR area affected for all oil and gas activity by agricultural land capability classification on Crown and private land

<sup>†</sup> - Total Area is calculated against Total Area of each Agricultural Land Capability class, respectively.

Oil and Gas Activity	Land Cover Categories (ha)						Total Area (ha) Per Activity
	Forest	Shrub	Bryoid-Herb	Clearing	Rock	No Land Class	
Pipelines	4,370	696	2,726	6	0	69	7,867
Wellsites	3,370	823	5,795	153	0	30	10,171
Roads	1,917	313	812	2	0	19	3,063
Other (Ancillary)	1,295	176	921	0	0	45	2,437
Total Area (ha)	10,952	2,008	10,254	161	0	163	23,538
Total SLU (%) <sup>*</sup>	47	8	44	1	0	0.1	100
No SLU <sup>‡</sup>	737,009	84,317	450,139	1,383	34	36,880	1,309,762
<b>Total</b>	<b>747,961</b>	<b>86,325</b>	<b>460,393</b>	<b>1,544</b>	<b>34</b>	<b>37,043</b>	<b>1,333,300</b>

Table 6 – The cumulative ALR area affected by oil and gas activity by land cover classification

<sup>‡</sup> - No surface land use is specific to oil and gas activity. This does not account for other surface land uses.

<sup>\*</sup> - Represents the proportion of total oil and gas footprint located in each land cover category.

## 6. The number of sections where the footprint of oil and gas activities and related activities exceeds 20 ha and the total number of sections within the Identified ALR Lands

The Delegation Agreement identifies oil and gas and ancillary activities that require a decision from the OGC under the ALC Act. Item 2 in Appendix I of the Agreement specifies a section threshold of 20 ha whereby further proposed oil and gas activity on the section would be moved into the decision process.

Please note the following specific to land section information as it relates to the ALR:

- 3,644 sections in the Peace River Block contain ALR land
- 42 of the above sections contain more than 20 ha of oil and gas and ancillary activities.

**7. Information on activities exempted from application for permission for non-farm use pursuant to Part II of this Agreement**

The Delegation Agreement identifies oil and gas and ancillary activities that are exempt from requiring permission for non-farm use provided conditions outlined in Part II of the Agreement have been met. These activities, specified in Appendix I of the Agreement are as follows:

- Item 1 – the combined total area of existing and proposed oil and gas activities and ancillary activities is less than 20 ha.
- Item 3 – pipelines.
- Item 5 – oil and gas facility, camp, sump, borrow pit or water storage site less than 3 ha.

Schedule A's must be submitted for most exempted activities. The number of Schedule A's submitted for exempted activities in the 2016-17 fiscal year is as follows:

<b>Oil and Gas Activity Type</b>	<b>Total</b>
Pipelines	147
Wells	58
Roads	13
Facilities	9
Ancillary Activities	55
<b>Total</b>	<b>282</b>

**Table 6 - Total number of Schedule A reports for activities exempted from application for permission for non-farm use**

Oil and gas and ancillary activities exempted from ALC Act application still require approval from the OGC under oil and gas legislation, however, in most cases, ancillary activities located on private land do not.

**8. The total number of applications for permission for non-farm use received by the OGC, the OGC Commissioner and/or the OGC Deputy Commissioner and the decision made on each application**

The Delegation Agreement identifies oil and gas and ancillary activities that

require a decision from the OGC under the ALC Act. These activities, specified in Appendix I of the Agreement are as follows:

- Item 2 – the combined total area of existing and proposed oil and gas activities and ancillary activities is greater than 20 ha.
- Item 4 – electric powerline that is not immediately adjacent to an access road.
- Item 6 – oil and gas facility, camp, sump, borrow pit or water storage site greater than 3 ha.

The following table summarizes the applications involving a decision by the OGC in the 2016-17 fiscal year:

Summary Activity	Total
Applications Submitted	28
Applications Approved	28
Total Area of Non-farm Use Approved (ha)	158.8
Applications Triggering Item 2 of Appendix I*	19
Applications Triggering Item 4 of Appendix I*	2
Applications Triggering Item 6 of Appendix I*	12

**Table 7 – Summary of applications involving OGC decisions**

**\*The Number of Application triggering individual items in Appendix I exceeds the total because some applications trigger more than one item.**

## **9. The total number of Schedule B reports received by the OGC and the total area identified as reclaimed in those reports**

The OGC requires activity owners to submit a post-reclamation site assessment report as set out in Schedule B of the Delegation Agreement for the following situations:

- when ALR land is no longer required for an oil and gas activity; and
- within a maximum of 24 months post pipeline installation.

Table 9 shows the Schedule B Reports received by the OGC in the 2016-17 fiscal year, as well as the total area reclaimed as described in those reports.

<b>Oil and Gas Activity Type</b>	<b>Number of Schedule Bs Submitted</b>	<b>Total Area Reclaimed (ha)*</b>
Pipelines	62	282.3
Wells	16	22.7
<b>Total</b>	<b>78</b>	<b>305.0</b>

**Table 8 – The total number of Schedule B reports received by the OGC and the total area identified as reclaimed in those reports**

**\*The total area reclaimed is an estimate based on the best available information at the time of this report**

The Commission is responsible for evaluating and recording the Schedule B Reports:

- within 24 months after completion of pipeline construction, and
- for other oil and gas and ancillary activities, upon decommissioning of the site upon cessation of the original activity

#### **10. Total number of inspections, investigations and enforcement actions conducted by the OGC pursuant to Part V of the Delegation Agreement**

As authorized under section 56(1) of the ALC Act, the OGC will conduct inspections and undertake investigative activities accordingly. Further, section 52(1) of the ALC Act provides authority to issue enforcement orders. The number of inspections, investigations and enforcements are shown in Table 10.

<b>Type</b>	<b>Total</b>
Inspections	1,976
Investigations	2
Enforcement Actions	2

**Table 9 - Total number of inspections and investigations conducted by the OGC**

Details of the investigations and enforcement actions are described in the following section.



## **11. Summary of individual investigations and enforcement actions**

As a result of the two (2) investigations, the OGC's Compliance and Enforcement (C&E) group issued one (1) warning (Investigation #1) and one (1) order (Investigation #2) during the 2016-17 fiscal year.

### Investigation #1:

a. Activity owner contact information:

N.R (Noel) Millions, PSL  
Manager, Surface Land (BC)  
Encana Northern Operations  
t 403.645.2728  
c 403.650.8715  
f 403.699.2902

b. Land owner contact information:

Encana Corporation (see contact details above)

c. Location of the oil and gas activity or ancillary activity:

Encana Facility Site 03-07-081-17 W6M  
Temporary Workspace

d. Description of the issue or concern:

Unauthorized Non-Farm Use Self-Declaration. Encana submitted a Self-Disclosure stating they had removed subsoil from the temporary workspace and used it as fill material at another location without authorization.

e. Resolution of the issue or concern.

At the date of this report, the file has been closed and Encana has been issued a warning letter for contravention of ALC Act Sections 20(1) and 20(2) specific to the site activities (i.e., subsoil excavation and removal from location) at the Encana Facility Site 03-07-081-17 W6M.

## Investigation #2:

a. Activity owner contact information:

Dwayne Werle  
Surface Landman (BC)  
Canadian Natural Resources Limited (Fort St John)  
t 250.785.3085  
f 250.828.3750

b. Land owner contact information:

Various land owners

c. Location of the oil and gas activity or ancillary activity:

Various pipeline locations

d. Description of the issue or concern:

This order was in response to actions in contravention of Section 50 of the ALC Act whereby the activity owner failed to meet the requisites of Schedule B. Specifically, the activity owner has failed to submit Schedule B reports within the appropriate timeframe (i.e., pipelines installed for greater than 24 months) or the report submitted was not to the satisfaction of the OGC.

e. Resolution of the issue or concern.

The order issued indicated that the activity owner was required to complete a work plan for remaining assessments and/or reclamation works no later than June 2, 2017. The plan would include:

- reclamation strategies in accordance with Schedule A recommendations (where available) and/or the requirements set out in Schedule B of the Delegation Agreement; and
- a time frame for completion of the reclamation works.

Further, the order requires the submission of a Schedule B report to the satisfaction of the OGC no later than December 31, 2017 of the calendar year following completion of the reclamation work.

Please contact me should you have any questions about this report.

Sincerely,

**Ben Rauscher,**  
Environmental Specialist  
BC Oil and Gas Commission  
[Ben.Rauscher@BCOGC.ca](mailto:Ben.Rauscher@BCOGC.ca)