

Quarterly Annual Compliance Plan Summary



First Quarter 2021/22 (April-June)



PURPOSE

This report provides a description of the BC Oil and Gas Commission's (Commission) approach to compliance management oversight and annual compliance planning.

A summary of activities carried out under the Commission's Annual Compliance Plan for fiscal year 2021/22 and progress towards achievement of associated targets is provided.

About the

BC OIL AND GAS COMMISSION

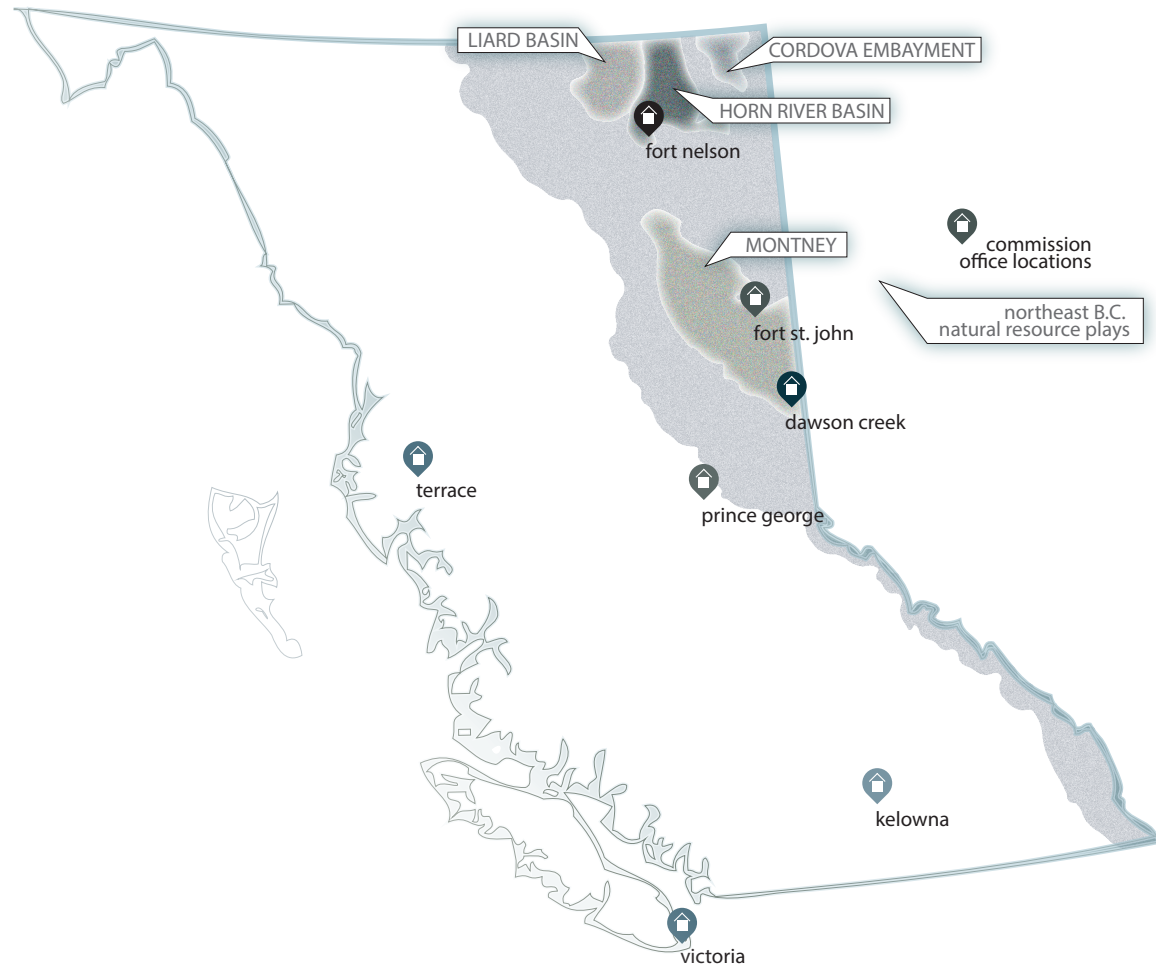
The [BC Oil and Gas Commission](#) protects public safety and safeguards the environment through the sound regulation of oil, gas and geothermal activities in B.C.

From exploration through to final reclamation, we work closely with communities, First Nations, and land owners, and confirm industry compliance with provincial legislation.

We are committed to advancing reconciliation and establishing close working relationships with Indigenous peoples throughout the energy life cycle.

With more than 20 years' dedicated service, the Commission is committed to safe and responsible energy resource management for British Columbia.

For general information about the Commission, please visit bcogc.ca or phone 250-794-5200.



COMPLIANCE MANAGEMENT AND OVERSIGHT

The Oil and Gas Activities Act provides the Commission's mandate to regulate oil and gas activities in B.C. A comprehensive regulatory framework governing oil and gas operations has been developed by the Province and the Commission. The assessment of compliance within that framework is a critical element in fulfilling the Commission's mandate.

The Commission's Compliance Management System (CMS) includes the principles, roles, responsibilities, requirements, and methodologies - established in a Compliance Management Policy - through which the Commission assures compliance of oil and gas activities with the regulatory framework.

Operation and continuous improvement of the Commission's CMS is led by a Compliance Steering Committee, consisting of senior leadership from several operational and technical business units and is led by the Commission's Chief Operating Officer.

Compliance Principles

All compliance management processes under the Commission's CMS are designed, planned, carried out and evaluated in accordance with the following principles:

- **Fair:** Compliance activities afford all affected parties a fair process and compliance decisions are made by objective, competent decision-makers.
- **Defensible:** Compliance activities and supporting intelligence are accurate and support activities undertaken by the Commission.
- **Predictable:** Enforcement outcomes from compliance activities are fair and predictable under clearly understood conditions.
- **Risk-informed:** Compliance management processes are informed by risk, ensuring resources are used to the maximum effect.
- **Responsive:** All identified potential situations of non-compliance are examined and non-compliances are met with appropriate action and tracked until corrected.
- **Collaborative:** Business areas work together, share information and engage stakeholders, to ensure the CMS achieves performance expectations.
- **Adaptive:** Knowledge gained from compliance management processes, independent third-party observations and other sources will be used to systematically improve the CMS through a continuous improvement process.



Compliance Verification Activities

The Commission carries out several activities and business processes every year to assess whether or not regulatory requirements have been met by oil and gas permit holders. These activities include, but are not limited to, audits, inspections, administrative monitoring, as well as permit holder self-assessments. Annual Compliance Plan (ACP) documents include annual plans for audits and inspections, the results of which may inform adjustments or improvements to other verification processes.

- **Audit:** An independent, systematic and documented process to obtain and evaluate evidence to determine the extent to which audit criteria are fulfilled.
- **Inspection:** An on-site, compliance verification activity or process that involves the methodical examination and assessment of regulated activities or operations against requirements. May occur at any time during the life of a project.
- **Administrative Compliance Monitoring:** An office-based compliance verification procedure which may include any activity to track or assess compliance associated with operational submissions that must be provided to the Commission, including data, notices, reports or any other information required. Some administrative monitoring mechanisms may consist of or be aided by automated tools to identify alleged non-compliances, such as reports.
- **Permit holder self-assessment:** A compliance verification method carried out by permit holders, which uses a standardized approach pre-defined or sanctioned by the Commission to assess and/or report on compliance with a requirement.



ANNUAL COMPLIANCE PLAN DEVELOPMENT

The Annual Compliance Plan establishes the Commission's priorities and targets for inspections and audits for the coming fiscal year. The annual plan consists of an inspection plan and an audit plan, along with measurable targets against which quarterly and annual reporting can be carried out.

The Annual Compliance Plan is created using a cyclical Plan-Do-Check-Act process for continuous improvement.

Plan: Key inputs into the ACP are inspection selection and planning criteria and methodologies, audit planning schedules, results from previous ACP implementations, corporate-level risk registers and other strategic drivers.

Do: Includes the implementation of the annual inspection and audit plans.

Check: Includes quarterly and annual reporting related to the progress of plan implementation, identification of any key trends, and any recommended actions. This may also incorporate operational data and trends from the various compliance verification process carried out at the business unit level.

Act: Involves responding to information obtained from the check phase – both quarterly and annually – to enhance performance to expectations. Some actions identified may be executed immediately upon observation, or as part of improvements prioritized within the next year's ACP.

ACP Component: Annual Inspection Plan

The Annual Inspection Plan identifies target or benchmark numbers of inspections to be completed from each inspection selection stream. Targets are established for selection streams where inspections are pre-planned. Benchmarks have been established for selection streams that are triggered by operational events, external requests, etc. Overall, the Commission completes in excess of 4,500 inspections annually.

The Commission's inspection selection and planning methodology is made up of

several selection streams based on several risk-based and operational drivers.

- **Data and Risk-Informed:** This stream selects inspections based on site characteristics, observed compliance trends and associated risk.
- **Event-Driven:** This stream selects inspections after operational events at oil and gas sites (notice of construction, pressure test, Leave To Open notices, etc.).
- **Responsive:** These include inspections requested by a business area within

the Commission or by an external party. This stream provides responsiveness to specific stakeholder interests or concerns, and identification of potentially emergent compliance trends.

- **Officer Selected:** These inspections are selected by officers based on an evaluation of inspection frequency, inspection coverage within an area, local knowledge and response to seasonal access into remote areas. As these inspections are often conducted alongside other planned inspections, they positively influence inspection efficiency by rounding out daily activities in a particular area.

Natural Resource Aboriginal Liaison Program

The Natural Resource Aboriginal Liaison Program (ALP), currently in its fifth year, is a partnership between Indigenous communities, the Commission and other natural resource agencies. The Commission inspection staff provide training, mentoring and joint inspections to liaisons who determine involvement levels while supporting community land priorities and values. Liaisons are provided technical training in numerous resource industry areas and bring that knowledge, along with the information they gain from their fieldwork, back to their communities. The Commission is committed to full participation in the ALP, supporting liaison involvement in monitoring oil and gas activities and ensuring participants are supported through funding from the BC Oil and Gas Research and Innovation Society (OGRIS).



ACP Component: Annual Audit Plan

The Commission performs audits to assess the effectiveness of permit holders' program areas in accordance with specified audit criteria. Auditing is used to assess compliance with requirements, which are outside the scope of routine inspections and involves verifying adherence to specific criteria derived from requirements or regulations and looks at the overall method by which a risk is managed. Audits may also be broad-based, assessing industry trends or effectiveness of existing regulation.

The focus is on the processes and procedures used to meet specified criteria or requirements, and the overall effectiveness. The scale and scope of individual audits is based on the size and nature of the auditee as well as on the nature, functionality, complexity and the aspect of the area or system to be audited. This includes audits of single, multiple or integrated management system(s) or program areas conducted either separately or in combination.

ACP MONITORING AND RESULTS

The Commission tracks progress towards completion of planned activities in the ACP through preparation and review of quarterly and annual reports. These reports are reviewed by business unit leaders and all members of the Compliance Steering Committee.

After the completion of an ACP cycle, the Commission reviews and analyzes audit and inspection results to identify trends or findings that may inform changes to criteria used in planning future ACP activities.



TABLE 1: COMPLIANCE VERIFICATION PROGRAM AREA GOALS & PERFORMANCE TARGETS

| Audit Program | Number of Audits Planned | Q1 | Q2 | Q3 | Q4 |
|--|--------------------------|--------------|--------|--------|--------|
| | Target | Status | Status | Status | Status |
| Certificate of Restoration (COR) Audit Program | 15* | In Progress | | | |
| Dam Audit Program | 1 | Not Started | | | |
| Emergency Management Competencies Training | 2 | Under Review | | | |
| Environmental (Spills and Mitigations) | 2 | In Progress | | | |
| Facilities Integrity Management Program | 16 | In Progress | | | |
| Heritage Conservation Audit Program | 10 | In Progress | | | |
| Pipeline Integrity Management Program | 15 | In Progress | | | |
| Water Management and Licencing (ERA) | 1 | In Progress | | | |

*The number of audits to be completed under the Certificate of Restoration (COR) Audit Program has been reduced from 17 to 15.

| Audit Status | Description |
|--------------|---|
| Cancelled | Audit program has been cancelled |
| Completed | Audit program objectives are complete (does not include corrective actions phase) |
| In Progress | Audit program has been initiated and is on track |
| Not Started | Audit program is planned but not yet initiated |
| Under Review | Audit program is experiencing delays, resource constraints or other challenges |

TABLE 2: QUARTERLY INSPECTION PROGRAM AREA PERFORMANCE

| | | | | Annual Compliance Plan Implementation Vs Targets and Benchmarks | | | | | | | |
|---------------------------------|--------------------|---------------------------|------------------------------|---|----------------------------------|------------------|----------------------------------|------------------|----------------------------------|------------------|----------------------------------|
| | | | | Q1 Reporting | | Q2 Reporting | | Q3 Reporting | | Q4 Reporting | |
| Inspection Program | Target / Benchmark | Annual Target / Benchmark | Quarterly Target / Benchmark | Number Completed | +/- Quarterly Target / Benchmark | Number Completed | +/- Quarterly Target / Benchmark | Number Completed | +/- Quarterly Target / Benchmark | Number Completed | +/- Quarterly Target / Benchmark |
| Data & Risk Informed | Target | 2,800 | 700 | 1,079 | 379 | | | | | | |
| Event Driven | Benchmark | 50 | 13 | 3 | (10) | | | | | | |
| Officer Selected | Benchmark | 1,500 | 375 | 376 | 1 | | | | | | |
| Responsive | Benchmark | 100 | 25 | 6 | (19) | | | | | | |
| Quarterly Inspection Summary | | - | 1,113 | 1,464 | 352 | | | | | | |
| Year-to-Date Inspection Summary | | 4,450 | - | 1,464 | (2,986) | | | | | | |

| Data & Risk Informed | Q1 Reporting | | Q2 Reporting | | Q3 Reporting | | Q4 Reporting | | Year-to-Date Summary | |
|---|--------------|------------|--------------|--|--------------|--|--------------|--|----------------------|----------|
| Cumulative Year-to-Date Summary | 1,079 | | | | | | | | | |
| Annual Inspection Planning Target: greater than 90% completion of assigned inspections | 154% | Successful | | | | | | | 33% | On Track |
| Target of greater than 60% of the annual inspection plan will be data and risk informed | 74% | Successful | | | | | | | 64% | On Track |

The Data & Risk Informed inspection plan is developed with a surplus of candidate inspection sites to address the variable nature of seasonal access in the northeast. As a result, the inspection selection stream may deliver more than 100 per cent on annual inspection planning targets. Additionally, planned inspections may be added during a cycle increasing the number completed.



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For specific questions or enquiries
regarding this data, please contact:
OGC.Communications@bcogc.ca