



October 25, 2006

INFORMATION LETTER #OGC 06-14

SUBJECT: Certificate of Restoration Application Process

The Oil and Gas Commission (Commission) is revising the Certificate of Restoration application process to better align the Commission's legislated duties and responsibilities under the regulatory framework of the *Environmental Management Act*. The revised process furthers the transition toward professional reliance to address the issues of remediation and reclamation of a site when applying for a Certificate of Restoration (CoR).

Under the *Environmental Management Act* (EMA) and the *Contaminated Sites Regulation* (CSR), the Commission is expected to make a decision regarding each site profile that is submitted along with an application for a Certificate of Restoration regarding a well, test hole, or production facility location. On sites where the Commission has reason to suspect that operations or activities may have resulted in contamination, the Commission, under Section 7 of the CSR, has the authority to require or order a Preliminary Site Investigation (PSI). Once the Commission has required that a PSI be completed, in accordance with Section 84.1 of the *Petroleum and Natural Gas Act*, the Commission will not issue a CoR until the operator obtains one of the CSR notices or instruments of release listed in Sections 84.1 (2)(c) to 84.1 (2)(g) of that Act.

Effective immediately, the application for a CoR will be comprised of a two-part process. In Part I, the operator will have a professional or technologist provide details of the operating history of the site, along with details of any investigative or remedial activities that have been performed and then use this information to evaluate the existing potential for contamination at the site. In Part II, the operator will have a professional provide a detailed report to evaluate the adequacy of surface reclamation.

The application for a Certificate of Restoration - Part I is to be submitted within 24 months of abandoning a wellsite or decommissioning a production facility. Surface reclamation of the site should typically not commence until after the operator has submitted the Part I application along with the accompanying Site Profile [as required under the *Environmental Management Act* Section 40 (3)], and received a decision in writing from the Commission as to whether a Preliminary Site Investigation will be required or not.

If a PSI is not required, the operator should commence surface reclamation activities without undue delay. Upon submission of a completed Certificate of Restoration – Part II application and an acceptable reclamation inspection report from a Qualified Reclamation Specialist, the operator will be issued a CoR for the site.

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If a PSI is required, the operator needs to obtain one of the notices or instruments of release listed in Sections 84.1 (2)(c) to 84.1 (2)(g) of the *Petroleum and Natural Gas Act* (i.e. Determination, Certificate of Compliance, NSR release). After one of these notices or instruments is received, the operator may submit a Certificate of Restoration – Part II application to the Commission.

The new application form for a Certificate of Restoration – Part I has been substantially expanded and will direct operators to provide detailed information about operations and activities that have occurred at the site. The Commission will consider this information during the decision making process with respect to ordering further investigation under the CSR.

It is expected that operators will avail themselves of the opportunity to pro-actively evaluate their sites for contamination in accordance with applicable technical guidance from the Ministry of Environment (MoE) regarding site investigation, and, if necessary, use the existing provisions of the Environmental Management Act such as independent remediation to resolve any potential contamination issues at the site prior to the submission of the Part I application. The adequacy of such remedial activities will be evaluated by the Commission as part of the application for a Certificate of Restoration.

Steps to Apply for a Certificate of Restoration:

1. The operator completes the application for a Certificate of Restoration – Part I, and corresponding Site Profile.
2. Once the application for a Certificate of Restoration – Part I is determined to be complete, the Commission will evaluate the application and the Site Profile and respond in writing to the operator with a decision respecting the need for a Preliminary Site Investigation.
3. If a PSI is not required, the operator should commence surface reclamation activities and when reclamation is complete submit an application for Certificate of Restoration – Part II along with a reclamation inspection report, prepared by a Qualified Reclamation Specialist, identifying that the site meets all relevant reclamation criteria.
4. If a PSI is required, then the operator needs to conduct the investigation as directed under the CSR and perform any remedial work, if any is necessary, to obtain one of the notices or instruments of release detailed in the Petroleum and Natural Gas Act Section 84.1. Once an appropriate instrument has been received from the MoE indicating that there are no concerns with contamination on site, the operator should commence surface reclamation. When reclamation is complete, an application for Certificate of Restoration – Part II along with a reclamation inspection report prepared by a Qualified Reclamation Specialist is to be provided to the Commission, along with a copy of the notice or instrument issued by the MoE.

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5. Upon receipt of a completed CoR Part II application and acceptable reclamation inspection report, the Commission will issue a CoR.

The application for a Certificate of Restoration – Part I involves the submission of detailed knowledge regarding operations and activities that occurred at the well, test hole, or facility location. The person submitting this application will be an applied scientist, or technologist who:

- (a) Is registered as a member in good standing with a recognized professional or technologist organization, which operates under an Act of the British Columbia legislature, who is subject to the organization's Code of Ethics and is subject to disciplinary action by that organization;
- (b) Possesses an appropriate combination of formal education, knowledge, skills and experience to conduct a technically sound and rational environmental site assessment;
- (c) Is familiar with applicable federal, provincial and municipal legislation, regulation, policies, protocols and guidelines used to evaluate the presence of contamination on a property; and
- (d) Is familiar with upstream oil and gas operations and understands how to identify potential sources or areas of contamination from review of well files, tower sheets, and drilling information;

A final reclamation inspection report is to be submitted with the application for Certificate of Restoration – Part II application. This report will have been prepared under the supervision of a Qualified Reclamation Specialist who will verify that the surface has been reclaimed in a manner that meets current regulatory criteria.

For the purposes of this Information Letter a 'Qualified Reclamation Specialist' means an applied scientist, or technologist, who

- (a) Is registered as a member in good standing with a recognized professional or technologist organization, which operates under an Act of the British Columbia legislature, who is subject to the organization's Code of Ethics and is subject to disciplinary action by that organization,
- (b) Possesses an appropriate combination of formal education, knowledge, skills and experience to conduct a technically sound and rational assessment of surface reclamation;
- (c) Is familiar with applicable provincial regulation, policies, protocols and guidelines pertaining to the reclamation of upstream oil and gas sites.

The onus is on the operator to ensure that they employ individuals with the appropriate credentials to prepare both their applications for a Certificate of Restoration and their reclamation inspection reports. As it sees fit, the Commission may conduct audits of sites, records and reports pertaining to applications for Certificates of Restoration and reclamation inspection reports and take actions as deemed appropriate to ensure regulatory compliance.

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Over the past year, the Commission has reviewed its backlog applications for Certificate of Restoration and returned any applications where a PSI was required to the responsible operator. In order to obtain a CoR for one of these sites, the operator will, in accordance with the regulation, receive one of the notices or instruments from the Ministry of Environment prior to submitting a completed Part II application to the Commission. The remaining sites in backlog are awaiting final inspection of surface reclamation by the Commission. If an operator chooses, they may submit a final reclamation inspection report from a Qualified Reclamation Specialist to expedite the issuance of a CoR instead of waiting for the Commission to inspect the site.

Effective immediately operators must submit an application for Certificate of Restoration – Part I be to the Commission within 24 months of well abandonment. For those wells abandoned prior to the release of this information letter, an application for Certificate of Restoration – Part I are to be submitted to the Commission as soon as possible.

Information Letter 05-06 is hereby revoked.

For further clarification and/or information, please contact:

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Original signed by

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