



2006/07
BUSINESS PLAN
May 2006

BRITISH COLUMBIA
OIL AND GAS
COMMISSION

Message from the Leadership Team

We are pleased to present the Oil and Gas Commission's Corporate Business Plan for 2006/07. The plan is meant to compliment the service plan by laying out corporate and branch priorities for the coming months.

The Leadership Team recognizes that ensuring staff can respond to shifting demands is crucial to meeting service plan objectives and public expectations about safety and accountability in oil and gas operations in the province. With that in mind we identified the following corporate priorities for 2006-07.

- Increasing attraction and retention,
- Implementing new information technology systems,
- Increasing organizational competency,
- Developing a performance management framework, and
- Mitigating risk.

These corporate priorities will strengthen the structural foundation of the Commission and enhance each Branch's ability to deliver on its own business plan.

We believe that delivering on these new priorities will ensure that the Commission can continue to make a lasting contribution to oil and gas activity in the province, in a way that is efficient and effective, builds strong relationships with stakeholders, and is accountable to the public.

We believe that this Corporate Plan and the accompanying Branch Plans outline a future filled with great potential for the Commission and recommend the plan to all those with an interest in oil and gas regulation and the process of capacity building.

On Behalf of the Leadership Team:

A handwritten signature in blue ink, appearing to read "Ross Curtis".

Ross Curtis,
Commissioner

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SECTION 1
**OIL AND GAS COMMISSION
CORPORATE ENVIRONMENT
& STRATEGIC DIRECTION**



Section 1

The Oil and Gas Commission



The Oil and Gas Commission (OGC or Commission) was created in 1998 with the enactment of the *Oil and Gas Commission Act*. The OGC has regulatory responsibility for oil and gas industry activity from exploration and development through to facilities operation and decommissioning.

The Commission is charged with balancing a broad range of environmental, economic and social considerations. Among its more specific objectives are public safety, protection of the environment, and conservation of petroleum resources. These objectives are achieved through the core activities of assessing applications for oil and gas activities, ensuring industry compliance with the legislative, regulatory and policy environment established by government, and actively consulting with First Nations on applications and operations. The Commission's core business is carried out through the work of dedicated staff and through partnerships with First Nations, the public, and industry, to ensure the highest levels of service and safety are attained. The Commission is funded totally through fees and levies applied to industry.

The OGC has a particular duty to consult with First Nations, while also engaging a broader range of stakeholders. The stakeholder community includes local and regional governments, landowners, environmental organizations, community groups and others.

The Commission Board and staff are guided by the following goals and objectives laid out in the Oil and Gas Commission [2006/07 – 2008/09 Service Plan](#):

- Improved public safety, protection of the environment, and conservation of petroleum resources.
- Timely and informed decisions based upon the input we receive.
- Strengthened relationships with stakeholders, First Nations and clients.
- Modernized legislative and regulatory framework.
- Personal-best performance environment for employees.
- Financially self-sustaining organization.

In the same way that the Service Plan provides direction about the OGC's core business, the organization's vision, mission, values and key success factors guide the internal operating environment. The combination of these factors sets the framework for Corporate and Branch business plans that describe the individual actions that Commission staff will undertake to fulfill the OGC mandate over the coming months.

Mission, Vision, Core Values, Key Success Factors

MISSION

"Regulating Oil and Gas Activity through fair, consistent, responsible and transparent stakeholder engagement; for the benefit of British Columbians and by balancing environmental, economic, and social outcomes."

VISION

"To be the innovative regulatory leader, respected by stakeholders, First Nations and clients."

CORE VALUES

Our Core Values are:

- "We are truthful and do our duty above all else in the performance of our responsibilities.
- We continually strive to strengthen relationships with our stakeholders, First Nations, clients, and co-workers by being open and demonstrating integrity.
- We are accountable through our service plan.
- We are flexible, innovative, and proactive.
- We are socially and environmentally responsible.
- We will measure our performance and strive for excellence.
- We embrace change that enables personal and organizational growth.
- We promote a positive and rewarding work environment."

Our Key Success Factors are:

- "Upholding our core values
- Understanding and focusing on core services
- Building and sustaining competence within the organization
- Anticipating and responding to short- and medium-term demands for the services of the organization
- Staying close to communities, clients, and stakeholders
- Recognizing barriers and developing initiatives to close performance gaps
- Aligning and focusing organizational energy on achieving performance targets
- Continuously improving business processes and technological support".



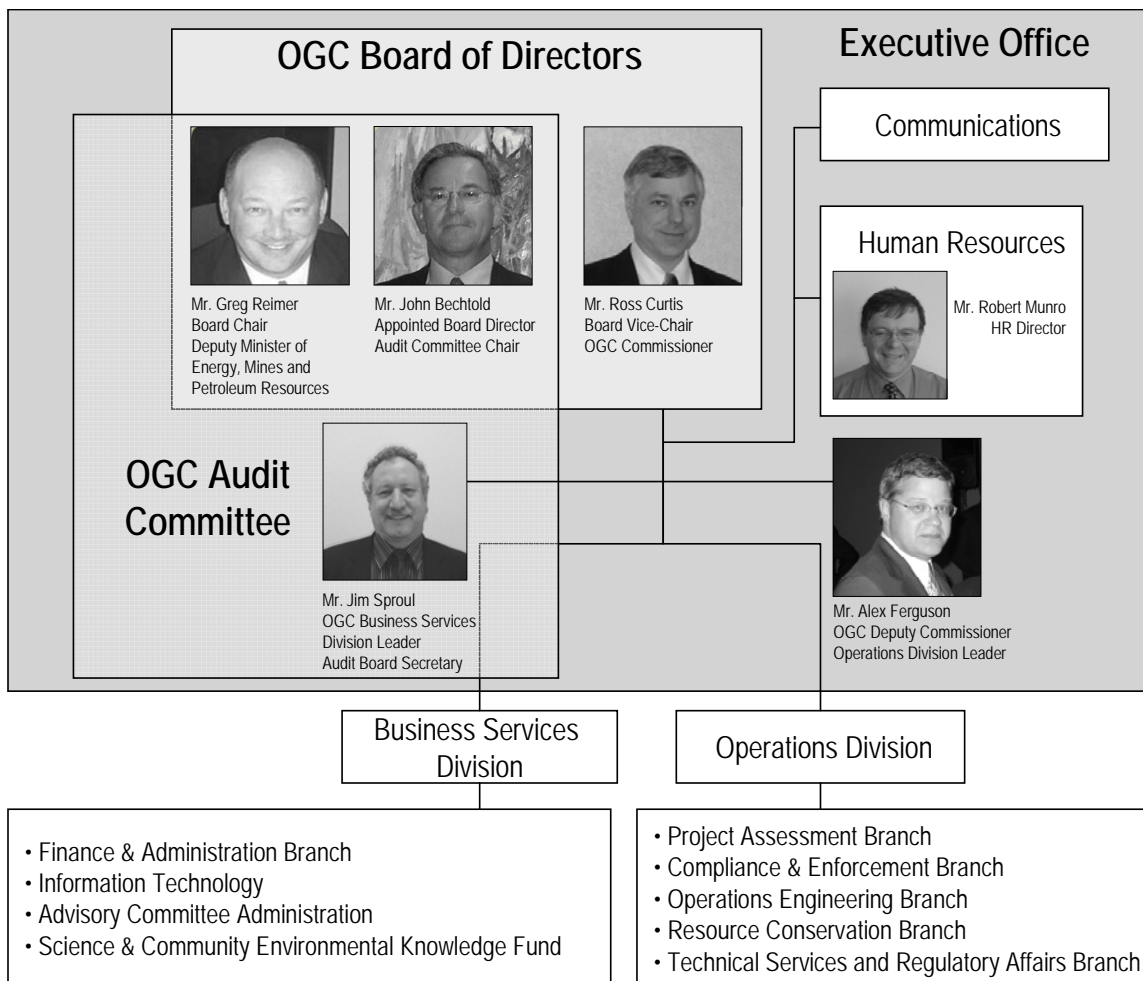
Services Provided by the OGC

The OGC is focused on providing three core services:

1. *Assessing applications* for oil and gas activities, and issuing approvals when appropriate;
2. *Ensuring industry compliance* with legislative, regulatory and permit-specific requirements, in part through inspections and other monitoring and enforcement activities; and
3. *Actively consulting* with First Nations on applications and operations.

Commission Management Board Structure

A three-member board of directors provides strategic direction to the OGC, and ensures that appropriate plans, programs and capacities exist to achieve the organization's goals. The Board approves budgets, targets and service plans. It has responsibility for ensuring the accurate reporting of the OGC's financial position, and adherence to appropriate policies and procedures in this regard.

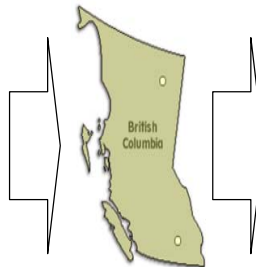


Operating Environment

The OGC is the lead Provincial regulatory agency within a dynamic and rapidly expanding industry sector. It has a broad and diverse client base, and its core services impact upon issues and initiatives in which there is often a high degree of stakeholder and public interest. The energy sector is also an important focal point in terms of economic strategy and broader government policy.

Accordingly, there are a variety of key strategic pressures – capacity issues, risks and opportunities – that have a significant bearing on the organization’s plans and performance.

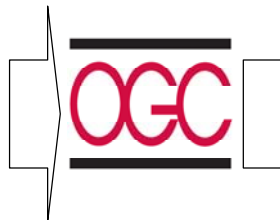
Pressure: *Keeping pace with industry growth* – Oil and gas is one of BC’s leading growth industries. Oil and gas drilling activities reached a record level in 2004, and there was a 45% increase in the number of people directly employed by oil and gas activities between 2001 and 2003. At the same time the industry is increasing its activity outside the northeast, and considering exploitation of non-conventional reserves.



OGC Response:

- Expanded OGC presence/ capacities outside northeast BC
- Regionalized operating structure
- Targeted capacity enhancements (e.g. complex applications, application audits)
- Improved operating procedures documentation
- Process and system upgrades (e.g. e-commerce)
- Enhanced focus on efficient use of financial resources

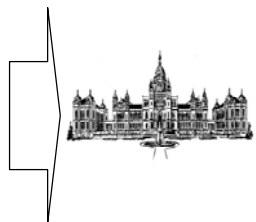
Pressure: *Recruitment and retention* – The oil and gas sector is booming across Canada, creating a highly competitive employment market. The OGC is in direct competition with industry employers who pay substantially higher compensation. The OGC’s location presents additional recruitment challenges. Recruitment and retention success is a vital contributor to organizational capacity, and underscores the importance of effective human resources strategies.



OGC Response:

- OGC will propose that it greatly improves staffing flexibility by dropping application of PSA and PSLRA
- Work environment enhancements through benefits, training and engagement
- Enhanced focus on employee development, training and career planning.

Pressure: *Modernize/refine legislative and regulatory framework* – Opportunities exist to broaden the OGC’s regulatory mandate, and move towards a true single-window approach. A broader range of regulatory issues can also be effectively addressed through risk-managed and results-based approaches, rather than through prescriptive ones.



OGC Response:

- Collaborative work with Ministry and industry on Oil and Gas Regulatory Improvement Initiative (OGRII)
- Business and process reviews and improved documentation, to ensure OGRII readiness and alignment
- Development of “wise management” practices
- Continuously improve inter-agency coordination

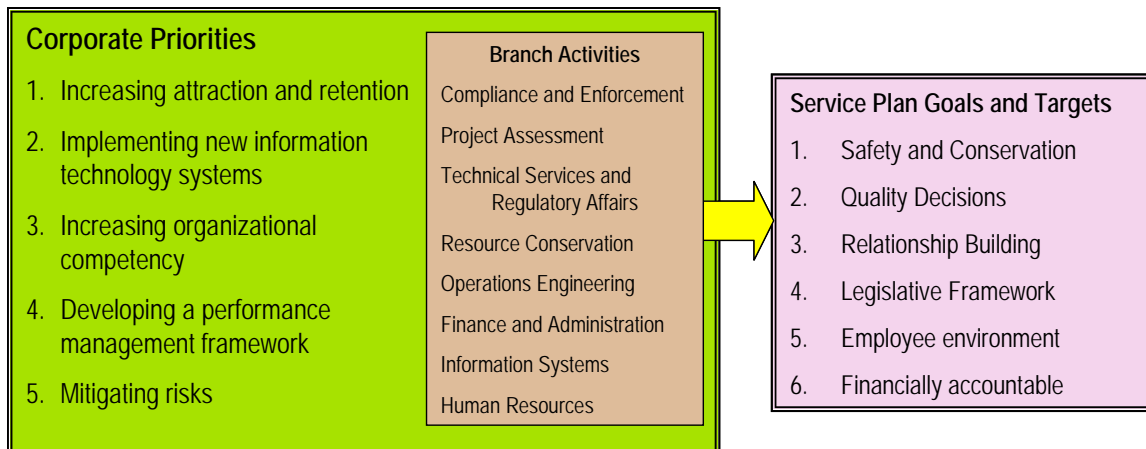
Corporate Priorities and Planning Framework

In reviewing the strategic environment and needs of the Commission, the Board of Directors and the Commission Leadership Team identified five corporate priorities for 2006/07 that they believe are critical to improving performance and service to stakeholders. They are:

1. Increasing attraction and retention
2. Implementing new information technology systems
3. Increasing organizational competency
4. Developing a performance management framework
5. Mitigating risks

Corporate priorities one, two and three help ensure the OGC has adequate resources to remain effective and that Commission practices can evolve and match the pace of change. Priorities four and five expand on the role of ensuring the needs of the community and industry are being met.

The following diagram illustrates the interrelationship between the Service Plan, Corporate priorities and Branch business plans.



The Corporate Plan forms a key element within the Commission's planning framework. Service Plan targets are met through the activities of the day to day operations laid out in Branch business plans. These are in turn supported by corporate strategies that directly influence the quality of service the organization is able to provide to its stakeholders.

The six Service Plan goals – and associated objectives, strategies and performance measures will continue to guide organizational and Branch activities over the next year. Results against targets will be reported in the annual report.

1. Increasing Attraction and Retention

Currently, the OGC is facing severe staffing challenges which are directly impacting the ability of Branches to fulfill their mandates and taking away from the overall performance of the Commission. The annual voluntary turnover in excess of 20 per cent is adversely affecting all aspects of the Commission's operations, including the timeliness and quality of service the Commission provides in reviewing applications, conducting inspections and managing reservoirs.

Over the last two years the volume of applications for industry activity processed by the OGC has increased by 40 per cent. At the same time the OGC's ability to react quickly and respond to that growth is constrained by the Public Service Act (PSA) and the Public Service Labour Relations Act (PSLRA) as they apply to the Commission. These Acts require the Commission to conform to policies and procedures that are designed to ensure consistency across government. As a result the OGC must abide by government classification systems, pay government wages and benefits, and follow government's recruiting processes. All this, while competing for staff in an industry that is facing a world-wide shortage driven by high commodity prices, growing production and changing demographics. The result is that the OGC cannot compete as personnel are hired away by private sector companies who can offer higher wages and additional benefits such as housing allowances, bonuses and share options.

The inability of the Commission to offer competitive remuneration combined with increased industry activity make it increasingly difficult for the Commission to ensure adequate protection of the public and the environment and meet industry and community expectations.

The corporate response to these challenges is to seek an exit from the PSA and the PSLRA to enable innovative, sector-specific collective agreements with its respective unions. There is a strong consensus that escaping the complex constraints designed for consistency and comparability among government ministries will provide better access to the worldwide employee pool and enhance all branch activities, as employee remuneration, training and development can be planned in a new light, with a focus on long-term career development and corporate growth.

Budget Context

- \$1.5 million has been allocated to this priority.

Timelines and Deliverables:

- Spring 2006 – Pursue legislative changes
- Spring/Summer 2006 – Negotiate new innovative collective agreements
- Fall/Winter 2006 – Implement new regime

2. Implementing New Information Technology (IT) Systems

The Commission's current IT systems significantly constrain its ability to implement operational changes in response to increasing growth, statutory changes, and government-led initiatives.

The OGC's current IT systems are cumbersome and largely record events that occur in the paper flow. As a result, there is a great deal of low value-added activity which relies on people ensuring that each and every transaction is completed and documented. In addition, because of the uniqueness of some of the Commission's IT systems, materially changing a business processes requires engaging high cost professional and technical personnel whose availability is limited. There is consensus that without a change in direction, IT will be a limiting factor on both the pace and extent of change.

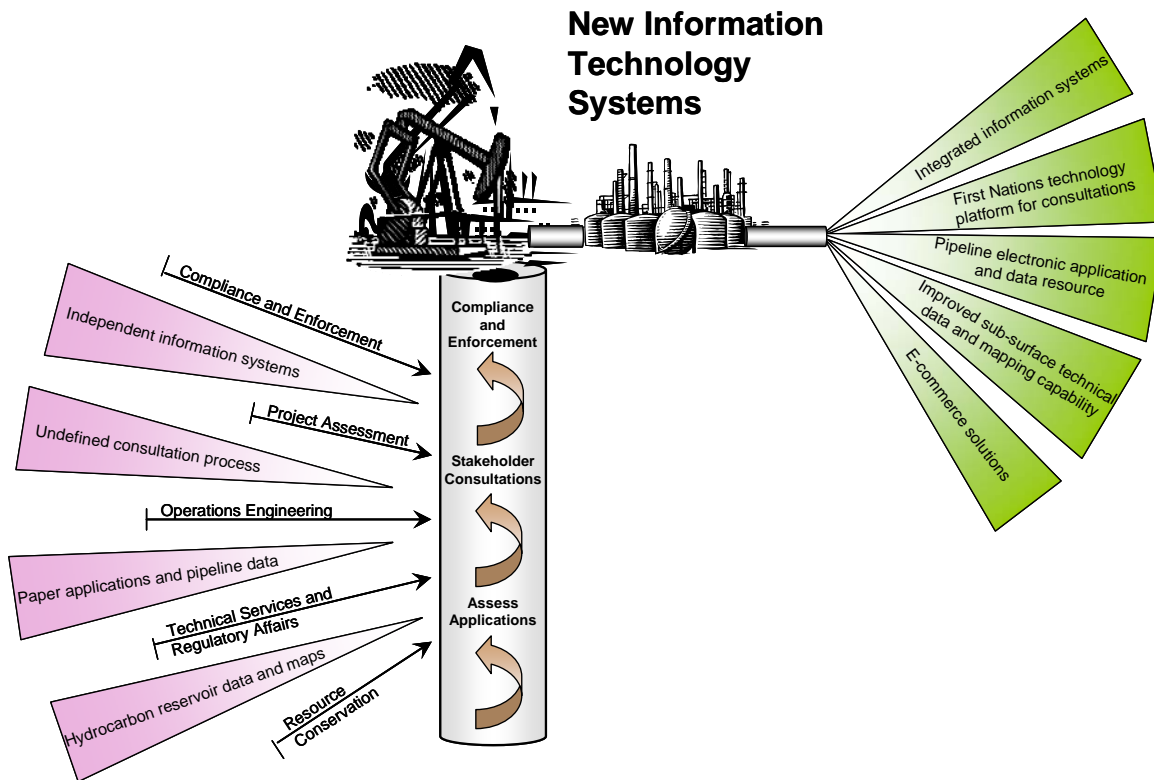
In response to these challenges the OGC is undertaking an IT migration project to move the OGC from a primarily paper-based system to a digitally-based system. The new system will automate routine work and data handling, improve data integrity and reporting capabilities, reduce cycle time for reviews and approvals by up to 10 to 15 per cent. An improved IT system will also be essential to support the business reengineering initiatives envisioned with regionalization and the implementation of the Oil and Gas Regulatory Improvement Initiative (OGRII). All of these actions will improve the ability of individual Branches to fulfill their mandates in a timely manner, and improve the quality of service experienced by stakeholders.

Budget Context

- \$425,000 was spent in 2005/06 on defining this project and selecting a company to implement it.
- \$1,425,000 is budgeted for 2006/07 and the expected expenditures going forward are:
 - \$710,000 for 2007/08
 - \$730,000 for 2008/09
 - \$250,000 for 2009/10

Timelines and Deliverables:

- Phase 1 – Pipelines Business Processes
 - November 2005-January 2006 – Planning/Analysis
 - February 2006-October 2006 – Implementation
- Phase 2 – Wells and Geophysical Business Processes
 - November 2006-January 2007 – Planning/Analysis
 - February 2007-August 2007 – Implementation
- Phase 3 – Additional Functionality
 - September 2007-December 2007 – Planning/Analysis
 - January 2008-July 2008 – Implementation



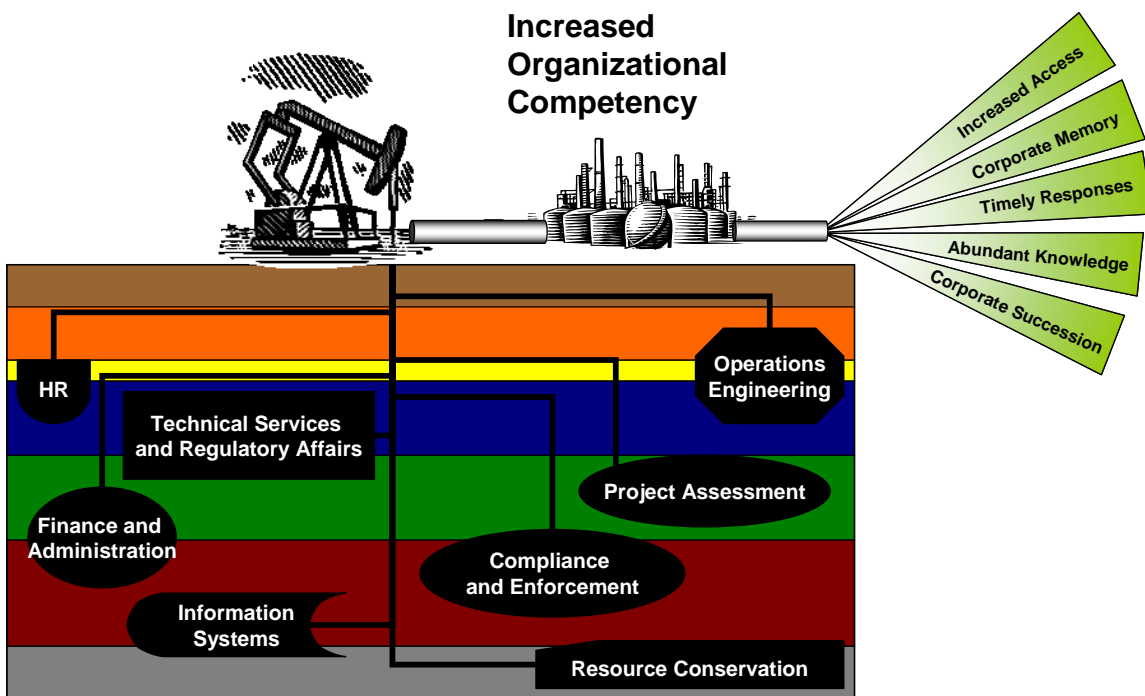
3. Increasing Organizational Competency

Increased industry activity and chronic understaffing has often meant that training and professional development has not been pursued to the fullest. The result is that staff may have put off pursuing learning opportunities to enhance their personal productivity, and little headway has been made on corporately focused initiatives such as cross training or learning and implementing new systems or approaches to work. While the OGC has managed to fulfill its mandate under these current circumstances it is recognized that this situation is not sustainable over the long run as work volumes increase. It is recognized that in order to keep pace with this constantly evolving industry, the Commission will have to invest more resources to increase organizational competency through the implementation of new management techniques, infrastructure development and individual employee development.

The OGC's corporate response is to implement a focused effort to increase training of OGC employees, including cross training, to raise technical competency, hiring and/or growing management expertise in critical areas, and improving internal communication. Increasing individual competencies will improve moral, reduce turn-over, increase productivity and ensure the highest quality of service for all OGC stakeholders. Cross-training will help ensure the organization has surge capacity for the busy months and reduce the impacts of staff turnover.

Hiring and developing management capacity in critical areas such as human resources and external relations will allow the OGC to effectively implement changes and help support its social license to regulate. Improved communications will help align employees around corporate goals, facilitate problem solving and issues management activities. All of these activities will increase the overall competency of the organization, and provide tangible benefits to stakeholders including more accessible operations with greater capacity, flexibility and efficiency.

In order to address these challenges, the OGC will build an integrated training plan for the agency, focusing on technical and leadership skills development. A foundation management program for OGC managers will further enhance leadership capacity and ensure appropriate core skills are in place, and a coaching and mentoring program for OGC staff will enhance individual development and increase cross training in the organization.



Budget Context:

- \$550,000 has been budgeted for this priority in 2006/07

Timelines and Deliverables:

- Develop organizational training plan – ongoing throughout 2006/07
 - Implement mini-pilot – 4th quarter 2006/07
 - Implement full plan – 2007/08
- Design and implement Leadership Development Program – 3rd quarter 2006/07
- Design and implement Coaching and Mentorship Program – 3rd quarter 2006/07
- Design and implement Foundation Management Program – April 2006

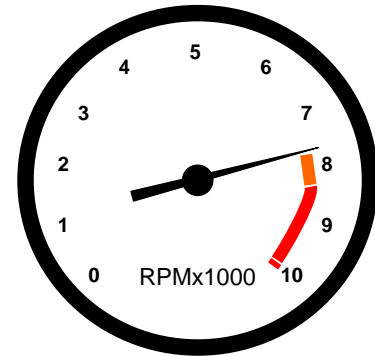
4. Developing a Performance Management Framework

Currently, performance is measured through the achievement of Service Plan targets, the results of the Auditor General's annual audits, and through internal audits carried out at the direction of the Board's Audit Committee. At the personnel level performance is monitored through Employee Performance and Development Plans (EPDP's) and day to day feedback from managers. While these measures meet legislative and policy requirements of government they do not provide a comprehensive performance framework that clearly links planning, financing and performance in a way that clarifies the links from the corporate to the individual level.

The Canadian Association of Petroleum Producers (CAPP) has also expressed a wish to see performance measures and benchmarks developed for the OGC whereby they can better understand the link between the fees and levies provided to finance the OGC and its operational outputs and outcomes.

In response, OGC Leadership with the support of the Board, and the participation of principal stakeholders will develop and implement a performance management framework over the coming year. It is envisioned that the framework will focus on outputs, clearly define the links between outcomes and outputs, measure the Commission's performance in relation to the quality, quantity, and timeliness of outputs and provide full cost information for those outputs.

The Board and Leadership believe developing and implementing such a framework will provide the tools necessary to effectively monitor, evaluate and improve performance in the delivery on the OGC's mandate and at the same time meet the needs of industry. Meaningful measurements of corporate and individual performance against accepted benchmarks will also be critical to ensuring efforts to increase competencies are realized and organizational changes envisioned in regionalization and the implementation of OGR11 are efficient and effective.



OGC Performance Gauge

Budget Context:

- This initiative will be funded up to \$75,000 from corporate resources.

Timelines and Deliverables:

- Consolidate research and formulate options for benchmarks and metrics – April-July 2006
- Work with CAPP to form recommendations – May-September 2006
- Present recommendations to the Board for consideration – October 2006
- With Board approval, implement measures – November 2006 – going forward

5. Mitigating Risk

The Commission's current activities are by their very nature about limiting risk to the public, the environment and the resource base. This is accomplished through the application of legislation and regulation by the Compliance and Enforcement Branch to existing facilities and ongoing activities, by the Project Assessment Branch in the review of new applications, by the Operations and Engineering Branch in the assessment of technical requirements, by the Resource Conservation Branch through their review of energy reserves, through the Regulatory and Technical Affairs Branch through their regulation of pool management strategies and through the Business Services division in the administration of financial affairs. While the OGC has a strong record and solid reputation as a regulator, it is always looking to improve.



The Board and Leadership of the Commission believes continuous attention needs to be applied to this priority, particularly as existing physical assets in the field are ageing, industry is adding new operational facilities, and interactions between people and the oil and gas industry occur more frequently. It is from that perspective that the Board and Commission Leadership have committed to review the OGC's key processes.

Mitigating risk involves identifying situations where conformity with guidelines and the regulatory requirements established by government to protect the environment, human health and safety are required. It is also about limiting financial liability. Several management tools are used to secure compliance with regulatory requirements. They include ensuring staff have tested, comprehensive processes and procedures to follow, high quality data to identify and track activity and assets, and ensuring that high risk elements are attended to first. Mitigating risk underscores the purpose of the OGC.

Budget Context:

- \$200,000 is allocated for this initiative in 2006/07. Additional funding will be provided as necessary.

Timelines and Deliverables:

- Review identification of key processes – Summer 2006/07
- Review risk based inspection system – Summer 2006
- Review pipeline data integrity – Summer 2006/07
- Review remaining processes – Ongoing

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SECTION 2
OIL AND GAS COMMISSION
BRANCH BUSINESS PLANS
AND ACTIVITIES



Section 2

Branch Business Plan 2006 – 2007

These business plans outline the Business Areas, Structure, Stakeholders, 2006/07 Priorities, Activities to meet Service Plan Objectives, Measures of Success and Financial Commitments for the Oil and Gas Commission.

Overview of Allocation of Resources in the OGC

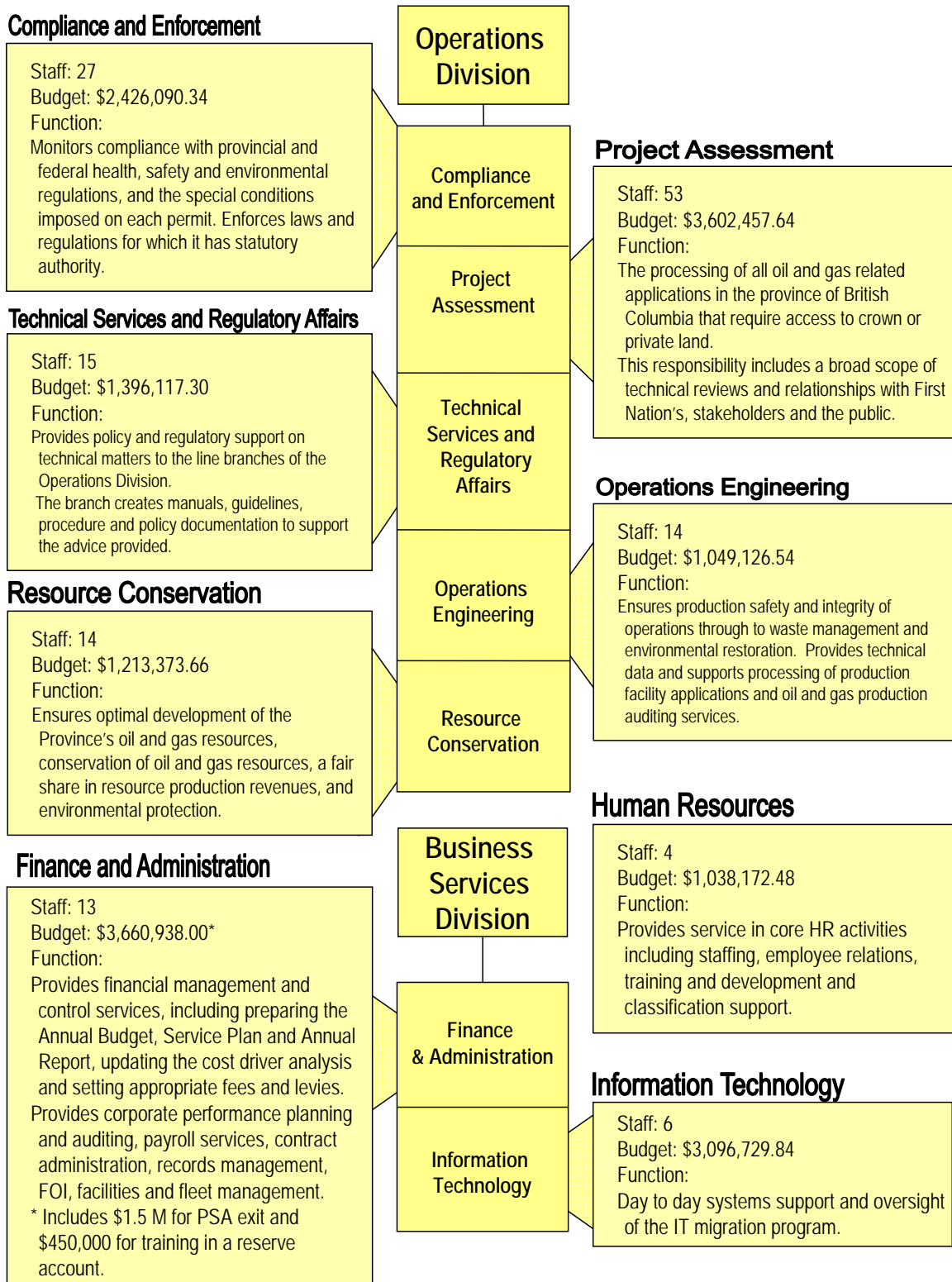
	Branch	Staff	Budget
I.	Compliance and Enforcement Branch (C&E)	27	\$2,426,090.34
II.	Project Assessment Branch (PA)	53	\$3,602,457.64
III.	Technical Services and Regulatory Affairs (TSRA)	15	\$1,396,117.30
IV.	Operations Engineering (OE)	14	\$1,049,126.54
V.	Resource Conservation (RC)	14	\$1,213,373.66
VI.	Finance and Administration (F&A)	13	\$3,660,938.00 ¹
VII.	Information Technology (IT)	6	\$3,096,729.84
VIII.	Human Resources (HR)	4	\$1,038,172.48

Each branch of the OGC created a business plan for the upcoming year for their operations at the request of executive management. The result is a diverse array of the activities and priorities and needs of the branches. As these plans have been produced by the branches, they are reflective of the different functions, needs and directions of each particular department.

A summary of how the branches and divisions will reach the service plan goals follows in chapter format.

¹ Includes \$1.95 million for PSA exit and training in a reserve account.

Division and Branch Structure and Function



Major Priorities of Divisions and Branches for 2006/07

Operations Division

I. Compliance and Enforcement

- Implement risk-based inspections.
- Train new staff.
- Respond to all public complaints and industry reports in a timely manner.
- Conduct 2550 inspections.

II. Project Assessment

- Implement new Operations and Public Involvement manuals.
- Implement electronic pipeline application and workflow processes.
- Strengthen relationships with the First Nation communities.

III. Technical Services and Regulatory Affairs

- Revise and issue operational and First Nations consultation manuals.
- Develop enterprise risk treatments and pipeline integrity requirements.
- Develop MOUs with 8 FN groups.
- Draft policy for Cumulative Impact Management and a common Resource Road Act.
- Participate in Oil and gas regulatory improvement initiative (OGRII).

IV. Operations Engineering

- Process permits and applications.
- Manage production facility applications, 'production auditing', and waste management/certificate of restoration functions.
- Support results-based processes.

V. Resource Conservation

- Render decisions on Engineering and Geology applications.
- Develop Flaring reduction guidelines.

- Implement Deep Basin Commingling Guidelines and system changes.
- Publish maps and engineering scheme outlines.

Business Services Division

VI. Finance and Administration

- Prepare Annual Budget, Annual Report and Service Plan.
- Complete audits.
- Update the cost driver analysis and revise fee and levy structure.
- Upgrade financial system.
- Develop fleet and facilities plans.
- Write job manuals for staff.
- Records Management Project.
- Re-write business policies.

VII. Information Technology

- Integrate OGC spatial data digitally.
- Tenure tracking upgrades.
- Complete pipeline migration to IRIS.
- Roll risk assessment tracking into IT.
- Upgrade Oracle database server.
- Maintain IRIS.
- Upgrade workstations.
- Add GIS application server.

Corporate

VIII. Human Resources

- Exit PSA and PSLRA and sign off new labour relations agreements.
- Reduce turnover to 8% per annum.
- Develop training, leadership development, and foundation management programs.
- Establish a new compensation philosophy, model, and plan.

Branch Plan Activities Meet Service Plan Goals

Branch plan activities below are based on a number of assumptions, including industry activity levels, financial and human resources, and government priorities. Changes in these elements may impact on individual Branches' abilities to meet these targets and timelines.

Service Plan Goal	1. Improved public safety, protection of the environment, and conservation of petroleum resources	
Branch	Activity	Timeline
C&E	Develop a risk-based inspection system and a framework for risk-based inspections. Conduct 2550 inspections industry inspections. Respond to public complaints within 24 hours and ensure all complainants are notified of the results. Respond to industry reports of events/incidents. Respond to pipeline breaks of > 5 cubic meters. Finalize MoU and Operating Procedures with Conservation Officer Service. Develop an Enforcement Manual. Develop a training program for enforcement officer recruits. Investigate 100% of enforcement concerns referred by other agencies. Respond to 100% of possible enforcement concerns forwarded by inspectors. Develop enhanced enforcement abilities in all inspectors. Attend ten company Emergency Response Plan (ERP) exercises. Attend 12 drilling ERP meetings. Conduct one OGC wide Emergency Management Plan (EMP) exercise. Review the EMP manual annually and update as appropriate. Hold six EMP meetings per year. Provide two weeks hands-on field training to each new inspector. Respond to all requests for assistance and advice from inspectors within two days of requests. Report weekly on C&E activities as an informational service to OGC staff. Report monthly on C&E statistics by the 5th of the following month.	Consultation ongoing By 4 th Q 2006/07 Ongoing Ongoing Ongoing By 4 th Q 2006/07 By 4 th Q 2006/07 By 4 th Q 2006/07 Ongoing By 3 rd Q 2006/07 By 4 th Q 2006/07 By 4 th Q 2006/07 By 4 th Q 2006/07 By 4 th Q 2006/07 By 4 th Q 2006/07 Ongoing Ongoing Ongoing
PA	Establish an audit process for routine application reviews with TSRA and C&E. Participate in the development of Best Management Practices (BMPs). Participate in the development of new legislation (OGR11) and the supporting regulation review. Involve technical staff in multi-agency and municipality initiatives. Participate with TSRA and First Nations in archaeological audit development process. Participate in the "setting up" of new oil and gas companies in the province, and assist in the annual financial review of these companies to manage risk. Participate in audit development and audit exercises. Improve PAB and C&E communication over the life of complex, non-routine applications.	Sept 1, 2006 Ongoing Ongoing Ongoing Sept 1, 2006 Ongoing Ongoing Ongoing

Service Plan Goal 1 continued

TSRA	Bring Operations Manuals, Revised Pipeline and Facilities Operations Manual, Examiners Operations, Geophysical and Wells operational manuals into use.	2 nd Q 2006/07
	Develop enterprise risk treatments for priority risks.	3 rd Q 2006/07
	Resource management plans, operational policy papers, information and capacity building meetings with First Nations.	Ongoing
	Peace Moberly Tract implementation and monitoring.	3 rd Q 2006/07
	Pipeline integrity requirements identified for OGC staff and other clients and policy in place.	4 th Q 2006/07
	Assistance to other branches regarding complex applications and referrals.	Ongoing
	Provide input and guidance to the plan table regarding the Tenaka Access Management Plan.	3 rd Q 2006/07
	Develop issue plan for the Peace Moberly Tract.	2 nd Q 2006/07
	Draft policy prepared to address Cumulative Impact Management.	4 th Q 2006/07
OE	Provide professional engineering and technical services for OGC applications associated with drilling, production, production facilities and waste management.	Ongoing
	Monitor industry works in progress for operational integrity, gather and provide data for publishing, assess risk and follow up with 'production audits'.	Ongoing
	Process applications for Certificates of Restoration for abandoned well sites.	Ongoing
	Support review and approval programs dealing with Emergency Response Plans, Emergency Management Plans, high-risk applications and other issues.	Ongoing
	Engage industry operators to "inventory" all their open pits as part of "healing the land" initiative.	
	Industry Action Plans Due OGC Status Report Due	May 31, 2006 Nov. 30 2006
RC	Perform 350 hydrocarbon reserve evaluations (for both existing and new reservoirs).	4 th Q 2006/07
	Publish the Annual Hydrocarbon and By-Products Reserves Report.	Summer 2006
	Conduct 750 geological evaluations.	4 th Q 2006/07
	Spatially define oil and gas resources.	Ongoing
	Evaluate engineering applications.	Ongoing
	Develop and implement Flaring Reduction Guidelines.	
	Issue ITQ	April 2006
	Draft Guideline Developed for comments	December 2006
	Finalize guidelines	March 2007
	Issue and enforce Daily Production Allowables.	Ongoing
Convert 75 per cent of all pools in mapping database to digital form.	March 2007	
Ensure BC has the best geological / technical data to foster future development and exploration activity.	Ongoing	
Enforce report submissions from industry.	Ongoing	
IT	Implement new service delivery model to clients.	Summer 2006
	Implement IT Migration Phase 1 – Pipelines Business Processes.	November 2006
	Implement risk-assessment technology for C&E Branch.	Summer 2006

Service Plan Goal	2. Timely and informed decisions based upon the input we receive	
Branch	Activity	Timeline
	Clean up internal information databases and servers.	Ongoing
	Integrate OGC spatial data.	Ongoing
	Complete updates to tenure tracking software.	Ongoing
PA	Review and develop new General Development Permit Process (GDP).	July 1, 2006
	Improve the application form designs and client / client representative education.	Spring 2006
	Assist in the Pipeline and Facilities electronic application submission process.	Implement: Sep. 1 2006
	Participate with TSRA in developing and implementing a new Road Application Process manual.	Complete: June 1, 2006 Implement: July 1, 2006
	Participate in the finalization of the Pipeline Operations Manuals.	Implement: June 1, 2006
	Establish and document clear process and timeline protocols for the First Nation consultation process.	July 1, 2006
	Complete a process review of the Examiner / Tenures Unit.	August 1, 2006
	Develop timeline reporting for applications.	By 4 th Q 2006/07
	Provide internal (OGC staff) and external (clients) training on Petroleum and Natural Gas Rights.	Sept 1, 2006
	Review and refine guidelines and posted information to be consistent with the new processes/manuals/regulation.	Sept 1, 2006
	Refine the phase planning process for coal-bed gas.	By 4 th Q 2006/07
RC	Improve workflows and business processes.	Ongoing
	Provide technical detail to accommodate improved commingling practices.	Operational by June 2006
IT	Develop, maintain and improve the Commission corporate business applications.	Ongoing

Service Plan Goal	3. Strengthened relationships with stakeholders, First Nations and clients	
Branch	Activity	Timeline
C&E	Organize and attend 5 community awareness meetings. Respond to public and industry requests for assistance/advice within 2 working days of receipt of request or enquiry. Organize in conjunction with PAB, a C&E workshop with each First Nation band in Northeastern British Columbia. Attend 1 workshop with each of the 9 First Nations groups in Northeastern British Columbia. Conduct regulatory seminars for 5 companies. Attend 3 industry conferences to make presentations on C&E activities. Develop First Nation liaison procedures.	By 4 th Q 2006/07 Ongoing By 4 th Q 2006/07 By 4 th Q 2006/07 By 4 th Q 2006/07 By 4 th Q 2006/07 By 4 th Q 2006/07
PA	Complete and implement new Public Involvement / Alternative Dispute Resolution Guideline. Lead two-way workshops / sessions with First Nation Chief, Council, and Land Use Office staff within and outside of Treaty 8. Participate in social functions with First Nation Land Use Staff and leadership. Lead workshops and open houses in various regions outside of Northeastern British Columbia.	Implement: Sept, 2006 Training: Concurrently By 4 th Q 2006/07 Ongoing Ongoing
TSRA	First Nation Consultation Manual issued and in use. Work with the Ministry of Energy Mines and Petroleum Resources (MEMPR) in developing new Memoranda of Understanding (MOU) and a new Economic Benefits Agreement (EBA) with the Treaty Eight First Nations	Ongoing By 4 th Q 2006/07
OE	Maximize the "One Window" approach in handling waste management matters. Conduct ongoing process reviews to allow improvements in efficiency and gains in capacity.	Ongoing Ongoing
RC	Educate industry clients through informal company / OGC presentation sessions in Calgary. Provide technical advice to MEMPR, and the Ministry of Small Business and Revenue (MSBR). Conduct meetings with industry clients in Victoria to review activities and provide advice. Continue relationship with Rapid Technology Corporation to ensure publication of well data. Guide clients to OGC web data downloads. Produce ad hoc reports.	By 4 th Q 2006/07 Ongoing Ongoing Ongoing
IT	Restructure and refresh OGC website. Consult with stakeholders on IT interface.	Complete by 3 rd Q 2006 Complete 1 st Q 2006/07

Service Plan Goal	4. Modernize legislative and regulatory framework	
Branch	Activity	Timeline
PA	Implement an MOU with the Department of Fisheries and Oceans (DFO). Meetings with other government agencies. Ongoing analysis to identify gaps in permitting authority.	Fall 2006 Ongoing Ongoing
TSRA	Resource Road Act ready for drafting. New road application in place. Develop Best Management Practices. Ensure audit protocols are in place for archaeology. Ensure audit processes are in place for routine applications. Develop procedures for administration of the orphan wells legislation. Return administration of drilling deposits to the OGC from MEMPR with required procedures being developed. Ad hoc review and revision of regulations and legislation in response to needs identified by operations branches. Regulation and policy revision drafts prepared for discussion meetings. Oil and Gas Regulatory Improvement Initiative (OGRII) – revise regulations to support the ‘one act’ legislation.	3 rd Q 2006/07 4 th Q 2006/07 1 st Q 2006/07 3 rd Q 2006/07 4 th Q 2006/07 2 nd Q 2006/07 2 nd Q 2006/07 4 th Q 2006/07 Ongoing Ongoing
RC	Develop action plan regarding opportunities for “streamlining” current application processes. Participate in the development of new legislation (OGRII) and the supporting regulation review.	July 2006 Ongoing

Service Plan Goal	5. Personal-best performance environment for employees	
Branch	Activity	Timeline
HR	<p>Review HR service delivery through all labour agreements and generate options for new structure.</p> <p>Negotiate new labour relations agreements with Professional Employees Association (PEA) and British Columbia Government and Service Employees' Union (BCGEU).</p> <p>Develop baseline metric for staffing to baseline streamlining initiatives from and monitor turnover rates.</p> <p>Implement performance management calendar for the OGC.</p> <p>Build integrated organizational training program.</p> <p>Develop a management training program.</p> <p>Develop a coaching and mentorship program.</p> <p>Complete performance management evaluations for all staff.</p> <p>Complete a 360 feedback program for 10% of staff (top salaried).</p> <p>Develop new compensation structure for the OGC.</p> <p>Implement compensation adjustments within budget.</p> <p>Develop daycare a service proposal for the OGC.</p>	<p>Fall of 2006</p> <p>4-6 months after PSA and PSLRA exit</p> <p>After PSA and PSLRA exit</p> <p>By 4th Q 2006/07</p> <p>Up to 3rd Q 2006/07</p> <p>3rd Q 2006/07</p> <p>3rd Q 2006/07</p> <p>By end of 2006/07 fiscal</p> <p>By end of 2006/07 fiscal</p> <p>By 4th Q 2006/07</p> <p>After PSA and PSLRA exit</p> <p>Fall 2006</p>
IT	<p>Develop IT system to support performance-based management initiative.</p>	<p>Dependent on OGR11 outcomes with MEMPR</p>
C&E	<p>New inspectors to receive three weeks classroom training, two weeks additional basic training and two months supervised field training.</p> <p>Existing staff to receive one week of up-grading re-certification of required safety courses, receive two weeks of personal development training and are financially supported on up-grading or certification.</p> <p>Technical Advisor attends a minimum of 3 conferences annually, provides input and advice at "standards" meetings at least once per year and makes presentations at 2 industry conferences on C&E activities in their area of expertise.</p> <p>Managers receive one week re-certification of safety requirements; three weeks leadership training and new managers receive three weeks classroom training through Northern Lights Community College (NLCC) inspector's course and additional basic field training.</p>	<p>By 4th Q 2006/07</p> <p>By 4th Q 2006/07</p> <p>By 4th Q 2006/07</p> <p>By 4th Q 2006/07</p>
PA	<p>Train Land and Habitat Resource Officers with Environment Canada and DFO.</p> <p>Develop a training plan for new staff including a basic orientation and a refresher for current staff.</p> <p>Develop an internal mentoring / exposure plan.</p> <p>Develop a training needs summary of all the positions within the Branch.</p> <p>Implement a plan to enhance internal Branch, and cross-Branch communication.</p> <p>Conduct purposeful employee reviews with a training and development focus.</p> <p>Enhanced plan to increase recognition of staff.</p> <p>Staff to attend conferences related to their field of expertise or association.</p>	<p>Starting Fall 2006</p> <p>July 1, 2006</p> <p>Jan 31, 2007</p> <p>Complete: June 1, 2006 Implement: May 1, 2006</p> <p>4th Q 2006/07</p> <p>July 1, 2006</p> <p>4th Q 2006/07</p>

Service Plan Goal	6. Financially self-sustaining organization	
Branch	Activity	Timeline
F&A	Upgrade Financial System. Implement Internal Audit Recommendations. Fleet and Facilities Plan. Write Job Manuals for F&A Staff. Records Management Project. Update the Cost Driver Analysis. Write Updated F&A Policies. Assess Office Supplies Model. Conclude performance benchmarking project.	Assessment: Apr 1 to May 30 Upgrade: Sept 1 to Dec 31 April 1 to Sept 30, 2006 April 1 to Sept 30, 2006 By Mar 31, 2007 Assessment: Apr 1 to May 30, 2006 Implement: Jun 1 to Mar 31 2007 By Mar 31, 2007 By Mar 31, 2007 Apr 1 to Jun 30, 2006 By Mar 31 2007
IT	Ensure that fees are collected for processing applications	Ongoing
PA	Ensure the accurate submission of fees related to applications.	Ongoing
RC	Conduct employee reviews with a training and development focus. Develop and distribute client survey to establish Resource Conservation service satisfaction baseline. Develop training plan for new staff. Work with Human Resources (HR) to develop appropriate professional and certified technologist equivalencies within job classifications.	4 th Q 2006/07 Summer 2006. Sept 2006 Jan 2007

I. Branch Plan – Compliance and Enforcement

Branch Overview

The Oil and Gas Commission's (OGC or Commission) Compliance and Enforcement (C&E) Branch has a vital duty to ensure safety in oil and gas exploration, development, and pipelines. The C&E Branch monitors compliance with provincial and federal health, safety and environmental regulations, and the special conditions imposed on each permit, and enforces those laws and regulations for which it has statutory authority.

Philosophy

The C&E Branch philosophy is driven by the OGC's vision statement, mission statement and core values.

The OGC believes that compliance is the responsibility of the oil and gas industry, and expects that all industry players will understand its requirements, and have an infrastructure in place to ensure compliance occurs. At the same time, the OGC believes that, on occasion, enforcement of the regulations will also be required to ensure compliance.

The OGC is committed to working with industry and the public to ensure that fair, workable, and enforceable regulations are in place.

The following outlines the OGC's enforcement approach designed to ensure that each company accepts its responsibility for compliance:

Compliance and Enforcement Vision

The OGC believes that enforcement is one part of a total program of effective regulation, designed to achieve an oil and gas industry that understands, respects, and meets or exceeds regulations and standards, often through the implementation of self-imposed guidelines.

Compliance and Enforcement Principles

- All enforcement actions for non-compliance are timely, transparent, effective, and appropriate for the severity of the situation.
- Any repeated or similar non-compliance may result in escalating enforcement consequences.
- Any non-compliance, which poses immediate and severe threat to workers, the public, or the environment, will be dealt with on a timely basis in an effective manner.

Clients

The C&E Branch client list covers nearly all those who have contact with the OGC. Clients include:

- Landowners
- Rural and urban residents
- Industry
- First Nations
- Local, provincial and federal governments
- Other regulatory, compliance and enforcement bodies and agencies
- Non-Government Organizations
- Media

Branch Make-up

• Inspectors

The C&E Branch is divided into four regional areas of responsibility, each region having a regional compliance manager and a number of compliance inspectors. The regions and numbers of compliance inspectors in each region are as follows:

- North (3)
- Central East (6)
- Central West (6)
- South (2)

Compliance inspectors are responsible for conducting compliance inspections on geophysical programs, road and lease construction, drilling and servicing rigs, producing and suspended wells, production facilities and pipelines. They also investigate public reported complaints and respond to industry reported events to ensure that public safety concerns and environmental issues are addressed.

• Enforcement

The enforcement section is Provincial in scope and presently has two positions, a manager of enforcement and a senior enforcement officer. The senior enforcement officer position is presently vacant. The enforcement section is responsible for investigating non-compliances of a serious nature or situations where there appears to be a disregard for the laws of British Columbia.

• Landowner Liaison

The Landowner Liaison Inspector's role is to work with both landowners and industry in helping them understand the legal aspects of oil and gas activities on matters relating to rights and terms of entry on private, agriculture reserve and lease lands. The Landowner Liaison Inspector also ensures that oil and gas activities are conducted in accordance with regulations, standards and wise management practices to minimize impacts on landowners. The inspector has the legal authority to order remedial work or shut down non-conforming activities.

• **Emergency Response Plan Review and Safety Officer**

The Emergency Response and Safety section is responsible for evaluating and approving a company's emergency preparedness plans for sweet or sour facilities, pipelines and processing plants.

An oil and gas company operating in British Columbia is required to submit an Emergency Response Plan (ERP) to the Emergency Response and Safety section of the OGC. ERP's include items such as:

- o Maps showing dwellings, public structures, roads, and railways;
- o Company contact information, identifying roles and responsibilities;
- o Event responder safety; and
- o Employee emergency response team procedures and training.

The safety officer serves as a liaison between other emergency agencies such as the local RCMP, municipal emergency agencies, and other stakeholder groups.

The emergency response and safety officer is an advisory role to the public regarding sour gas emissions, flaring, odor, or other public safety concerns. The officer works with industry to ensure compliance with regulatory requirements. If there are any further concerns regarding a company's ERP following an inspection, the emergency response and safety officer will be contacted to:

- o Ensure an ERP is in place;
- o Review regulatory requirements with regards to ERP's;
- o Ensure adequate emergency exercises are carried out; and
- o Develop a system for reporting the functionality of the ERP exercise.

• **Technical Advisors**

Within the C&E branch there is a technical advisor with expertise in drilling and service rig operation. He has extensive industry background in his field and provides expert advice to inspectors, enforcement staff, other OGC Branches, the general public and to industry.

Service Plan Commitments

The OGC Service Plan outlines a number of Goals, Activities, Strategies and Responsibilities to which the OGC is committed. In support of achieving those objectives the C&E Branch will commit to the following:

Goal 1:

We will continue to improve public safety, protection of the environment and conservation of petroleum resources.

PLANNED ACTIVITIES / Service Plan Goal 1 - Activity
Inspections
1. Develop a risk-based inspection system and a framework for risk-based inspections.
2. Provide guidance and assistance for implementation of the IT migration program as it relates to

C&E.
3. Conduct 2550 inspections industry inspections during the 2006/07 Business Plan cycle ensuring that all aspects of inspection are covered including: <ul style="list-style-type: none"> o Site Inspections o Geophysical Inspections o Drilling and Service Rig Inspections o Operator suspended well inspections o Follow-up to ensure deficiencies are addressed as responded to by companies
4. Respond to public complaints within 24 hours and ensure all complainants are notified of the results.
5. Respond to industry reports of events/incidents. <ul style="list-style-type: none"> Level 1 – Attend 10% to confirm details and classification Level 2 – Attend 20% to confirm details and classification Level 3 – Attend all level 3 events/incidents
6. Respond to pipeline breaks of <u>></u> 5 cubic meters.
Enforcement
1. Finalize Memorandum of Understanding (MOU) and operating procedures with the Conservation Officer Service.
2. Work towards the development of an Enforcement Manual to provide clarity for enforcement processes.
3. Develop a training program for enforcement officer recruits.
4. Provide input and recommendations to the new legislation project – OGRII.
5a. Investigate 100% of enforcement concerns referred by other agencies.
5b. Respond to 100% of possible enforcement concerns forwarded by inspectors.
6. Develop enhanced enforcement abilities in all Inspectors including evidence collection, maintaining continuity, statement taking and Charter requirements.
Emergency Response Plan Review and Safety Officer
1. Attend ten company ERP exercises.
2. Attend 12 drilling ERP meetings.
3. Conduct one OGC wide Emergency Management Plan (EMP) exercise.
4. Review the EMP manual annually and update as appropriate.
5. Hold six EMP meetings per year.
Technical Advisors
1. Provide two weeks hands-on field training to each new inspector.
2. Respond to all requests for assistance and advice from inspectors within two days of requests.
Reporting
1. Report weekly on C&E activities as an informational service to OGC staff.
2. Report monthly on C&E statistics by the 5 th of the following month.

Goal 3:

We will strengthen our relationships with stakeholders, First Nations and clients through education and participation

PLANNED ACTIVITIES / Service Plan Goal 3
Landowner Liaison
1. Organize and attend 5 community awareness meetings for C&E Branch attendance.
2. Respond to public and industry requests for assistance / advice within 2 working days of receipt of request or enquiry.
3. Organize in conjunction with PAB, a C&E workshop with each First Nation band in Northeastern BC.
Inspections and Emergency Response Plan Review and Safety Officer
1. Attend 5 community awareness meetings.
2. Attend 1 workshop with each of the following First Nations in Northeastern British Columbia. Blueberry; Halfway; Doig; Saulteau; West Moberly; McLeod Lake; Fort Nelson; Prophet River; Dene Tha.
3. Conduct regulatory seminars for 5 companies.
4. Attend 3 industry conferences to make presentations on C&E activities.
5. Develop First Nation liaison procedures for guidance of expectations in coordination with the PAB Senior First Nations Liaison position.

Goal 5:

We will nurture a personal-best performance environment for our employees

PLANNED ACTIVITIES / Service Plan Goal 5
TRAINING
New Inspectors
1. Receive three weeks classroom training through Northern Lights College (NLCC) inspectors course.
2. Receive two weeks additional basic training and safety courses.
3. Receive two months supervised field training.
Existing Staff
1. Receive one week of up-grading re-certification of required safety courses.
2. Receive two weeks of additional personal development training.
3. Financially support staff on educational up-grading or certification.
Technical Advisor
1. Attend a minimum of 3 conferences related to specific field of expertise per year.
2. Report to C&E staff with a summary of "learnings" from conferences attended.
3. Provide input and advice at "standards" meetings at least once per year. i.e. Drilling Spacing.
4. Make presentations at 2 industry conferences on C&E activities in their area of expertise.
Managers
1. Receive one week re-certification of safety requirements.
2. Receive three weeks leadership training.
3. New managers to receive three weeks classroom training through NLCC inspectors course and additional basic field training.

* In these tables, "Respond" or "Response" includes return telephone call, personal attendance or referral to appropriate person/agency with notification to the complainant that the referral has been made.

Priorities For 2006/07

Priority 1. To ensure that all existing staff are properly trained, certified and equipped to fulfill job expectations in a safe manner.

Priority 2. To establish a comprehensive training program for new inspectional staff to ensure they are properly trained and qualified to fulfill job expectations in a safe manner.

Priority 3. To meet our Business Plan commitments to respond to public complaints and industry reports as identified above.

Priority 4. To meet our Business Plan commitment to conduct 2550 inspections during the year.

Budget and FTE Requirements

The budget for the 2006/07 year to meet the goals and priorities identified above is \$2,426,090.34, and includes salary allocations for 27 employees.

II. Branch Plan – Project Assessment Branch

Branch Overview

The Project Assessment Branch (PAB) is responsible for the processing of all oil and gas related applications in the province of British Columbia that require access to crown or private land. This responsibility includes a broad scope of technical reviews and relationships with First Nation's, stakeholders and the public.

Branch Structure

The Operations Division of the Oil and Gas Commission (OGC or Commission) continues to transition to a geographic (regional) model to more effectively regulate oil and gas activities. In the 2005/06 fiscal year, the PAB was re-structured with the merging of the former Aboriginal Relations & Land Use Branch and the Project Assessment Branch. At that time, the new PAB also moved to a regional model with the Technical Review and Aboriginal Consultation staff, forming two regions in a transitional step towards the full merger of the Compliance & Enforcement (C&E) Branch with PAB. The defined geographic regions are consistent with the current OGC C&E Branch offices. This action implements the process review findings of 2004/05, and provides for the development of integrated, region specific service to clients, First Nations and communities.

We are continuing our commitment to the integration of PAB and C&E branches into a full regionalization structure as currently established in the C&E Branch. The PAB is also heavily reliant on the Technical Services and Regulatory Affairs (TSRA) Branch within the Commission to establish and interpret regulation and policy in order to carry out day-to-day application processing in a consistent and legal manner.

Branch Purpose

The primary duty of the PAB is to provide effective and efficient processes for the review of applications related to oil and gas activities or pipelines, and to ensure that applications that are approved are in the public interest having regard for environmental, economic and social effects.

In order to carry this out responsibly in a performance-based manner, the Branch employs a combination of competent forestry, land, environment, and archaeological technical staff, aboriginal consultation specialists, public and stakeholder dispute resolution staff, and experienced program manager statutory decision makers.

The Branch places considerable emphasis on striving to build stronger relationships with other Commission branches, government agencies, First Nation communities, clients, stakeholders, and the public. This effort will assist in the fulfillment of the PAB Branch primary duty, and meeting the vision, mission, and core values of the Commission.

Application Processing

The PAB has been managing record-breaking increases in application numbers over the past four years. Since the 2001/02 fiscal year, the number of total surface access applications including amendments submitted (within a fiscal year) has doubled from approximately 2,000 to an estimated 4,000 by the end of the 2005/06 fiscal. This increase has taken place in both the winter and even more so in the summer months, further diminishing the traditional seasonality of application workloads.

The primary goal of reducing application processing timelines continues to be a central focus of the PAB. This goal is challenged by a number of important factors, with the increased number of applications and their growing complexities being the most prominent.

In order to improve stakeholder communication with land agents, better maintain website checklists of regulations and documents, and to reduce timelines for the screening of new applications, the number of Application Review staff (screeners) has been increased from two to four. All of these will be in place and trained early in the 2006/07 fiscal year.

The process for companies new to the province will be made more efficient through internal business improvements and the filling of current vacant Land Examiner positions early in the 2006/07 fiscal. This fully staffed examiner unit will also complete a process review and implement a streamlined surface tenure management process with significantly reduced timelines.

Implementation of new Wells and Geophysical Operations Manuals describing routine and non-routine designation of applications will place more emphasis on client pre-planning in application preparation, and reduce timelines for approval within the Commission. These new processes will also allow the Oil and Gas Resource Officers to carry out more field inspections and focus more on complex applications to improve the often-extended timelines.

The statutory decisions for surface access applications are carried out primarily by the Program Managers within the branch. For the anticipated increase of applications in 2006/07, there will be a review of the decision-making framework.

Public & Stakeholders

The rapid growth of the oil and gas industry, especially into more populated areas and Special Management Areas (SMAs), has required enhanced public and stakeholder consultation by both industry and the Commission. In order to address the increased need to engage and educate public and stakeholders, and to assist in resolving application conflicts, the PAB has added and temporarily filled a position for an Appropriate Dispute Manager, and included two Stakeholder Advisor positions from the Executive Office. The implementation of a revised Public Involvement /Appropriate Dispute Resolution Manual (ADR) in the upcoming fiscal year will provide further direction and clarity to the application processes. This will encourage clients to pre-plan and engage potentially affected parties earlier in the process, thus better addressing concerns and accommodating reduced timelines for application decisions.

First Nations

The objective to continually improve communication and relationships with First Nation communities is a primary role of the PAB. Most of this task is achieved through the work of Senior Aboriginal Program Specialists (SAPS) and Aboriginal Resource Officers (ARO) within the Branch. The Branch is also moving towards more involvement of its Oil and Gas Resource Officers (Foresters & Biologists) with First Nation Land Office & Elders in field reviews of complex applications. Increased participation in the consultation process will increase the Commission's ability to engage and complete consultation efforts in a timely manner, and address complex applications with more emphasis.

Service Plan Commitments

The OGC Service Plan outlines a number of goals, activities, strategies and responsibilities to which the OGC is committed. In support of achieving those objectives the PAB will commit to the following:

Goal 1:

We will continue to improve public safety, protection of the environment and conservation of petroleum resources.

PLANNED ACTIVITIES / BRANCH RESPONSIBILITIES	GOALS, MEASUREMENTS & RESOURCES REQUIRED
1. Establish an audit process for routine application reviews with TSRA and C&E Branches. Include a review of the increased number of amendments since the Operations Manual has been released.	Review 2 per cent of the approved "routine" applications for the remainder of the fiscal year. This process would include the pipeline, facility, well and geophysical application types.
2. Participate in the development of oil and gas Environmental Policy and Best Management Practices (BMPs).	Oil and gas resource officers/program managers will invest approximately 10 days in the development of the BMPs in assistance of the TSRA Branch.
3. Participate in the development of new legislation (OGRII) and the supporting regulation review.	Technical and management staff will invest approximately 20 days toward the development of the new regulations in preparation of OGRII.
4. Recommend areas of needed research and study relating to health, safety, environmental, fish and wildlife values to the Science and Community Environmental Knowledge Fund (SCEK) manager and the TSRA Branch.	Technical review, stakeholder relations team and Aboriginal consultation staff will bring forward at least five geographic areas or risks that need to be considered for further research in the next year. This will include the gathering and utilization of First Nations, stakeholder, and public input, as well as the needs of clients (industry).
5. Involvement of technical staff in multi-agency and municipality initiatives (i.e. community watershed and forest range protection).	Oil and gas resource officers will represent the OGC by attending meetings at least once over the next year for the two listed initiatives.
6. Participate in the engagement of First Nation communities in the archaeological audit	Work with TSRA to engage all Treaty 8 First Nation Chief and Councils over the next year in the process

development process.	of developing the archaeological audit process document.
7. Participate in the process of "setting up" new oil and gas companies in the province, and assist in the annual financial review of these companies to manage risk.	Number of new companies registered and set up (drilling deposits and insurance in place) to submit applications: 2003 – 23 new companies were set up 2004 – 32 new companies were set up 2005 – 45 new companies were set up 2006 – estimate 65 2007 – estimate 80
8. Participate in audit development and audit exercises.	Oil and gas resource officers/program managers will invest approximately 10 days toward the development of the audit framework in assistance of the TSRA Branch.
9. Take initiatives to improve PAB and C&E communication over the life of complex, non-routine applications. This will include reasonable efforts to involve affected First Nation communities and stakeholders/public.	More defined, and IRIS integrated risk rating processes on new applications, enhanced tracking of high risk applications for a longer period of time, and regular communication protocol with First Nations, stakeholders and the public. The integrated regional model supports this initiative.

Goal 2:

We will make timely and informed decisions based upon the input we receive.

PLANNED ACTIVITIES / BRANCH RESPONSIBILITIES	GOALS, MEASUREMENTS & RESOURCES REQUIRED
1. Review the General Development Permit Process (GDP) summary of 2005/06 and develop a new GDP process in consultation with First Nations and clients.	Develop a redesigned GDP process for the 2006/07 drilling season, and process at least one pilot GDP application.
2. Improve the quality of application submissions by new application form designs and client/ client representative education. The Application Review Resource Officers will lead this initiative.	Careful review of the application forms required prior to release of the revised Pipeline and Facilities Operations Manual, and the release of the new Well and Geophysical Operations Manuals in spring of 2006. Work with C&E and TSRA to carry out summer/fall workshop for clients and their representatives in Calgary and Fort St. John, in addition to quarterly updates and training sessions with individual land agent companies.
3. Assist in the development and implementation the Pipeline and Facilities electronic application submission process.	Implementation date of Sept. 1, 2006. Staff investment of 20 days.
4. Participate with TSRA and C&E Branches to develop and implement a new Road Application Process manual.	Completion date of June 1, 2006 Implementation date of July 1, 2006. Resources – 10 staff days.

5. Participate in the finalization with TSRA and implementation of the new Well and Geophysical Operations Manuals.	Completion date of feedback to clients, government agencies and First Nations of April 1, 2006. Implementation date of June 1, 2006. Resources – 10 days.
6. Participate in the review and refinement of the Pipeline and Facilities Operations Manual and develop a downstream appendix to the manual.	Implementation date – June 1, 2006. Resources – 10 days
7. Establish clear process and timeline protocols for the First Nation consultation process. Incorporate the further review of mitigative conditions used for infringement justification.	
8. Complete a process review of the Examiner/ Tenures Unit.	Complete by July 1, 2006, implement new processes by Sept. 1, 2006. Internally facilitated.
9. Develop more detailed timeline reporting for applications, specifically wells, pipelines and geophysical applications (develop new ways of reporting on geophysical application activity to better reflect the scope of ground disturbance and internal Branch staff involvement).	Measure the calendar days for routine and non-routine applications while making a distinction between typical well, pipeline, and geophysical applications in defined categories. Timeline target for routine (no amendments, field changes, or simple application) new well/pipeline/ geophysical program on crown land – 30 calendar days.
10. Provide internal (OGC staff) and external (clients) training on Petroleum and Natural Gas Rights and requirements when transferring assets.	OGC staff to hold training sessions in summer months. Completion date – Sept. 1, 2006. Combine external training with client workshops.
11. Review and refine with TSRA all existing guidelines and posted information letters/ bulletins to be consistent with the new processes/ manuals/ regulation.	Completion date - Sept. 1, 2006. Resources – 3 staff days.
12. Refine the phase planning process for coal-bed gas with TSRA and the Ministry of Energy Mines and Petroleum Resources (MEMPR), and release a new information letter replacing the current information.	Completion date – June 1, 2006.
13. Participate (TSRA to lead initiative) in the review, and use of engineered survey practices in place of the typical field survey in specific instances. Implement further pilots in this initiative.	Manage any pilots through to completion, and assist the TSRA in the potential incorporation of the findings into future processes.

Goal 3:

We will strengthen our relationships with stakeholders, First Nations, and clients through education and participation.

PLANNED ACTIVITIES / BRANCH RESPONSIBILITIES	GOALS, MEASUREMENTS & RESOURCES REQUIRED
1. Completion and implementation of new Public Involvement/ADR Guideline. This includes	Completion date – May 1, 2006. Implementation date – July 1, 2006.

communication of new guide and training externally and internally.	Training – May – Sept. 2006. Resources – Contractor to complete guidelines, oversee communication and training plan .
2. Lead regular two-way workshops/ sessions with First Nation Chief, Council, and Land Use Office staff within and outside of Treaty 8. The C&E and TSRA Branch staff will also attend.	Annual session at each Treaty 8 community, and at other First Nation communities outside of Northeastern British Columbia (NEBC) where exploration activity applications are submitted to the Commission. Resources – 20 staff days.
3. Participation of staff in social functions with First Nation Land Use Staff and leadership.	Minimum of 2 staff to attend all community events.
4. Lead workshops and open houses in various regions outside of NEBC (with MEMPR), and include presentations and relationship building with the First Nation communities and government agencies in the corresponding regions. These workshops will be primarily coal-bed gas exploration initiated.	Implement community workshops/ open houses and First Nation / regional government offices in 2006/07 year.

Goal 4:

We will broaden our permitting authority.

PLANNED ACTIVITIES / BRANCH RESPONSIBILITIES	GOALS, MEASUREMENTS & RESOURCES REQUIRED
1. Implement a Memorandum of Understanding (MOU) with the Department of Fisheries and Oceans (DFO) and plan the training and application process changes.	Training and secondments with DFO anticipated to be commencing fall of 2006.
2. Regular meetings with MEMPR, Ministry of Agriculture and Lands (MAL), Ministry of Environment (MOE), Integrated Land Management Branch (ILMB) and the Ministry of Forests and Range (MOFR) to discuss shifting of tasks to OGC, new policies, processes, regulation changes, and MOU updates or development where an agreement does not exist.	Annual meetings with each agency within NEBC. Participate with TSRA to update MOU's and develop new MOU's with MAL & ILMB.
3. Ongoing analysis to identify gaps in permitting authority. (i.e: increased authority in surface land tenuring process).	Ongoing, related to OGR11.

Goal 5:

We will nurture a personal-best performance environment for our employees.

PLANNED ACTIVITIES / BRANCH RESPONSIBILITIES	GOALS, MEASUREMENTS & RESOURCES REQUIRED
1. Training of Land and Habitat Resource Officers with Environment Canada & DFO in preparation of DFO/OGC MOU signing.	Training commencing Fall 2006.
2. Develop training plan for new staff including a basic orientation and refresher for current staff.	Target date – July 1, 2006.

3. Develop with Human Resources (HR) an internal mentoring/ exposure plan within the Branch and other Branches to enhance succession opportunities.	Plan completion target date –Jan. 31, 2007.
4. Develop a training needs summary of all the positions within the Branch. This includes team building exercises/training, supervisory training for all staff overseeing positions, and Administrative Law for all staff.	Completion date – June 1, 2006.
5. Identify steps, and implement a plan to enhance internal Branch, and cross-Branch communication.	Develop a simple communication plan, including cross-Branch meeting attendance & short inter-Branch presentations. Implementation date – May 1, 2006.
6. Conduct purposeful employee reviews with a training and development focus. This will include a self and peer review component.	All staff by the end of the fiscal year.
7. Enhanced plan to increase recognition of staff.	Plan completion date – July 1, 2006.
8. Staff to attend conferences related to their field of expertise or association.	20 per cent of staff to attend a conference over the fiscal year. International conferences will be considered. Staff attending conferences must formally present at Branch meeting, or on a separate occasion their new information learned.

Goal 6:

We will operate a self-sustaining organization.

PLANNED ACTIVITIES / BRANCH RESPONSIBILITIES	GOALS, MEASUREMENTS & RESOURCES REQUIRED
1. Ensure the accurate submission of fees related to applications.	Daily - ongoing
2. Maintain cost associations with the established Branch budget.	Monthly review of spending targets.

Priorities for 2006/07 year:

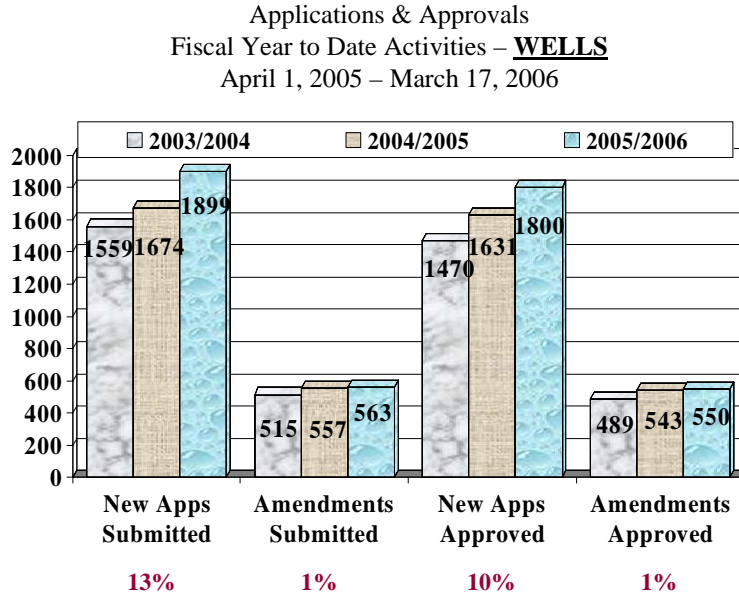
- I. Implement the new Wells and Geophysical Operations Manuals, and Public Involvement/ADR Manual in mid-summer so that the process is well understood by staff and industry for the 2006/07 winter season.
- II. Implement the pipeline application electronic submission and internal workflow process for late summer.
- III. Establish strong relationships with First Nation communities at a Chief and Council, and Land Office level with the goal of improving open communication in the consultation process. This will result in increased responses and reduced application timelines.
- IV. Complete a training needs summary of all the positions within the PAB, and commence the training plan.

Budget and FTE Context:

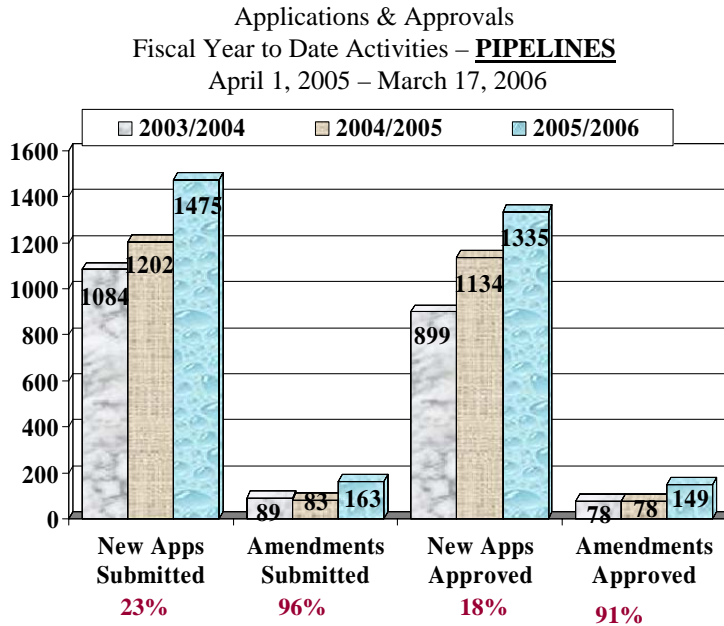
The PAB budget for the 2006/07 fiscal is \$3,602,457.64, which includes allocations for 53 employees.

Appendix: Relevant Graphs and Charts relating to Project Assessment at the OGC

The following three charts reflect the well, pipeline & geophysical application numbers from 2003/04, and the estimated numbers for the 2005/06 and 2006/07 fiscals. (Revised charts to be added)

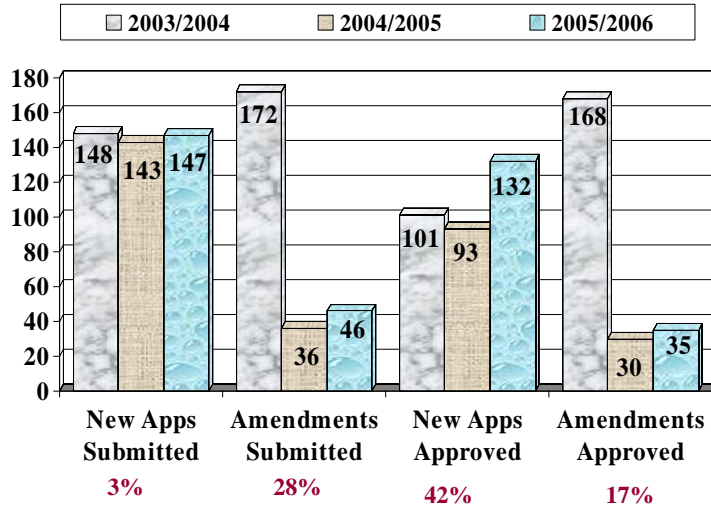


2005: 2006



2005: 2006

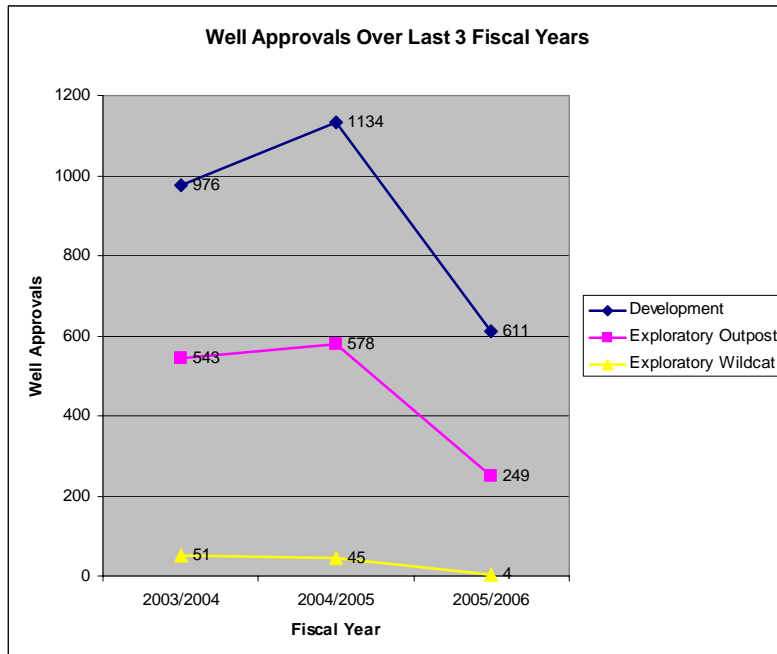
Applications & Approvals
 Fiscal Year to Date Activities – **GEOPHYSICAL**
 April 1, 2005 – March 17, 2006

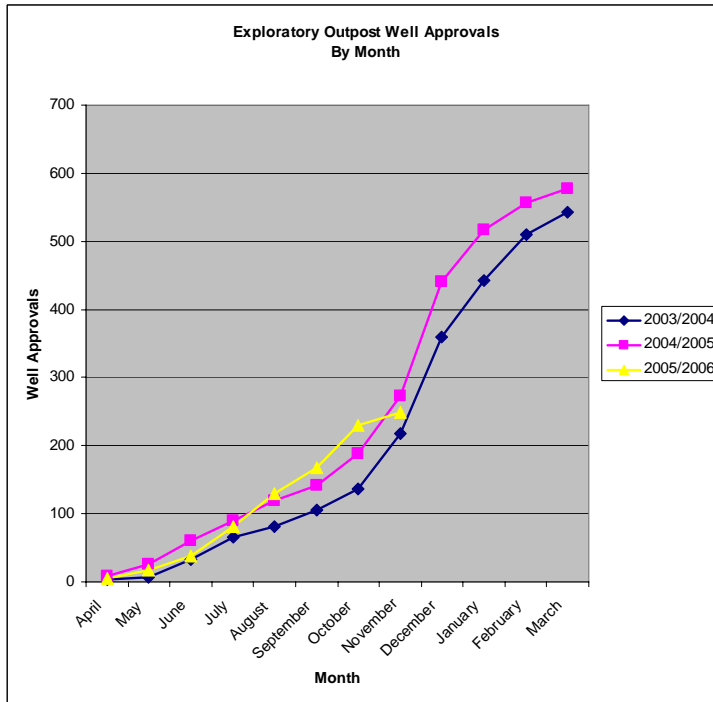
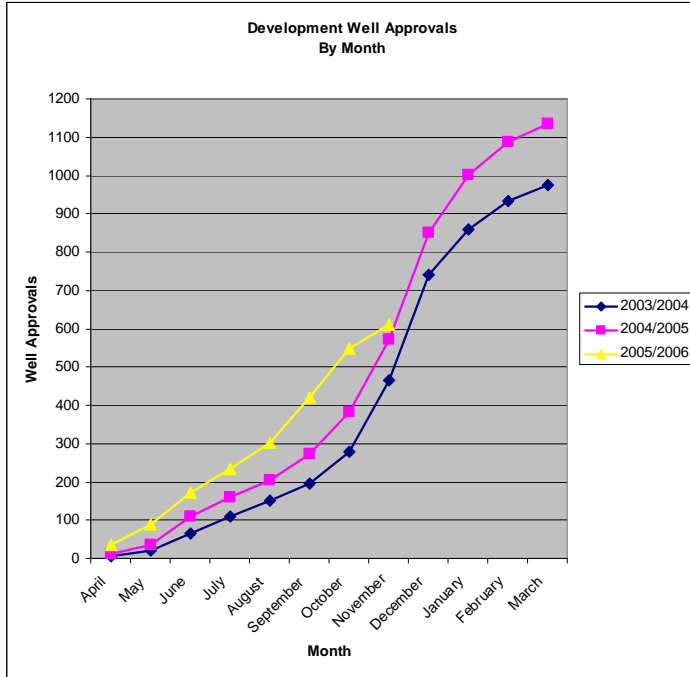


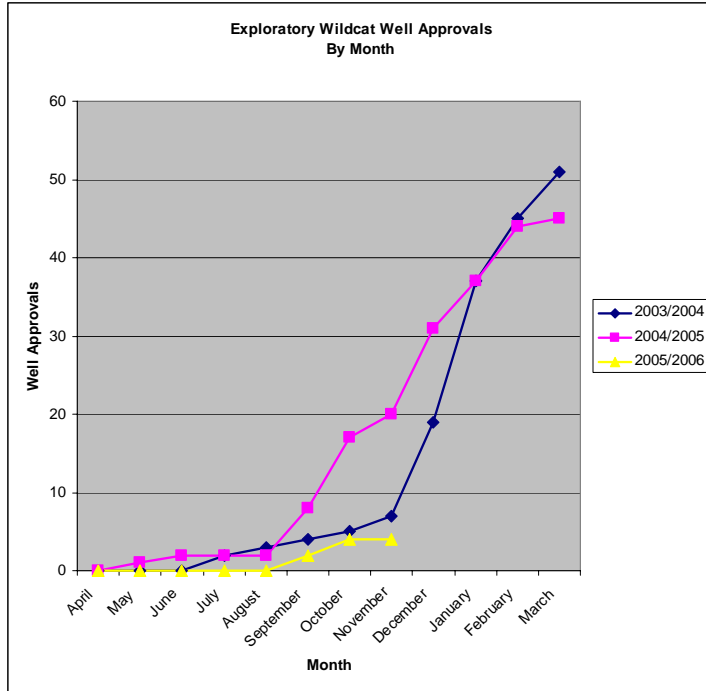
2005 : 2006

The following four graphs indicate well application classifications outlining the focus on Exploratory versus Development proposed drilling activity in the province.

This first graph only captures data up to January 15, 2006. The total number of new well applications is expected to exceed the 2004/05 fiscal by at least 5%. (graphs to be revised)







III. Branch Plan – Technical Services and Regulatory Affairs

Branch Overview

The Technical Services and Regulatory Affairs Branch (TSRA) functions in support of the Operations Division. The Branch provides policy and regulatory interpretations and advice on technical surface matters to the line branches of the Operations Division, primarily the Project Assessment Branch and Compliance and Enforcement Branch. The Branch creates a number of products, including but not limited to manuals, guidelines, procedure and policy documentation to support the interpretations and advice provided.

The Branch is relatively new in its current incarnation, having grown out of the former Regulatory Affairs Branch early in 2005.

Branch Vision

Shortly after the formation of the Branch, Branch staff and management met to define the Branch's purpose and role within the OGC. From that meeting a six point Shared Image was developed.

Shared Image

- I. To be respected through leadership in the community.
- II. To be a collaboratively driven conduit to central government and line ministries on behalf of the Commission.
- III. To be known for supporting sustainability by developing regulations and providing advice that balances social, economical and environmental outcomes.
- IV. To be a leader in the development of innovative, progressive solutions.
- V. To be a proactive, innovative, solution-based project management Branch.
- VI. To be trusted by being open, fair and balanced in our duty.

The branch's shared image is in close alignment with the Oil and Gas Commission's vision.

To be the innovative regulatory leader, respected by Stakeholders, First Nations and Clients.

In particular, the branch's business plan sees it aiding the OGC in attaining the following goals set out in the Service Plan:

Goal 1: We will continually improve public safety, protection of the environment, and conservation of petroleum resources.

Goal 3: We will strengthen our relationships with stakeholders, First Nations, and clients.

Goal 4: We will modernize the OGC's legislative and regulatory framework.

TSRA Core Business Areas

1. **Management Systems** – Responsible for the development, maintenance and guardianship of all operational manuals and management reporting for operational procedures.
2. **Policies, Regulations and Legislation** – Monitors, influences and educates other agencies and ministries with respect to oil and gas. Ensures appropriate policies, regulations and legislation are in place to enable the Commission to carry out its mandate.
3. **Operational Planning and Development** – Supports operational and strategic planning and development through aid and support of:
 - OGC process reviews and streamlining initiatives, including the Oil and Gas Regulatory Improvement Initiative (OGRII),
 - Development of land-based best management practices,
 - Development of consultation procedures and tools to administer the Commission's responsibilities under the Memorandum's of Understanding (MOUs) and other consultation processes with First Nations, and
 - Provides input to the management of multiple resources.
4. **Strategic Planning**

Under the direction of the Commission executive and with the assistance of senior management staff, the TSRA Branch undertakes long range planning to ensure the Commission is positioned to operate effectively over the longer term. This responsibility requires the Branch to:

- Liaise with industry and other stakeholders to identify and develop Commission responses to accommodate developing technology and practices,
- Collaborate with other agencies at strategic and policy levels for solutions to specific problems,
- Conduct environmental scans and develop proposals for amendments to existing processes or new processes to respond to identified threats and opportunities,
- Conduct client satisfaction surveys,
- In conjunction with the line branches, review processes and procedures in response to arising issues and develop procedural recommendations,
- Update existing and develop new process training programs and communication tools,
- Develop and implement an organization-wide enterprise risk management system.

TSRA Business Relationships

Branch clients are:

- Other Operations Division Branches of the OGC. TSRA is able to assist these Branches through interpretation of legislation and regulation and in the development, documentation and maintenance of standardized procedures.

Branch stakeholders are:

- OGC's Business Services, External Relations, Human Resources and Executive Offices with respect to technical and regulatory advice.
- The resource ministries and agencies. These bodies benefit through having an identified two way communication conduit into the Commission for technical and regulatory issues.
- Industry companies and industry associations (e.g. Canadian Association of Petroleum Producers, Small Explorers and Producers Association of Canada, Canadian Association of Geophysical Contractors, Producers Advisor Group, and Best Practices Working Group). These companies and associations benefit by having a technical communication channel into the Commission and a two-way sounding board for new ideas regarding regulatory matters.

Priorities for 2006/2007

Goal	Action	Products	Success Measure	Completion in
Branch Responsibility:				
<i>Management Systems</i>				
Service Plan Goal 1: We will continually improve public safety, protection of the environment, and conservation of petroleum resources.				
Operations Manuals	Revise Pipeline and Facilities Operations Manual.		Manual issued and in use.	2 nd qtr
	Geophysical Operations Manual		Manual issued and in use.	2 nd qtr
	Wells Operations Manual		Manual issued and in use.	2 nd qtr
Risk management system	Develop enterprise risk treatments for priority risks.	Enterprise risk management policies developed and documented with documents available to staff.	Risk identified and treatments drafted.	3 rd qtr
Management reporting	Work with PAB and C&E to develop processing timeline reporting.		Effective reports in place.	3 rd qtr

Goal	Action	Products	Success Measure	Completion in
Branch Responsibility:				
<i>Polices, Regulation and Legislation</i>				
Service Plan Goal 4: We will modernize the OGC's legislative and regulatory framework				
Resource Road Act	Work with MEMPR to ensure a Resource Road Act (RRA) suitable to oil and gas development is developed.	Information letters regarding RRA requirements. New road application process based on the Resource Road Act drafted in conjunction with PAB.	Resource Road Act ready for drafting.	3 rd qtr
			New road application in place.	4 th qtr
Support the development of the less-prescriptive regulatory environment.	Develop Best Management Practices (BMP).		BMP's in place for priority resource values (e.g. caribou and visuals).	2 nd qtr
	Work with PAB and C&E to develop audit protocols.		Audit protocols in place for routine well applications.	3 rd qtr
			Audit process in place for to support pipeline integrity management in the downstream.	4 th qtr
Orphan Wells	Develop procedures for administration of the orphan wells legislation.	Policy and procedure. Information letters and guidelines.	Orphan well program operational.	2 nd qtr
Drilling Deposits	Return administration of drilling deposits to the OGC from MEMPR with required procedures being developed. Program expanded to include facilities.	Drilling deposit data incorporated into OGC database. Information letters.	Effective use made of deposits as a tool to manage the risk of well and facility abandonments.	2 nd qtr

Goal	Action	Products	Success Measure	Completion in
Branch Responsibility:				
<i>Operational Planning and Development</i>				
Service Plan Goal 1: We will continually improve public safety, protection of the environment, and conservation of petroleum resources.				
Resource management plans	Interagency Management Committee (IAMC)	Operational policy papers, information and capacity building meetings with First Nations.	OGC's needs and views included in assessments of strategic issues relating to: sustainable resource management on crown lands especially with respect to First Nations matters.	Ongoing
Support PAB in its efforts to enhance stakeholder relations.			Provide cooperative support on the stakeholder relations initiatives PAB has identified in its business plan.	2 nd qtr
	Work with PAB and C&E to develop a new water use application and data tracking process.	Papers and presentations providing background information and situation analysis.	Revised process in place utilizing electronic data submission.	3 rd qtr
Pipeline Integrity Management	Work with C&E and PAB to develop a pipeline integrity management program.	Meetings and presentations providing background information and situation analysis.	Pipeline integrity management programs in place for majority of downstream companies. Internal requirements identified for OGC staff and policies drafted regarding downstream.	4 th qtr
	Support C&E in pipeline inspection and inspection training.	One on one inspector information sessions, responses to internal enquiries on complex pipeline situations.	Knowledgeable pipeline inspection staff.	
	Pipeline data invoicing.	Pipeline annual invoices.	Annual invoices issued and pipeline database data 80% reconciled.	3 rd qtr
Assistance to other branches re complex applications and	Respond to requests for assistance and	Coordination of OGC responses on other agency initiatives.	Appropriate decisions on complex applications and	Ongoing

referrals.	referrals as required.	Recommendations re technical issues, supporting materials (maps, reports, etc.).	referrals with reduced workload for PAB and C&E.	
Resource management plans	Tenaka Access Management Plan	Recommendations re technical issues, supporting materials (maps, reports, etc.).	Input and guidance to the planning table.	3 rd qtr
	Peace Moberly Tract	Tract plan, supporting information documents. Participation in ongoing planning requirements.	Tract plan issued.	2 nd qtr
	Upper Sikanni SRMP			
	IAMC Report		IAMC Report with appropriate Oil and Gas comments.	
	Wildlife Management Planning			
Goal	Action	Products	Success Measure	Completion in
Service Plan Goal 3: We will strengthen our relationships with stakeholders, First Nations, and clients.				
Relationship building with First Nations.	Work with MEMPR in developing new MOU and an economic benefits agreement (EBA) with the Treaty Eight First Nations.	Information meetings with First Nations communities, facilitation of feedback from First Nations into the MEMPR/OGC process.	New MOU in place with each of the Treaty Eight First Nations. Processes in place regarding First Nations that incorporate First Nations needs and allow the OGC to do its duty.	
Service Plan Goal 4: We will modernize the OGC's legislative and regulatory framework				
Ad hoc review and revision of regulations and legislation in response to needs identified by operations.	Reviews and revisions of regulations and legislation.	Regulation and policy revision drafts prepared for discussion meetings.	All issues reviewed posted to the 'Regs R Us' web site so as to form a compendium of regulatory interpretative advice.	Ongoing
Coordination of training within the Operations Division.	Work with HR to identify Operations Division training needs and develop appropriate training programs.	Training materials, training program outlines and requirements.	Training session presented re legal requirements for decision-makers.	2 nd qtr

Goal	Action	Products	Success Measure	Completion in
Branch Responsibility:				
<i>Strategic Planning</i>				
Service Plan Goal 4: We will modernize the OGC's legislative and regulatory framework				
Oil and Gas Regulatory Improvement Initiative	Revise regulations to support the 'one act' legislation.	OGRII Drilling and Production Regulation. OGRII Geophysical Regulation OGRII Pipeline Regulation.	Regulations in place to accommodate industry within OGRII.	Ongoing
	Rationalization of policies, procedures and regulations to accommodate the OGRII regulatory environment.	Input prepared to revise operations manuals to accommodate OGRII. OGRII-ready BMPs.	Policies, procedures and regulations in place to support the OGRII regulatory environment.	Ongoing
	Identify internal and external training requirements and develop training programs and materials.	Specific internal training needs by position. Internal training materials developed. Information letters and guidelines prepared for training of other agencies and industry.	Training programs ready to go for OGRII implementation.	Ongoing
	Work with Operations Division branches and other parts of OGC to operationalize OGRII Implementation Plan.	Gantt charts and related project management tools.	Smooth implementation of OGRII.	Ongoing
	Work with Communications Office to develop and implement OGRII Communication Plan.		Internal and external communication managed so as to keep OGC staff and external stakeholders appropriately informed.	Ongoing
	Work with HR to develop organizational structure suitable for OGRII.	Org charts, job descriptions, work flow analyses.	Organizational plan ready for implementation.	4 th qtr
	IT Migration aspects of OGRII.			

Budget and FTE Context

The TSRA Branch budget is \$1,396,117.30 to complete these priorities, with allocation for 15 employees.

IV. Branch Plan – Operations Engineering

Core Business Areas

The Operations Engineering Branch (OEB) program functions serve in:

- Well drilling and production safety and integrity of operations,
- Resource conservation,
- Protecting the environment,
- Upstream oil and gas waste management,
- Upholding associated quality engineering technical data, and
- Protecting crown's share of resource royalties.

The goals of the OEB are aligned with the Oil and Gas Commission (OGC or Commission) Service Plan and are designed towards achieving client expectations. The OEB:

- Supports the Commission in achieving its mission, vision and Service Plan targets.
- Provides professional engineering and technical services for OGC applications associated with drilling, production, production facilities and waste management.
- Monitors industry works in progress for operational integrity, gathers and provides data for publishing, assesses risk and follows up with 'production audits' relating to production measurement and accounting operations. This Production Audit work is done in conjunction with the Mineral, Oil and Gas Revenue Branch of the Ministry of Small Business and Revenue.
- Maximizes the "One Window" approach in handling waste management matters by implementing policies derived from the Ministry of Environment (MoE), Ministry of Energy, Mines and Petroleum Resources (MEMPR) and industry. These include but are not limited to permits and approvals for drilling waste, gas flaring and associated discharges to the environment.
- Processes applications for Certificates of Restoration for abandoned well sites.
- Supports review and approval programs dealing with Emergency Response Plans, Emergency Management Plans and with high-risk applications and other issues.
- Processes operational applications in a timely manner.
- Conducts ongoing process reviews to allow improvements in efficiency and gains in capacity. The OEB continually identifies opportunities to implement innovative methods to enhance client service delivery as industry activity continues to grow year after year.
- Supports training and development of staff so that skills and knowledge lead to quality service delivery.
- Secures necessary human resources, business systems, processes and support "to deliver".

Measures of OEB successes are tracked through statistics, including numbers of applications being processed and at what stage, industry activity levels, capacity of staff resources and business support, turnaround on operational applications within targeted time frames, and client feedback. Being sensitive to client expressions of satisfaction towards OEB's participation

contributes towards future development of codes, standards and/or recommended practice(s) while heading towards a performance and results based regulatory environment and where possible towards a "seamless border" approach with Alberta.

The OEB:

- Ensures timely processing of operational and environmental applications as required by legislation.
- Upholds a level playing field amongst client operators concerning compliance in regulatory matters, safety of workers/public/environment, interpretation of policies and procedures, and adopting industry recommended practices.
- Ensures that the OGC submits regulatory influence towards development of industry recommended practices to reach satisfaction of industry clients and stakeholders.
- Ensures that the Province of British Columbia is getting its full share of oil and gas royalties from production, particularly in risk situations such as where production flows into another province.
- Provides prompt professional engineering and senior technical support to clients such as industry operators, other Branches of the OGC, MEMPR, MoE and other stakeholders.

Priorities for 2006/07:

- 1) To structure branch organization and recruit staff to adequate levels to handle production facility applications, 'production' auditing, production engineer, and waste management/certificate of restoration functions.
- 2) To participate in development of:
 - a) Wells Manual.
 - b) Pipelines and Facilities Operations Manual.
 - c) Changes to Oil and Gas Handbook with respect to drilling and waste disposal.
 - d) Web-based Drilling Waste Disposal Tracking and its implementation.
 - e) Results based reclamation criteria for lands outside the ALR to facilitate professional reliance with respect to Certificates of Restoration.
 - f) Deal with restorations of Orphan Wells.
 - g) Measurement Requirements for Upstream Oil and Gas Operations with particular attention towards high-risk Cross-Border production transported into Alberta.
 - h) Contributions to OGRII.
- 3) To process backlog of waste discharge permits and Certificate of Restoration applications.
- 4) To engage industry operators to "inventory" all their open pits as part of "healing the land" initiative.
- 5) Participate in various collaborative industry/inter-provincial/regulatory working committees concerning:
 - a) Drilling waste handling and disposal management.
 - b) Naturally occurring Radioactive Materials.

- c) Drilling and Completions Committee in developing/maintaining Industry Recommended Practices (IRP):
 - d) Non-active or dormant wells.
 - e) Work with Oil and Gas Practices Advisory Group (PAG), CAPP in development of engineering standards and practices such as for Upstream Gas Fired Equipment Approval Requirement guidelines.
- 6) To continue “encouraging” industry operators to seriously consider non-active wells (not produced for 15 years and longer before 1985) for abandonment and site restoration.
- 7) To be fully engaged in the “Opportunity Development and Organizational Improvements” begun Sept/05) initiatives and associated change management activities.
- 8) To participate in the IT Migration initiatives.
- 9) To provide for training and development resources to professional/technical staff (particularly important when so many new recruits come on board) while endeavoring to uphold high quality service at same time.

Budget and Staffing Context

The Branch budget for 2006/07 is \$1,049,126.54, with resources allocated for 14 employees.

V. Branch Plan – Resource Conservation

Branch Overview

The Resource Conservation Branch is responsible for the optimal development of the Province's oil and gas resources and administration of the legislation, regulations and programs that ensure conservation of the Province's oil and gas resources, a fair share in resource production revenues, environmental protection and the protection of correlative rights of tenure holders.

Branch Structure

The Resource Conservation Branch structure has not changed significantly since the formation of the Oil and Gas Commission (OGC or Commission). The Branch expects to continue in its role as technical expert in subsurface resource conservation issues, related information and provincial reserves for industry, stakeholders, other government agencies and other OGC Branches.

Branch Purpose

The Branch develops and recommends changes to Commission policies, provincial legislation, and regulations to reflect changes in technology, industry practices and techniques and to promote reservoir development strategies and methods that ensure conservation of the resource. The Resource Conservation Branch is the reservoir engineering and geological authority for the Commission and the Provincial expert on the engineering and geology of subsurface oil and gas pools and reservoirs, subsurface operations and resource conservation strategies and conducts work to effectively meet Branch objectives.

Resource Conservation Core Business Activities

1. Resource Conservation – Responsible for ensuring optimal depletion strategies are being employed by industry operators, to maximize the Crown's share of the hydrocarbon resource.
2. Provincial Hydrocarbon Inventory – Responsible for compiling information and calculation of the established reserves of oil, gas and hydrocarbon by-products in the Province and their distribution by field and pool.
3. Pool mapping and designation – Responsible for determination of the spatial distribution of oil and gas pools.
4. Correlative rights protection – Responsible for ensuring that each participating company within a hydrocarbon reservoir obtains their fair share of the recoverable resource.
5. Sub-surface technical data management and distribution
6. Policy and Regulatory Development
7. Protection of the Environment

Service Plan Commitments

The OGC Service Plan outlines a number of goals, activities, strategies and responsibilities to which the OGC is committed. In support of achieving those objectives the Resource Conservation Branch will commit to the following.

Goal 1:

We will continue to improve public safety, protection of the environment and conservation of petroleum resources.

Planned Activities/Branch Responsibilities	Goals, Measurements & Resources Required
1. Determination of expected volumes of hydrocarbons contained within each distinct reservoir by conducting reserve evaluations (for both existing and new reservoirs).	Maintain the number of evaluations performed last year. <ul style="list-style-type: none"> ➤ 350 evaluations were performed in 2005. ➤ Production without reserves increased to 19 per cent in 2005, an increase from 15 per cent in 2004.
2. Publication of the Annual Hydrocarbon and By-Products Reserves Report.	Document published by late Summer 2006. The most recent Hydrocarbons Report was published in November 2005.
3. Conduct geological evaluations through well assessments and petrophysical analysis to yield physical rock properties such as porosity, water saturation and net pay.	Increase the number of well evaluations to 750 in 2006 (12 per cent increase). Last year 672 evaluations were performed, marking the third year of decreasing well evaluations. This is reflective of the increase in activity and therefore an increase in focus on Engineering and Geology applications.
4. Perform field and pool designations to spatially define oil and gas accumulations in order to facilitate management and categorization. Designations used as classification tool for newly licensed wells by staff in the Project Assessment (PAB) Branch at the OGC.	Maintain or improve timeliness of designations. Focus on new production rather than on application driven process.
5. Focus efforts on reducing backlog of data entry for sub-surface information (Pressures, Completion/Workover reports, BC-18 and directional surveys). Implementation of cross-training for all technicians involved in data entry.	Currently over 1000 sub-surface submissions requiring entry into the database.
6. Evaluation of Engineering Applications related to subsurface production, depletion strategies, disposal and development of new technology. Maximizing hydrocarbon recovery and ensuring that hydrocarbon reserves are	Keep pace with industry activity. Maintain Client satisfaction. Ongoing

not being risked.	
7. Participate with the Ministry of Energy, Mines and Petroleum Resources (MEMPR) in the development of test hole depth exemption policy or legislative amendment.	Clear, consistent message delivered to industry from MEMPR and OGC, regarding when depth exemptions are issued, and possible change to legislation regarding test holes.
8. Develop, implement and manage Flaring Reduction Guidelines.	This initiative will require the formation of a multi-disciplinary team comprised of staff from the Ministry of Environment (MOE), MEMPR, Canadian Association of Petroleum Producers (CAPP), OGC and consultants. <ul style="list-style-type: none"> ➤ Issue ITQ (April 2006) ➤ Draft Guideline developed for comments (December 2006) ➤ Finalize guidelines (March 2007)
9. Issuance of Daily Production Allowables (both oil and gas) to industry operators.	Ongoing
10. Continue to define geological data requirements such as petrophysical logs, chip samples and cores. Ensuring a legacy of good data for continued exploration and development activity.	Ongoing
11. Evaluation of Geological applications, exploratory wildcat reclassifications, and discovery well designation. Determine eligibility for royalty holidays, off target relief and extended confidentiality.	Keep pace with industry activity. Maintain client satisfaction. Ongoing
12. The mapping data base will be converted to digital form to support all functions of the Resource Conservation Branch.	75 per cent of all pools digitized, verified and web-published to industry by March 2007. Dependent on IT assistance.
13. Volumetric calculation module for mapping database.	Purchased and integrated into work flow by March 2007. Reduce time spent performing hand calculations on volumetric reserves; thereby increasing the amount of time the Reservoir Technician has available to perform reserve evaluations. Reduce production without reserves for 2006 Hydrocarbon Report (published in 2007).
14. Conduct evaluation of industry requests for waivers of open hole logging and sampling.	Ongoing commitment to ensure B.C. has the best geological/technical data to foster future development and exploration activity. Maintain rapid turn around time (2 days max.) to provide operational certainty.
15. Enforcement of production allowable limits for individual wells and projects, on a monthly and annual basis.	Ongoing

16. Enforcement of report submissions; Completion / Workovers, and well testing requirements (both individual well initial tests and annual pool testing).	Ongoing
17. Enforcement of off-target production penalties and issuance of penalty waiver orders.	Ongoing

Goal 2:

We will make timely and informed decisions based upon the input we receive.

Planned Activities/Branch Responsibilities	Goals, Measurements & Resources Required
1. Define Resource Conservation workflows and business processes related to reserves, production, injection data, welltest data, allowables, approvals and document tracking to ensure a smooth transition from PIMS to the New Earthwon database system.	At least two Senior staff members - commit 5 working days each to project.
2. Provide technical detail required for the development of new IRIS screen to accommodate improved commingling practices.	Operational by June 2006. Two staff – 5 days time.

Goal 3:

We will strengthen our relationships with stakeholders, First Nations, and clients through education and participation.

Planned Activities/Branch Responsibilities	Goals, Measurements & Resources Required
1. Continue education of industry clients through informal company/OGC presentation sessions in Calgary.	Reduce number of non-compliance issues and telephone inquiries from clients. Requires two staff; ➤ 1, 2-day trip to Calgary.
2. Provide technical advice to MEMPR, and the Ministry of Small Business and Revenue (MSBR) regarding reserves, pool distribution, engineering and geological queries, and impacts on royalties.	Ongoing.
3. Conduct meetings with industry clients in Victoria to review activities and provide advice.	Ongoing.
4. Provide information and co-operation with individuals, production and service companies.	Continue relationship with Rapid Technology Corporation to ensure publication of well data. Guide clients to OGC web data downloads. Produce ad hoc reports.

Goal 4:*We will broaden our permitting authority.*

Planned Activities/Branch responsibilities	Goals, Measurements & Resources Required
1. Develop action plan regarding opportunities for "streamlining" current Resource Conservation application processes.	July 2006.
2. Participate in the development of new legislation (OGR11) and the supporting regulation review.	Investment of approximately 5 days of technical and management staff time.

Goal 5:*We will nurture a personal-best performance environment for our employees.*

Planned Activities/Branch responsibilities	Goals, Measurements & Resources Required
1. Conduct employee reviews with a training and development focus. This will include a self and peer review component.	All staff by the end of fiscal.
2. Develop and distribute client survey to establish Resource Conservation service satisfaction baseline.	Summer 2006.
3. Develop a training plan for new staff including a field component, integrated with Operations Engineering Branch staff in Fort St. John.	September 2006.
4. Work with Human Resources (HR) to develop appropriate professional and certified technologist equivalencies within job classifications.	January 2007.

Priorities for 2006/007

- Develop Draft Flaring reduction guidelines. These guidelines will be modeled after the Alberta Energy and Utilities Board (AEUB) Guide 60 with a results based focus, where appropriate. Implementation is expected by March 2007. These guidelines will help define expectations for industry, First Nations and other stakeholders with regards to acceptable levels of flaring in the Province of BC.
- Keep pace with increasing industry activity, by maintaining our current level of client service and satisfaction.
- Maintain or improve upon the amount of production without reserves.
- Reduce data entry backlogs (Pressure data, Completion Workover Reports, Directional Surveys, Injection and Disposal – S-18's, Gas Analyses). Work to reduce the current backlog of over 1000 data submissions.
- Improve the timeliness of field and pool designations and well evaluations to support "application driven" activities.
- Implementation of the finalized Deep Basin Commingling Guidelines and required system changes to accommodate new process. Completion date Spring 2006. Outcome will be

streamlined commingling management for the OGC and economic and operational certainty for industry. The expectation is that the streamlined process will reduce the number of commingling applications by 50 per year.

- Maps and Engineering scheme outlines published and available digitally.

Resource Conservation Branch Stakeholders

- Industry – companies, associations, CAPP, working groups. The resource conservation Branch maintains a close working relationship with industry and is noted for its accessibility and service. This is viewed as a British Columbia advantage. Recent collaboration with a Best Practices Working Group has resulted in key changes to the OGC commingling policy. It is expected that this collaboration with industry groups will continue as new play types and unconventional resources are exploited.
- Internal OGC Branches – all Branches but primarily the Project Assessment and Operations Engineering Branches. The Resource and Conservation Branch provides expert technical advice relating to sub-surface resource development.
- External government agencies - MSBR, MEMPR, National Energy Board (NEB)... The Resource and Conservation Branch provides technical services and advice. Pool mapping and reserves provide the foundation for energy policy decisions and revenue forecasting.

Budget Context

To successfully fulfill the goals and activities outlined above, the Resource Conservation Branch has an operational budget for 2006/07 of \$1,213,373.66 and staffing levels of 14.

VI. Branch Plan – Finance and Administration

The responsibilities of the Finance and Administration Branch are:

- “To develop and implement finance and administration policies and procedures.
- To provide finance and administration advice and assistance.
- To manage finance and administration processes.
- To provide secretariat services to the Advisory Committee.
- To assist in the financial management of the SCEK Fund.
- To provide budget and expenditure management reports and advice.
- To provide asset management planning and corporate services to other OGC Branches.
- To provide strategic planning, prepare the Service Plan, monitor corporate performance, and report-out quarterly.
- To prepare the Annual Report, including financial statements and performance report.”

The positions and roles in the Finance and Administration Branch are:

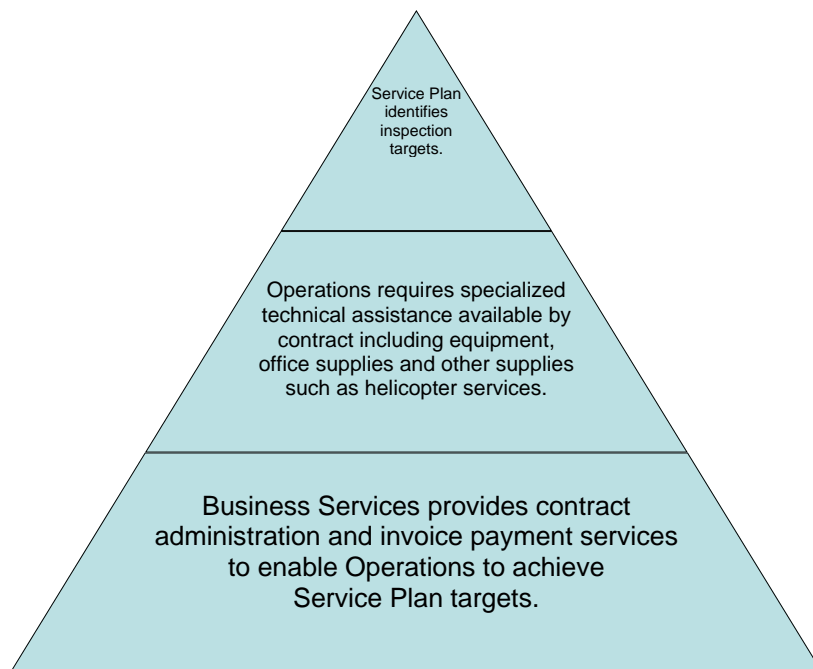
- | | |
|---|---|
| • Director of Finance & Administration | Leadership of Branch
Senior Financial Officer |
| • Manager of Accounting | Supervision of Financial Staff
Accountant |
| • Accounting & Contracts Clerk | Contract Administrator
Accounting Assistant |
| • Asset & Facilities Coordinator | Asset Management
Facilities Management |
| • Financial Clerks (2) | Accounts Payable and Receivable |
| • FOI & Records Analyst | FOI Requests
Supervision of Records Staff |
| • Records Staff (2) | Records Management |
| • Advisory Committee & Practice
Advisory Group Secretary | Requests for Reconsideration
Advisory Committee Management |
| • Division Float (2) | Records Management
General Assistance & Backup |

The goals of the Branch are articulated in our client service vision:

- “We exist to support the Commission in achieving its mission, vision and Service Plan targets.
- We provide professional services in the areas of finance, records management, vehicle management, and facilities management in a cost-effective manner.
- We are accurate, prompt and positive.
- We will have our services assessed annually, either internally or externally, and compare our performance to benchmarks.

- We take necessary training and development to ensure that we have the skills and knowledge to deliver excellent service.
- We help to ensure that policies and procedures are applied unless operational needs require an authorized exception.
- We will meet or exceed reasonable client expectations.”

The staff of the Branch contribute to Branch goals by providing exceptional service in a broad range of enabling services. These enabling services, in turn, help the Commission to achieve service plan targets and strategies. This relationship can be displayed pictorially using the example of field inspection targets:



Performance Measures

The primary and formal measures of success of the Branch are independent audits conducted externally by the Auditor General. There are two audits: the financial statement audit, and the performance report audit. The Commission has had an unqualified (or positive) financial audit every year since it began operations. The Commission’s performance audit has shown improvement every year since evaluations began, and is now held out as an example of exemplary reporting in Service Plan Guidelines.

Secondary measures of success are anecdotal. These measures include comments of recognition by senior management and the board audit committee for exemplary service.

The Branch has had operating or business plans in place for three years, and has achieved 100% of performance targets over that time.

The Branch has both internal and external stakeholders. Internal stakeholders include responsibility centre managers, the board, and the board audit committee. External stakeholders include vendors, industry clients, First Nations, and contractors. The public can also be considered a stakeholder in terms of performance planning and reporting. Stakeholders benefit from the services of the Branch through the provision of timely and accurate financial and administrative services.

The specific benefits provided by the Branch include:

- Consistent interpretation of policies and procedures.
- Accurate and timely processing of financial transactions.
- Prompt and professional financial and administrative advise and assistance.
- Professional administration of the Advisory Committee.
- Effective and prudent financial administration of the 9 year, \$9M SCEK Fund.
- Accurate and informative service plans and annual reports.

Priorities for 2006/07

Following discussions with senior management, in addition to the ongoing day to day financial administration of the OGC, a list of priorities has been established:

Priority Ranking	Project Name	Project Lead	Resources Required
1	Upgrade Financial System	Manager of Accounting	Note 1
1	Implement Internal Audit Recommendations	Manager of Accounting	Note 2
1	Vehicle Plan	Asset & Facilities Coordinator	Note 3
1	Facilities Plan	Asset & Facilities Coordinator	Note 3
2	Write Job Manuals for F&A Staff	Director of Finance & Admin.	\$25,000
3	Records Management Project	FOI & Records Analyst	\$40,000
3	Update the Cost Driver Analysis	Manager of Accounting	\$20,000
3	Write Updated F&A Policies	Director of Finance & Admin.	\$25,000
3	Assess Office Supplies Model	Manager of Accounting	Note 2
3	Conclude performance benchmarking project	Director of Finance & Admin.	Note 3

Note 1 Assume IT Branch can fund this project.

Note 2 Assume staff can implement any changes.

Note 3 Assume the Project Lead can perform the work and conclude the project. (In the case of the Vehicle Plan and the Facility Plan, with the assistance and guidance of the Manager of Business Services).

Budget Context

The Finance and Administration branch has a Branch budget of \$3,660,938.00 for 2006/07 to complete these priorities. This includes \$1,500,000 for PSA exit purposes and \$450,000 for training in a reserve account.

VII. Branch Plan – Information Technology and Systems

PURPOSE / MANDATE

The Information Technology (IT) and Systems Branch is an advisory and coordinating body that addresses the key information technology challenges facing the Oil and Gas Commission (OGC or Commission). It is charged with providing recommendations to the Commission on information technology needs and issues. The Information Technology and Systems Branch will focus its work on major information technology initiatives and challenges confronting the Commission as it seeks to carry out its mission and achieve the goals of its Service Plan.

1.0 ENVIRONMENTAL OVERVIEW

Clients

- 1.0.1 Create a balanced front end application with a focus on supporting the OGC's new service delivery model.

OGC

- 1.0.2.1 Continues to improve client service, essential in supporting the OGC in achieving and exceeding goals.
- 1.0.2.2 Develops a system in support of performance-based management.

Staff

- 1.0.2.3 Create a work environment where staff can thrive and grow.
- 1.0.2.4 Create a trusting environment that expects people to be honest, reasonable, and results oriented.
- 1.0.2.5 Delegate more responsibility to employees and provide meaningful learning opportunities.

1.1 INFRASTRUCTURE

The Information Technology and Systems Branch will manage the Commissions IT infrastructure with a focus on the following:

- 1.1.1 Developing, maintaining and improving the Commissions corporate business applications (IRIS, PIMS, Earthwon and Web) with a focus on enabling business process improvement initiatives.

- 1.1.2 Developing, maintaining and improving the Commissions Information Systems infrastructure ensuring that network, hardware and software requirements, as determined by corporate business needs, are met.
- 1.1.3 Ensuring that the Commission is compliant with applicable software and hardware licensing agreements.
- 1.1.4 Ensuring that the Commissions systems are secure.

1.2 EFFECTIVENESS & EFFICIENCY

The Information Technology and Systems Branch will lead the following initiatives with the support of other Branches:

- 1.2.1 Migration Plan Phase 1, Pipelines Business Processes Year 1

The OGC needs to implement an entirely new service delivery model critical to achieving strategic goals and objectives set by the OGC.

- 1.2.2 Migration Plan Phase 2 Wells and Geophysical Business Processes Year 2
- 1.2.3 Migration Plan Phase 3 Completion of Additional Functionality Year 3
- 1.2.4 Restructure of the OGC web site.
- 1.2.5 Clean up of the H drive.
- 1.2.6 Use of the End User Support Technician.

1.3 COLLABORATION AND COMMUNICATION

The Information Technology and Systems Branch will provide support and assistance to initiatives being led by other Branches.

- 1.3.1 Improve access to OGC information through systems. Year 1, 2, 3
- 1.3.2 Meet regularly with Operations Division leaders to ensure issues are communicated and resolved, including activities outside North-eastern British Columbia. Year 1, 2, 3
- 1.3.3 Maintain relationships and consult with ministries, and other groups affected by the Commission's systems interface. Year 1, 2, 3
- 1.3.4 Stakeholder relations. Year 1, 2, 3

1.3.5 Ensure website is current.

Phase 1 – Short-term (8 – 10 weeks)

- Make staff accountable for accuracy and currency of their respective web documents through assigning Branch representatives and periodically auditing the website document content.
- Review all website procedures with assigned Branch staff and provide adequate training on web document management.
- Perform a joint review of the webpage with IT, Stakeholder Relations and Administration staff.
- Make sure Word documents on the web are converted to PDF where applicable.

Phase 2 – Medium-term (6 months)

- Coordinate all website inquiries through Executive Office.
- Perform an internal review and clean-up of existing network drive.
- Properly define the purpose of the internet website, the intranet website and the network drive.
- Create a website committee lead by Executive Office, consisting of staff members from appropriate sections.

Phase 3 – Long-term (+6 months)

- Complete redesign of webpage (to go to tender – RFP).

1.3.6 Implement a formal audit schedule to check webpage for content, functionality and quality standards.

1.3.7 Improve access to OGC information through systems.

1.4 INNOVATION

1.4.1	Explore new and innovative approaches to software, hardware and support.	Ongoing
1.4.2	Develop improved employee training needs analysis.	Year 1, 2
1.4.3	Establish a transparent approach to End User Support.	
1.4.4	Maintain IRIS.	
1.4.5	Work with branches on recommendations, advice and training.	
1.4.6	Continually assess and look at new technologies.	

1.5 FINANCE AND ACCOUNTING

1.5.1	Ensure that staff expenses are within or less than allocated budget.	Year 1, 2, 3
1.5.2	Ensure that all fees are collected for processing applications.	Year 1, 2, 3
1.5.3	Ensure that contracts are managed effectively and that all deliverables are met on time and on budget.	Year 1, 2, 3

1.6 GEOGRAPHIC INFORMATION SYSTEMS

1.6.1	Provide mapping / analysis support and assistance to other Branches.	Year 1, 2, 3
1.6.2	General procedures for processing and prioritizing requests through the use of request forms and escalation processes.	Year 1, 2, 3
1.6.3	Provide support and training for current spatial data applications (GOAT, Isopach).	Year 1, 2, 3
1.6.4	Develop and maintain web-based mapping applications	Year 1, 2, 3

2.0 ORGANIZATION

Staff Context

6 staff will be employed in the Information Technology and Systems Branch in 2006/07 to complete the tasks outlined above.

Budget Context

The budget for the Information Technology and Systems Branch to complete the tasks outlined above is \$3,096,729.84.

VIII. Branch Plan – Human Resources

Branch Overview

The Human Resources (HR) Branch role is to support the Oil and Gas Commission (OGC or Commission) in meeting its vision, living its values and delivering its mandate.

In the current environment, the strategy to exit the Public Service Act (PSA) and the Public Service Labour Relations Act (PSLRA) will drive HR strategies and activities for 2006/07 and 2007/08. The provision of core HR services such as staffing, employee relations, training and development and classification support will also drive branch activities. The change process involved in exiting the PSA will have a significant impact on how HR is structured within the Commission and how HR service is delivered. The continued corporate priority of a Regional Organizational model will also drive future HR activity as will the Front Counter BC initiative.

The exit strategy will give more flexibility as to how the OGC is able implement HR strategies and will help address key organizational challenges of staff turnover and recruitment and retention. However, exit notwithstanding, the OGC will continue to face difficult labour market pressures in 2006/07 and 2007/08 as industry continues to ramp up and the Province experiences a three decade low in unemployment. The recruitment and retention of staff will be critical to ensure operational efficiency and stability in 2006/07. Any organization sustaining turnover rates of over 15 per cent for a prolonged period of time will experience an adverse impact on its organizational capacity to provide the service to its clients and to the Province. Additionally, the development of new labour agreements, compensation models, HR service delivery models, the urgent need to transition effectively into the “new” Oil and Gas Commission and the development of an effective Leadership Team sets a challenging agenda for the HR Branch.

Key Strategies/Activities

1. Labour Relations Agreements

Post PSA exit, effective, plain language, user friendly agreements will be negotiated with the Professional Employees' Association (PEA) and the British Columbia Government and Service Employees Union (BCGEU). Concluding these agreements will be important to the Commission moving forward, maturing and developing its identity. The objective is to create agreements that are “win-win” in nature giving OGC employees better career opportunities and market related compensation while giving the Commission more organizational flexibility and capacity.

Key metric Sign off agreements with the PEA and the BCGEU within 4-6 months of PSA and PSLRA exit as a base objective. Sign off within 3 months as a stretch objective.

2. Recruitment and Retention

The recruitment and retention strategy for the OGC will focus on several areas.

Staffing – The HR Branch will develop a baseline metric(s) on staffing by June, 2006 focusing on the time it takes to fill a vacant position, from authorization to job filled. A more streamlined staffing process to reduce the time to fill vacant positions will be investigated. The conclusion of the re-negotiated PEA and BCGEU agreements are a significant dependency to implementing this strategy.

Turnover – The HR Branch will continue to monitor turnover rates and work to meet the Service Plan target of 8 per cent. The exit interview process will continue to help OGC management understand the causes of departure and drive corrective action.

Other Activities – The ability to recruit and retain staff will be dependent on strategies and activities stated elsewhere in this plan, specifically compensation and training and development.

Key Metrics Turnover reduced to 8 per cent per annum
A baseline metric for staffing based on a “time to fill” measurement established

3. Personnel Performance Management

The corporate move to a results based organization, including the possible option of introducing incentive based pay, and the introduction of a more robust development planning process, will require much more effective use of the OGC performance management system. The strategy to achieve this is as follows:

- Development of a clear performance management calendar to be issued to managers with appropriate reminders.
- Development of a training program, focused on setting objectives, reviewing performance and giving appropriate feedback.
- Making a core management objective the completion of performance management evaluations with all direct reports from management.
- Reliance on 360 degree feedback program, initially for the top 10% of the OGC and used as a pilot to evaluate roll out deeper in the organization.

Key Metrics 85 per cent of performance management plans completed for staff employed with OGC (in their post for at least one year) in 2006/07 and 90 per cent by 2007/08.

Top 10% of Commission have completed a 360 degree feedback program by the end of 2006/07 (provided they have been employed in their post for at least 9 months).

4. Training & Development

Training and development plans will be critical to build organizational capability at the OGC, making the Commission an attractive place to work and increasing the ability to attract, retain and develop staff to meet the OGC’s mandate.

The strategy to move this forward is as follows:

- Build an integrated Training Plan for the agency incorporating broad people and management skills training and technical training; this will focus on training in house spending training dollars effectively.
- Develop an OGC specific Leadership Development Program to enhance current leadership capacity and develop future leaders.
- Develop a Foundation Management program for OGC managers to ensure appropriate core skills are in place; in terms of budget, staff and process management.
- Design and implement a Coaching and Mentorship Program for the OGC to enhance individual development of staff by third quarter of 06/07.

Key Metrics Training Plan developed in 2006/07. Implement a mini pilot in the last quarter of 2006/07 and the full plan by 2007/08

Decrease training dollars spent on external training programs.

Leadership Development Program designed and implemented by the third quarter of 2006/07.

Foundation Management Program designed and implemented by April 2006.

5. Compensation

The PSA and PSLRA exit will allow the OGC to develop compensation plans that are specific to its context. Significant research will be required to assess the OGC's current market position across all job categories. Based on this research a decision on the Commission compensation philosophy will be required by senior management. The impact of proposed compensation changes will require a re-modelling of the budget based on various scenarios.

The strategy around compensation is as follows:

- Finalise compensation research initiated in the last quarter of 2005/06.
- Establish a compensation philosophy for the OGC to give clarity to the OGC market and our percentile position in that market by April 2006.
- Fine tune compensation models initiated in the last quarter of 2005/06 so the OGC can evaluate potential impacts of compensation moves for PEA, BCGEU and excluded staff.

- Develop a compensation plan for the Public Sector Employers' Council (PSEC) to ensure timely sign off on the approved compensation philosophy and policy within 90 days of PSA exit.
- Evaluate the "best fit" options for the OGC around the concept of incentive pay and gain sharing in 2006/07 for presentation to the OGC executive board and possible implementation in 2007/08.

Key Metrics Deadlines for the above are met

Compensation adjustments are made as a result of the PSA exit and new labour agreements and changes to excluded staff salaries are within the approved budget

6. Employee Surveys

The use of employee surveys plays an important role in capturing feedback on OGC employee engagement. In 2006/07 the HR Branch will design and roll out an Employee Survey instrument which will establish baselines for future surveys, to allow measuring of future progress on an employee engagement index.

Key Metric An Employee Survey is ready for roll out in the third quarter of 2006/07.

7. HR Service Delivery Model

The exit from the PSA and PSLRA will drive an evaluation of how best to deliver HR service within the OGC and how best to structure the OGC HR function. The Service Level Agreements with the British Columbia Public Service Agency (BCPSA) need careful review as do other feasible options for the delivery of HR service.

The activity will consist of the following:

- A review of the terms of service and cost effectiveness options in terms of "best fit" for the Commission by summer 2006/07.
- Creation of a proposal for senior management by fall of 2006/07 of the future OGC HR structure, including skills and staffing requirements and service delivery model, including external resource requirements.

Key Metric Review and proposal completed according to schedule above.

8. Staff Health and Wellness – Daycare

Establishing daycare facilities for OGC staff will support the directive to make the OGC an employer of choice and help the organization recruit and retain existing and future staff. Options for delivery of this service need to be established, and a business case will need to be presented to the Board and Leadership Team to ensure effective use of resources.

The process for establishing daycare facilities in Fort St. John will include:

- A review of possible daycare provision scenarios by June 2006.
- Developing a business case for daycare services, to address costs relating to turnover and training by August 2006.
- Developing delivery options for daycare services, including addressing available government subsidy, financing services provided by others, engaging new trainees from college as staff, and procuring a long-term contract for space.
- Bringing options forward to the Board and Leadership Team for consideration in Fall 2006.

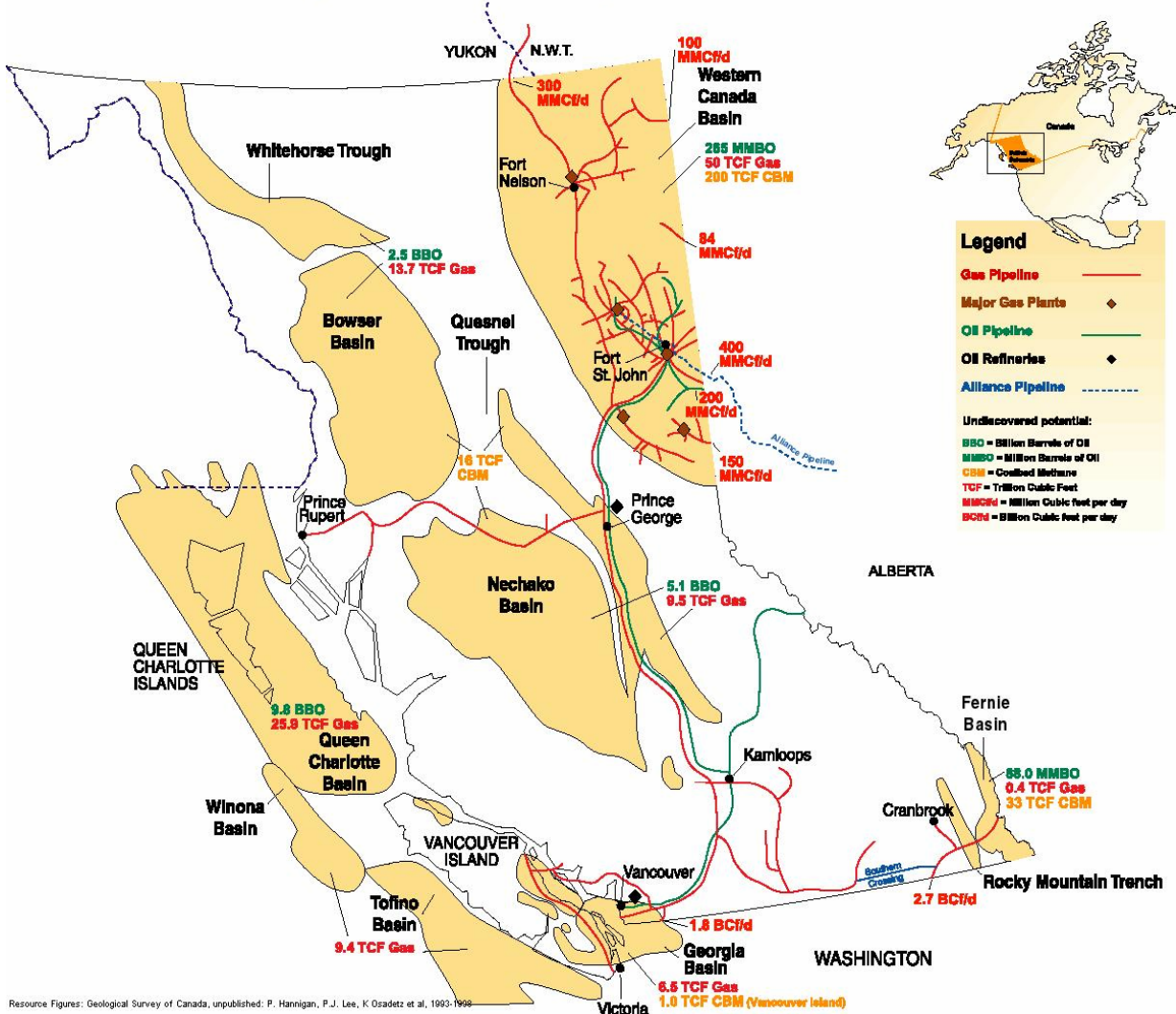
Key Metric Presentation of delivery options to Board and Leadership Team.

Budget Context

The budget for the HR branch in 2006/07 is \$1,038,172.48. \$550,000 has been approved in the recent budget for activities related to training and development. In addition, \$120,000 has been set aside for a Memorandum of Understanding with the BCPA.

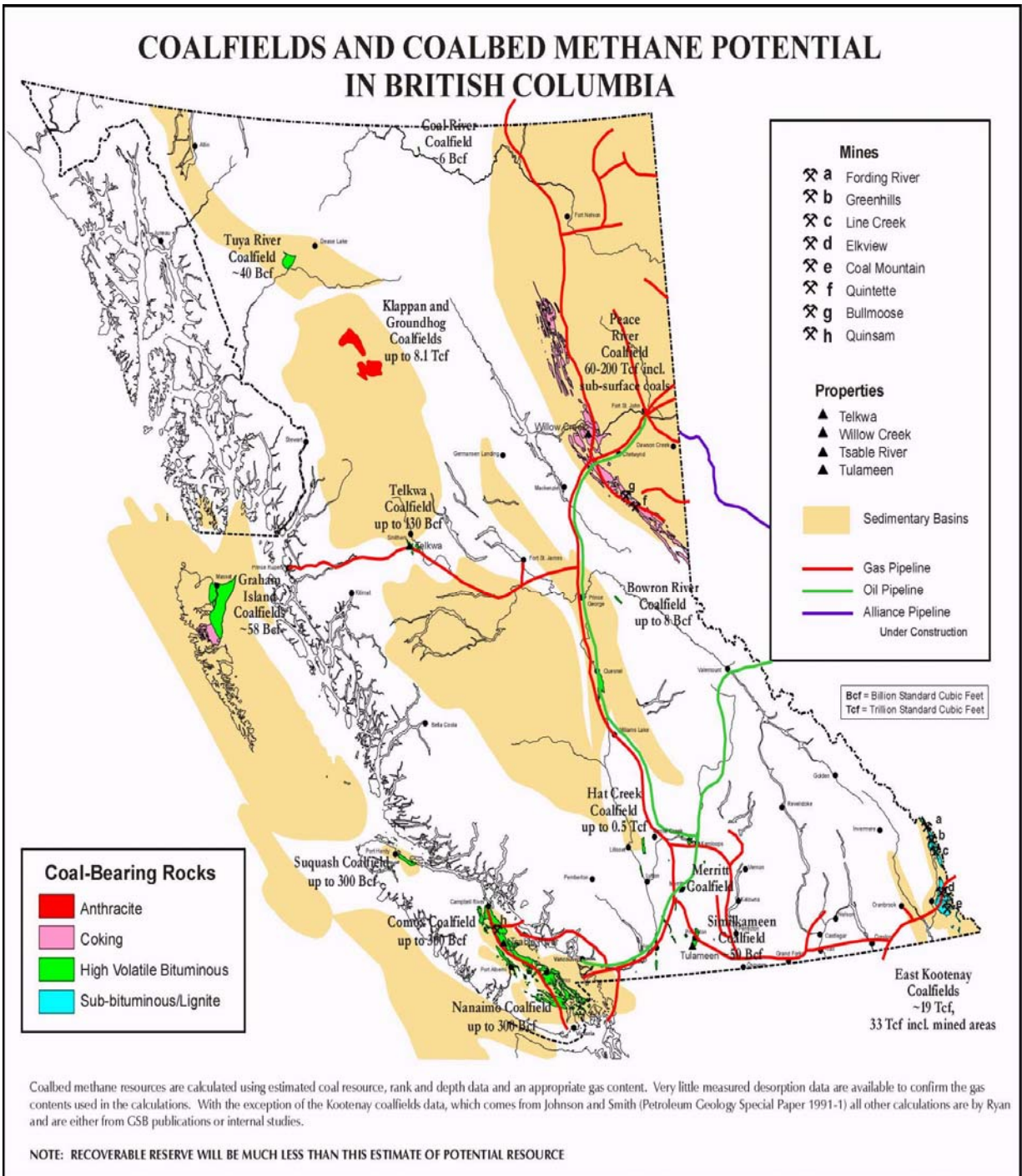
Appendix – Useful Reference Materials

Sedimentary Basins and Pipelines of British Columbia



Most of the petroleum and natural gas rights in British Columbia are owned by the province, with small percentages privately-owned or held by the federal government. Rights to explore for and develop provincial petroleum and natural gas are conveyed by various forms of tenure that are made available to the public in monthly competitions.

COALFIELDS AND COALBED METHANE POTENTIAL IN BRITISH COLUMBIA

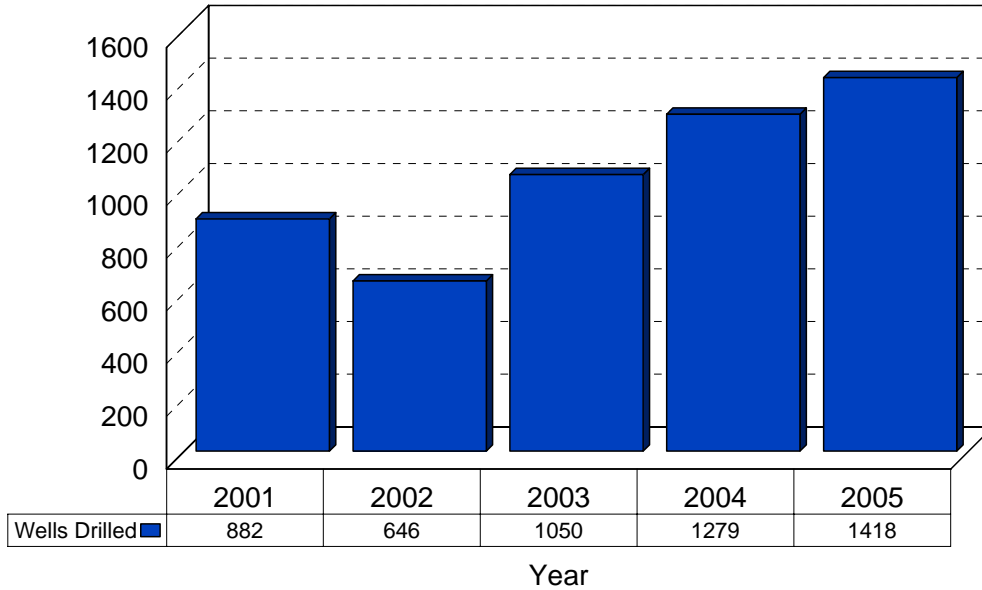


Coalbed methane resources are calculated using estimated coal resource, rank and depth data and an appropriate gas content. Very little measured desorption data are available to confirm the gas contents used in the calculations. With the exception of the Kootenay coalfields data, which comes from Johnson and Smith (Petroleum Geology Special Paper 1991-1) all other calculations are by Ryan and are either from GSB publications or internal studies.

Appendix – Regionalization Areas for OGC Operations



Wells Drilled in British Columbia, Annually 2001-2005



Number of Wells Drilled in B.C. – Annually

Calendar Year Selected: January 1, 2001 – December 31, 2005

Productivity (2004 average per well)

Natural Gas: 3 BCF/d
 Oil & Condensate: 47 MSTB/d

Remaining Established Reserves (end 2004)

Raw Gas: 14 TCF
 LPG & Condensate: 128 MMSTB
 Oil: 138 MMSTB