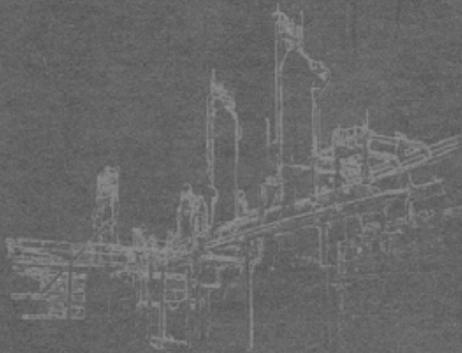


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ANNUAL  REPORT

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To
The Honourable Anne Edwards
Minister of Energy, Mines and Petroleum Resources

Minister:

It is my honour to submit to you the Annual Report of the Ministry of Energy, Mines and Petroleum Resources. This report details ministry activities for the period April 1, 1994 to March 31, 1995.

A handwritten signature in cursive script that reads "Brenda Eaton".

Brenda Eaton
Deputy Minister



To
The Honourable Garde Gardom
Lieutenant-Governor of British Columbia

May It Please Your Honour:

I respectfully submit the Annual Report of the Ministry of Energy, Mines and Petroleum Resources. This report details ministry activities for the period April 1, 1994 to March 31, 1995, and is an accurate account of our achievements during that time.

Anne Edwards

Anne Edwards
Minister

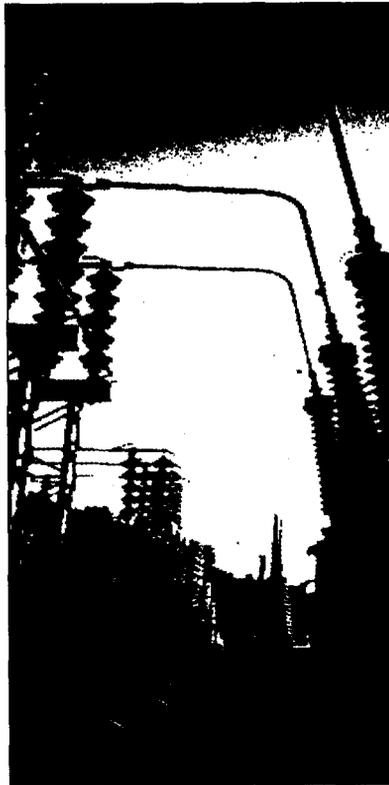
HIGHLIGHTS

The Ministry of Energy, Mines and Petroleum Resources ensures that the province's energy and mineral resources are developed and used in a safe, efficient and environmentally sound manner.

Energy and mining, when combined, directly account for 9.0 percent of the provincial GDP or about \$1 in every \$11.

ENERGY

- 1994/95 was a record year for oil and gas exploration activity, with 643 well authorizations issued and 556 wells drilled, of which 424 were successful.
- Government revenues from bonus bids, fees and rentals reached a 15 year high of \$222 million.
- Oil reserves (19 million cubic metres) are up by five percent from 1993 levels, while marketable gas reserves are unchanged at 244 billion cubic metres.
- British Columbia and the Bonneville Power Administration signed a memorandum of agreement on delivery of British Columbia's share of the downstream benefits originating from the Columbia River Treaty.



- *Planning Today for Tomorrow's Energy*, the British Columbia Energy Council's sustainable energy strategy for the province, was submitted.
- A public review began of British Columbia's electricity market structure and services to promote efficiency.
- The ministry and two First Nations in northeastern British Columbia signed a petroleum and natural gas revenue-sharing agreement, creating

new economic development opportunities for the bands and industry.

- The energy efficiency standards regulation was amended and expanded to include electric motors, as well as other household and industrial products.
- Regional inventories were prepared to assist in land use planning and protected area processes.

MINERALS

- 1994/95 saw increased activity in the mining sector: **Eskay** Creek, a major new mine, opened north of Stewart; and, **Kinross** Gold developed the QR Gold project east of Quesnel.
- Three previously closed mines re-opened: Gibraltar; Similco; and, **Afton**; and one potential mine closure-Byron Creek-was averted by sale to Fording Coal Ltd.
- Japanese trading companies made significant investments in two B.C. projects, Mt. Polley and Huckleberry, slated for future development.
- Four mines were certified for development: Golden Bear, Kodiak Pit; Monteith Bay Geyserrite; Bralorne Gold; and, Mount Meager Pumice.

- The southeast coal industry embarked on a major investment program to expand and modernize which will eventually see coal production in the southeast grow by four to five million tonnes.
- The 1994/95 provincial government budget provided a major boost to mining with a five-year, \$100 million package of tax relief and exploration incentives. Explore B.C., a \$3.5 million program of mineral exploration incentive grants, was launched in April, 1994.
- Government land use plans for the Cariboo-Chilcotin and the East and West Kootenays were announced. Most areas of high mineral potential are available for development.
- The Whitehorse Mining Initiative Accord was signed in September at the 1994 Mines and Energy Ministers' Conference in Victoria.
- The British Columbia Advisory Council on Mining was established to advise the minister on the implementation of the WMI Accord.
- Reclamation securities held by the province increased \$17 million during the year and, at March 31, 1995, a total of \$135 million was



held to ensure mine reclamation performance.

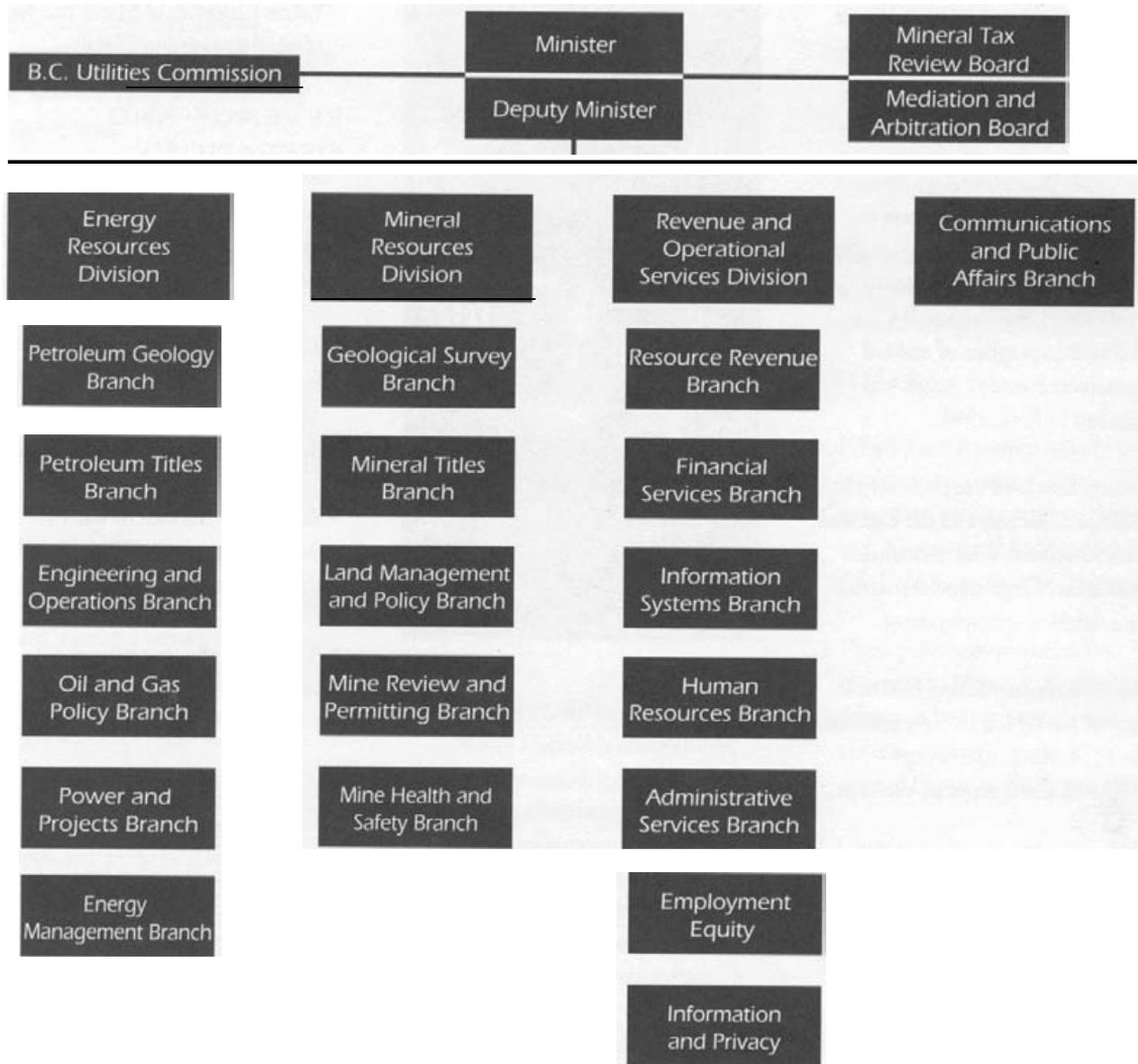
- The ministry initiated a project, involving the mining industry and the environmental community to review mineral exploration standards and develop options to streamline the exploration permitting process.
- A partnership agreement on industrial minerals was reached with B.C. Trade and the Ministry

of Employment and Investment, with support from the B.C. and Yukon Chamber of Mines and the Mining Association of B.C.

REVENUE AND OPERATIONS

- Revenues collected from the energy and mineral sectors **totalled** almost \$462.5 million.
- Revenues included royalties and freehold production taxes on 793 oil wells and 1 075 gas wells under **the Petroleum and Natural Gas Act**.
- Revenue on mineral production from 38 mines was collected under the **Mineral Land Tax Act**.
- A review of the way natural gas production is priced for royalty purposes was initiated.
- Functions of the B.C. Petroleum Corporation were transferred to the ministry when its office officially closed on October 1, 1994.

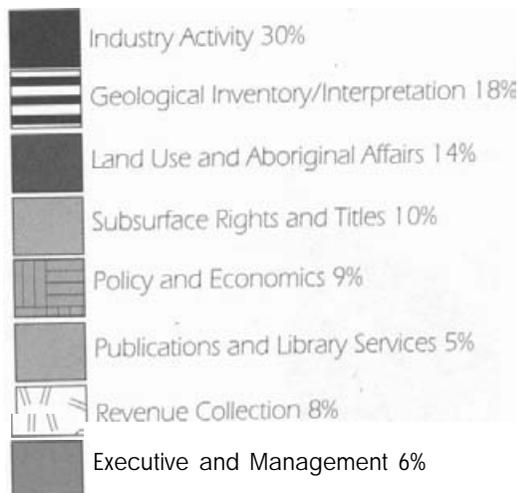
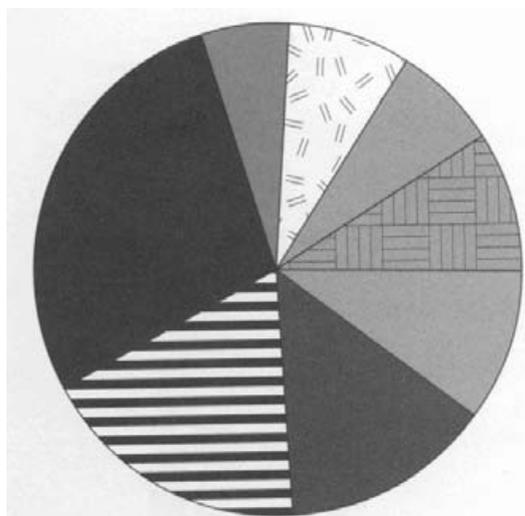
MINISTRY OVERVIEW (AS OF MARCH 1995)



1994/95 EXPENDITURES BY MINISTRY FUNCTION (\$ THOUSANDS)

	Clean Choice Program and Revenue Sharing Agreements	Minister	Deputy Minister/ Communications	Revenue and Operations	Energy Division	Minerals Division	Total \$
Industry Activity	—	—	—	81	4 331	7 065	11 477
Geological Inventory/Interpretation	—	—	—	51	196	6 560	6 807
Land Use and Aboriginal Consultations	—	—	—	—	1 554	3 621	5 175
Subsurface Rights and Titles	—	—	—	—	1 235	2 624	3 859
Policy and Economics	—	—	—	—	2 203	1 170	3 374
Revenue Collection	—	—	—	2 657	269	234	3 160
Publications and Library Services	—	—	579	117	327	774	1 798
Executive and Management	—	440	501	261	502	511	2 214
Total Active Programs	—	\$440	\$1 080	\$3 168	\$10 617	\$22 559	\$37 863
Grants and Contributions	4 099	—	—	12 972	229	4 054	21 174
Total	\$4 099	\$440	\$1 080	\$16 140	\$10 846	\$26 613	\$59 037

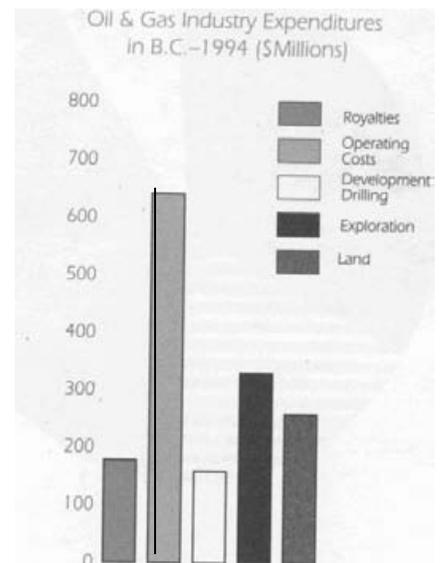
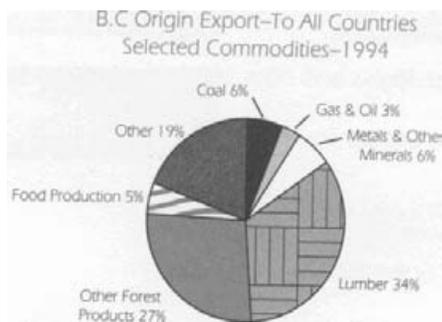
Note: Industry Activity includes project review and permitting, and environmental health and safety inspections at mines and well sites.



STATISTICS-A TEN YEAR SUMMARY

Energy Sector	1985	1986	1987	1988
Oil & Gas Industry Expenditures in B.C. (\$Millions)	798.9	602.0	593.0	755.2
Direct Government Revenue from Oil & Gas (Royalties, Bonuses, Fees & Rentals in \$Millions)	306.1	184.0	189.5	228.9
Total Number of Oil & Gas Wells Drilled	237	161	137	190
Natural Gas Production (1000 cubic metres)	8 873 019	8 531 458	9 876 173	10 853 516
Crude Oil Production (cubic metres)	1 970 291	2 036 930	2 109 350	1 910 577
Electricity Generation (gigawatt-hours)	59 126	50 759	63 066	60 943

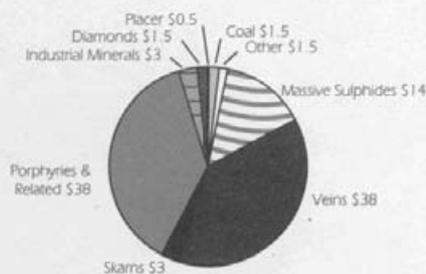
Mineral Sector	1985	1986	1987	1988
Industry Exploration Expenditures in B.C. (\$Millions)	100	84	143	230
Direct Government Revenue from Minerals (Mineral Tax and Mineral Land Tax in \$Millions)	47.4	48.6	45.4	63.8
Direct Employment in Mining Industry	19 863	17 974	21 324	20 568
Value of B.C. Metal Output (\$Millions)	1 005	1 157	1 492	1 876
Value of Coal Produced (\$Millions)	1 028	934	893	979
Total Number of Mineral Units & Placer Claims Staked in the Province	60 445	71 139	99 681	98 975



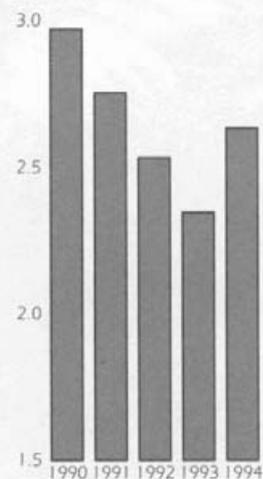
1989	1990	1991	1992	1993	1994
969.7	1 194.2	1 178.5	879.8	1 301.4	1 572.4
228.0	284.1	212.3	196.8	334.7	436.2
218	286	235	159	320	556
13 882 046	13 964 785	15 929 898	17 654 709	19 547 356	20 304 610
1 888 439	1 966 000	1 984 000	2 029 000	1 979 000	1 935 000
57 655	60 662	62 981	64 058	58 774	61 015

1989	1990	1991	1992	1993	1994
187	227	136	72	66	95
52.0	31.7	28.6	29.1	42.4	52.9
20 867	19 872	17 874	14 187	13 766	13 600
1 757	1 559	1 419	1 436	1 175	1 305
1 001	980	939	749	797	905
108 715	110 593	66 434	39 779	24 812	28 923

Mineral Exploration by Deposit Type
1994 (\$Millions)



Value of Mineral Production
1990-1994 (\$Billions)



ENERGY RESOURCES DIVISION

The division manages B.C.'s energy resources, and implements policies and programs to encourage economic development, promote efficiency in energy production and consumption, maintain environmental integrity, and balance current demands against future needs. The division oversees a policy, planning and regulatory framework under which energy is found, produced, transported, consumed, and exported.

1994/95 was a year of significant challenges and achievements for the division. Accomplishments associated with resource inventories, integrated management, regulatory reforms, gas and electricity policies, and energy efficiency standards took place in a year of unprecedented oil and gas tenure, drilling, and production activity.

Natural gas reserves additions, after outpacing production for four years, balanced with production figures in 1994, despite record production. Regional inventories were prepared to assist in land use planning and protected area processes. Work began on the Oil and Gas Handbook, to integrate the Forest Practices Code with newly revised procedures manuals.

The division designed initiatives associated with the extraction, processing, marketing, and distribution of oil and gas to increase the benefits of these activities for British Columbians. These included liquified natural gas opportunities, industrial gas supply options, gas processing plant policies, and revisions to agreements associated with the Vancouver Island Pipeline.

Anticipating electricity industry deregulation, the division initiated a review of the way B.C.'s electricity markets could be restructured. Staff co-managed electricity initiatives, including Columbia River Treaty entitlement negotiations, the Electric System Operations Review, and B.C. Hydro's Request for Proposals for new energy supplies.

B.C. leads the nation in policies, programs, and regulations that promote energy efficiency use. New product standards were introduced under the *Energy Efficiency Act*. New initiatives include clean vehicles and fuels, community-based energy efficiency programs, energy codes for buildings, a greenhouse gas stabilization strategy and implementing recommendations of the B.C. Energy Council (BCEC).

Regional initiatives focused on the main energy producing areas of B.C. In the northeast, the division was instrumental in the successful completion of revenue-sharing agreements, one with First Nations and another with local governments. In the Kootenays, the division participated in a variety of programs designed to redress adverse impacts associated with Columbia, River Treaty dams.

Many programs involving other agencies and jurisdictions were integrated or better coordinated. Functions of the B.C. Petroleum Corporation were integrated into the ministry, and BCEC concluded its mandate with the submission of its energy plan. Transition planning began for the transfer of administration of the energy project review process to the new environmental assessment office. Cooperation agreements were signed with Natural Resources Canada and other agencies.

PETROLEUM GEOLOGY BRANCH

The branch, in conjunction with the Engineering and Operations Branch, assesses hydrocarbon and geothermal energy reserves in B.C. and calculates oil and gas resource inventories.

In 1994, the industry drilled a record 556 wells, 2.4 times the average of the previous seven years. More than 70 new oil and gas pools were discovered in the traditional producing areas of the plains and foothills of northeast British Columbia.

Budget: \$824 000

Employees: 10

1994/95 Core Activities

- Petroleum geologists evaluated and mapped 365 oil and gas wells. New efficiencies were achieved through the use of proven petroleum industry software.
- Three new gas fields (Burnt Rivet, Kahntah River and Hiding Creek) and one oil field (Birley Creek) were designated for pool reserves reporting.
- Major geological evaluations and reviews were completed in the new Birley Creek oil and gas play, the Brazion-Sukunka-Murray southern foothills gas play and the northern foothills gas play.

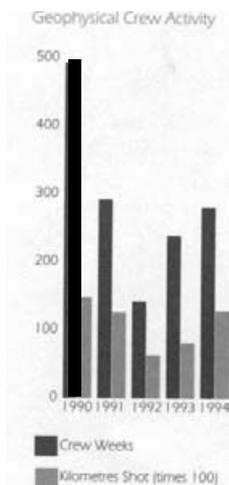
1994/95 Special Activities

- The majority of work was completed on a resource inventory of both known and undiscovered oil and gas potential in northeast B.C., using a geographic information system. This information will be used in land and resource management and decision making processes including:

Commission on Resources and the Environment;

Protected Area Strategy and

Land and Resource Management planning.



PETROLEUM TITLES BRANCH

The branch manages Crown petroleum and natural gas, underground natural gas storage and geothermal rights, and participates in the development of land use plans.

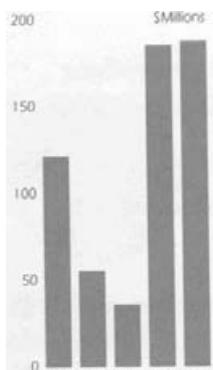
Budget: \$ 1 113 197

Employees: 15

1994/95 Core Activities

- The branch issued 1 134 new tenures in 1994/95 covering 821 215 hectares of oil and gas rights, which exceeded the area of surrendered and expired tenures by 50 percent.
- At year end there were 8 619 oil and gas tenures in good standing covering 5 242 772 hectares.
- Revenues from bonus bids, submitted by oil and gas companies to acquire tenures, reached a 15-year high of \$187.1 million. Total branch revenue, which includes tenure fees and rents, was \$221.7 million.
- The growth in bonus revenues was a result of strong industry interest in acquiring rights to British Columbia's good natural gas prospects. The interest was triggered by high gas prices and a buoyant equity market.
- The recording of transfers and encumbrances was also at a high level, with 3 441 tenures affected by ownership transfers and 355 tenures encumbered by registered documents.

Tenure Bonuses:



1994/95 Special Activities

- The branch contributed to the development of a provincial land use strategy, Commission on Resources and the Environment regional plans and three northeast region land and resource management planning processes.

ENGINEERING AND OPERATIONS BRANCH

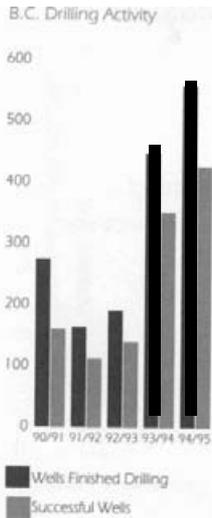
The branch regulates and inspects the exploration and production operations of B.C.'s oil and gas industry from two locations, a head office in Victoria and field operations at Charlie Lake, near Fort St. John.

Budget \$533 680

Employees 39

1994/95 Core Activities

- Well authorizations for future drilling hit an all time high number of 643. The number of wells drilled and successful wells drilled during the fiscal year set new highs of 556 and 424 respectively.
- Field staff conducted 416 drilling rig inspections and 179 service rig inspections. Also 5 139 well site and facility inspection reports were prepared, 484 facility construction projects reviewed, and 152 geophysical inspections were completed.
- Technical approvals were issued for 13 conservation projects, including waterflood oil recovery initiatives, gas injection and good engineering practices and a total of nine subsurface salt water disposal schemes.
- Marketable natural gas reserves remained virtually unchanged at 244.3 billion cubic metres, despite record production of 16 billion cubic metres. Crude oil reserves rose from 18 to 19 million cubic metres after production of 1.9 million cubic metres.



1994/95 Special Activities

- The branch initiated the development of a British Columbia oil and gas handbook derived from existing legislation and comprised of standards, guidelines and procedures. The handbook will assist the upstream oil and gas industry.
- The merits of major proposals for gas plant construction or expansion including those regulated by the National Energy Board were reviewed.
- The branch contributed to the provincial land use strategy at a regional level and provided input into the development of the Forest Practices Code.

OIL AND GAS POLICY BRANCH

The branch develops policies and strategies to maximize the economic benefits to British Columbia from the development and distribution of oil and natural gas, subject to the province's broad economic, social and environmental goals.

Budget \$926 400

Employees 12

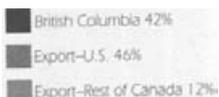
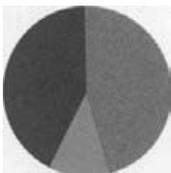
1994/95 Core Activities

- Provincial reviews of Westcoast Energy Inc.'s expansion proposals for its natural gas gathering, processing and transmission facilities in B.C. were coordinated.
- The branch participated in three National Energy Board (NEB) hearings: the Westcoast Fort St. John and Grizzly Valley expansion applications; the review of secondary markets for transportation services; and the review of the NEB's authority over environmental reviews of gas export applications.
- Policy advice and assistance associated with gas distribution extensions, utility regulation and the Vancouver Island Pipeline was undertaken.
- Two new long-term and 43 short-term natural gas Energy Removal Certificates were issued in 1994/95 and a review of the ministry's natural gas removal policy was initiated.

1994/95 Special Activities

- In conjunction with the Ministry of Municipal Affairs, an increase in property tax revenue flowing to the Peace River Regional District was implemented to provide more direct benefits from the oil and natural gas activity in the region.
- In association with the Ministry of Aboriginal Affairs, the branch negotiated a revenue sharing agreement with the Blueberry River and Doig River Indian Bands.
- The branch coordinated the 1994 Council of Energy Ministers' meeting.

Consumption of B.C.
Natural Gas Production



POWER AND PROJECTS BRANCH

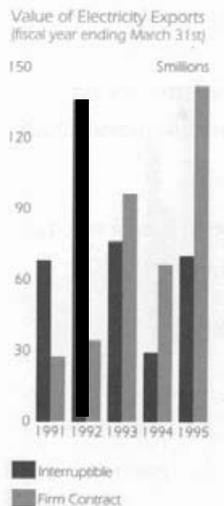
The branch is responsible for developing and implementing electricity policy and providing, through the *Utilities Commission Act* and the *Environmental Assessment Act*, thorough, timely and integrated assessment of applications for energy projects and electric Energy Removal Certificates.

Budget \$750 000

Employees 9

1994/95 Core Activities

- B.C. Hydro submitted its electric system operations review. Operations issues evaluated included power generation, flood control, economic development, fish and aquatic habitat, wildlife, water supply, recreation and tourism from a local, regional or system-wide perspective. B.C. Hydro has been directed to follow up with changes to its operations.
- A memorandum of agreement was signed between Canada and the U.S. in September, 1994. It provided alternative arrangements for the return of the downstream benefits which offered greater financial, environmental and economic development benefits to B.C.
- Three energy projects were approved: the Akolkolex hydroelectric plant; BC Gas' Southern Interior reinforcement pipeline; and Home Oil's Kahntah gas plant. Seven other projects were under active review.
- The branch assisted B.C. Hydro in preparing a request for proposals for up to 300 MW of new supplies from the private sector with 48 proposals received and reviewed.



1994/95 Special Activities

- The province and shareholders defined regulations for types of projects to be reviewed under the new *Environmental Assessment Act* and timelines that will apply to provincial review. The branch provided technical advice to the environmental assessment office and led in the development of energy project thresholds and criteria for project assessment.
- The B.C. Utilities Commission was directed to carry out a review of the electric market structure and will provide recommendations for consideration by government in mid-1995.

ENERGY MANAGEMENT BRANCH

The branch develops and implements policies, programs and regulations to promote energy efficiency and renewable energy in the province. It also produces economic analysis and forecasts of energy supply and demand

Budget \$1 058 288

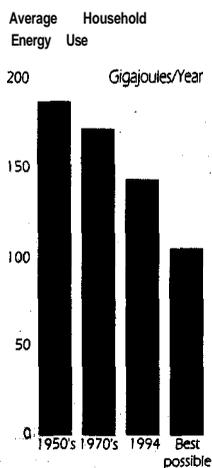
Employees 10

1994/95 Core Activities

- Provincial energy efficiency standards for five types of equipment were added to the 25 products already regulated, including the first North American standard for transformers and the highest minimum requirement for electric motors in North America.
- Stakeholder committees began the development of recommendations on new energy efficiency requirements for houses and other buildings.
- Quarterly forecasts of oil prices and natural gas volumes and prices were produced.
- The branch administered the clean choice natural gas conversion grant program.

1994/95 Special Activities

- Community-based energy efficiency projects were launched with BC 21 Power Smart in Golden and Osoyoos to help communities improve energy efficiency.
- The branch, in conjunction with the solar industry, and the Ministry of Municipal Affairs, developed a training and certification program for solar installers.
- A feasibility study on solar heating in aquaculture was co-funded with the federal government.
- Cleaner Fuels for Cleaner Air, a report from the taskforce on alternative transportation fuels in B.C. chaired by the branch, was published.



The mining industry was very active in 1994/95 with exploration expenditures jumping 41 percent to almost \$93 million and a number of new mine projects opening or reaching an advanced stage of the Environmental Assessment process. The increased activity was spurred by generally higher metal prices and the lower value of the Canadian dollar.

The coal industry also benefited from higher prices as it continued its recovery from the 1992 trough. Most coal mines in the southeast region of the province were making significant investments in modernization or expansion.

Much of the division's activity in 1994/95 involved managing projects through the Mine Development Assessment process and ensuring a smooth transition to the new *Environmental Assessment Act*, scheduled to come into effect in 1995/96.

In 1994/95 the division also focused on measures to further increase and sustain mineral exploration at a level that will ensure new reserves are added to offset depletion at existing mines by:

- bringing in new programs to stimulate mining activity;
- participating actively in land use planning processes designed to achieve certainty for the industry; and
- helping foster increased stakeholder involvement in addressing longer-term issues facing the sector,

The government's incentive package for mining included changes to the Mineral Tax Act to provide enhanced development incentives for new mines and lower effective tax rates for both coal and metal mines. The package also featured prospector's assistance, financial assistance for mineral exploration and a program of targeted geological surveys. A number of promising areas for follow-up exploration by the private sector were uncovered.

Staff were actively involved in the development and implementation of regional land use plans for Vancouver Island, Cariboo-Chilcotin and the East and West Kootenays, as well as 12 land and resource management plans. Most areas of high potential are available for mineral development. Special provisions governing access through protected areas and policies for special management zones recognize the distinctive characteristics of mineral resources.

Under the auspices of the Minister's new Advisory Council on Mining, established in 1994 to oversee the implementation of the **Whitehorse** Mining Initiative in British Columbia, the division undertook comprehensive reviews of exploration standards and the exploration permitting process; reclamation security policies; and the province's Health, Safety and Reclamation Code for Mines.

In **partnership** with the Ministry of Employment and Investment and B.C. Trade Development Corp., the division worked to strengthen and **diversify** the mineral sector through infrastructure and value-added initiatives, including development of legislative proposals to address tenure issues facing the promising industrial minerals industry.

The division also initiated Mineral Data B.C., a multi-year project to improve and integrate information systems to provide better service to industry and public clients and improve planning and regulatory processes.

GEOLOGICAL SURVEY BRANCH

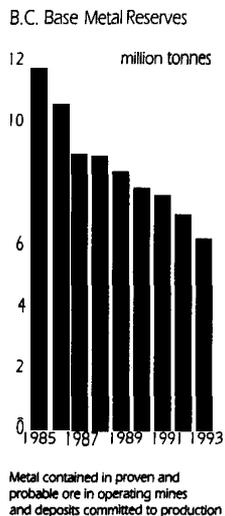
The branch is responsible for providing the geological inventory of the province to help develop B.C.'s mineral resources, improve government's stewardship of its rich mineral endowment, and help manage and protect Crown lands.

Budget \$5 537 000

Employees 85.5

1994/95 Core Activities

- Geological and geochemical surveys were completed on seven map sheets (about 7 600 square kilometres) in priority areas throughout the regions. Results were released to the mining exploration sector at the **annual** Cordilleran Roundup held in Vancouver in February, 1995.
- Regional scale mineral potential assessments were completed for the **Thompson-Okanagan** and **Nass-Skeena** areas in support of government land planning processes. A mineral potential assessment of the northeast region was begun, funded by the government's Corporate Resource Inventory Initiative. It will be complete in 1995.
- A pilot earthquake hazard map of the Chilliwack region was prepared. New geological data indicates that coastal British Columbia is susceptible to a magnitude nine earthquake and earthquake hazard maps are required by emergency and land use planners.
- Outside advice is critical to ensure the ministry's geoscience program supports the government's sustainable economic development objectives. In **1994/95** the minister's technical advisory committee on the Geological Survey Branch met twice to review the annual work plan and report on its effectiveness.



1994/95 Special Activities

- The Canada/British Columbia Mineral Development Agreement program was continued in **1994/95** with \$1 million allocated to the Geological Survey Branch to expand its economic development survey program. Projects were focused on 'industrial minerals and base metals.
- Explore B.C., a three-year incentive program for exploration and mining companies and individual prospectors, was announced in April, 1994 with a combined budget of \$3.5 million. The programs are managed by the Geological Survey Branch.

MINERAL TITLES BRANCH

The branch administers mineral, placer and coal tenures throughout the province. In 1994, 6 200 mineral, 1 040 placer and eight coal tenures were issued, covering a total area in excess of 800 000 hectares.

Budget \$2 300 000

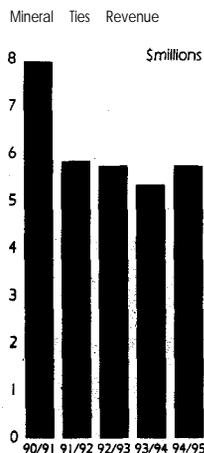
Employees 32

1994/95 Cot-e Activities

- The branch issued close to 7 300 new tenures, covering approximately 600 000 hectares.
- As part of an ongoing program, tenure reference maps were converted to a fully digital format. This new format allows broader access to tenure information.
- Enforcement audits were carried out on more than 400 individual titles. Audits ensure that free miners comply with the act and regulations pertaining to acquiring and maintaining claims.
- Mapping was provided to the Commission on Resources and the Environment for the Kootenay, Cariboo and Vancouver Island. Mapping and tenure reports were also provided for land resource management planning as well as land claim areas.

1994/95 Special Activities

- Amendments to the *Mineral Tenure Act* were brought forward to the Legislature.
- Computerized mapping was completed over the Gitskan-Wet'suwet'en comprehensive claim area, in anticipation of treaty negotiations.
- Use of the Global Positioning System (GPS) was reviewed. Title inspectors are now incorporating current GPS technology into their daily work.
- The branch moved to plastic wallet-sized Free Miner Certificate cards which are more durable than paper certificates.



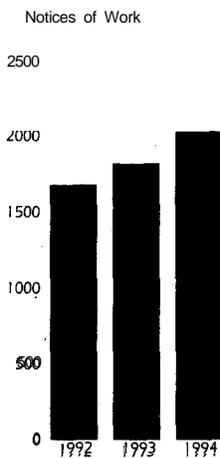
LAND MANAGEMENT AND POLICY BRANCH

The branch is responsible for regional operations including mineral exploration permitting, inspections, land use planning and regional geology. In addition, the branch provides economic and policy analysis of relevant mineral issues and participates in the development of mineral policies that affect Aboriginal groups.

Budget \$4 900 000
Employees 60

1994/95 Core Activities

- Mineral data and resource management information was provided for land use planning processes throughout the province. The branch implemented government's land use decision for the Cariboo-Chilcotin and Vancouver Island regions.
- Economic analysis of taxation issues, market trends and specific projects was provided.
- The branch represented the ministry in provincial treaty mandate development and negotiations and provided policy advice on pre-treaty initiatives.
- Mineral exploration and small mine development were regulated through permitting, inspection and enforcement. Staff processed 2 015 notices of work and performed 1 407 inspections.
- Reclamation security for sand and gravel, mineral and coal exploration, placer, quarry and small mine developments was collected. At year end, total security held was \$11.8 million.



1994/95 Special Activities

- The branch participated in the development of the Forest Practices Code and the accompanying memoranda of understanding to ensure the administration of mineral resources is carried out in accordance with the code.
- Phase one of the mineral exploration project was completed, which involved redrafting the standards for industry field activities and redesigning the permitting process.
- Analysis was provided which led to the establishment of Canada's first tax deductible reclamation **fund**.
- The branch co-ordinated the 1994 Mines Ministers' Conference program.

MINE REVIEW AND PERMITTING BRANCH

The branch ensures that large proposed, operating and abandoned mines meet the province's sustainable resource development goals in a manner consistent with provincial expectations for sound engineering, safety, optimum resource extraction, effective protection and reclamation of the environment, and community prosperity and benefit to all British Columbians.

Budget \$1 700 000

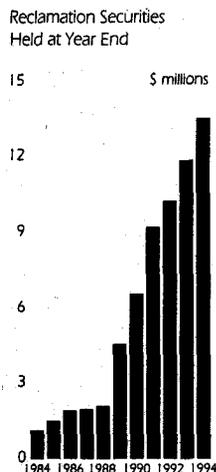
Employees 19

1994/95 Core Activities

- Four Mine Development Certificates were issued, including Golden Bear's Kodiak pit, Monteith Bay Geyserte, **Bralorne** Gold and Mount Meager Pumice. The branch permitted the QR Gold Project under the *Mines &* which subsequently commenced production.
- Reclamation securities held increased from \$117 million in **1993/94** to \$135 million in 1994/95.
- All major **geotechnical** structures were inspected and *Mines Act* permits or amendments were issued for six surface and six underground mines, 12 waste dumps and 14 tailings dams.

1994/95 Special Activities

- The transition of the mine development assessment process into the environmental assessment agency was managed.
- The reclamation section developed a generic spreadsheet for estimating reclamation liabilities to be used by government and industry. The section also issued a mine reclamation security policy discussion paper, a draft of acid rock drainage guidelines and, with Mineral Development Agreement funding, a review of research concerning molybdenum in the environment.
- The 18th annual reclamation symposium was held in Vernon where the reclamation award was presented to Cheni Gold Mines Ltd. Citations were presented to Domtar Gypsum, Quintette Coal, Frostrup Developments and Fox Geological Consultants.
- The branch information systems developed a five-year strategic information systems plan.



MINE HEALTH AND SAFETY BRANCH

The branch, through six regional offices, monitors the health and safety of persons employed in the mining industry with the province through workplace inspections, audits, enforced compliance with the Health, Safety and Reclamation Code for Mines in British Columbia, and investigation of accidents or dangerous occurrences.

Budget \$2 440 000

Employees: 27

1994/1995 Core Activities

- A total of 1 300 workplace inspections were completed.
- Audits were conducted at Goldstream and Endako mines.
- Twenty-eight explosive storage and use permits were issued.
- Fifty-nine diesel **permits** were issued for equipment use underground.
- Two hundred and thirty-nine mine rescue certificates were issued.
- Forty shiftboss, 327 supervisor and 88 blasting certificates were issued.

1994/95 Special Activities

- The 1994 provincial mine rescue competitions were held in **Kamloops**. Highland Valley Copper won the surface mine rescue competition and Cominco **Ltd.'s** Sullivan Mine won the underground mine rescue competition.

- The 1994 annual safety awards banquet was held in Vancouver during mining week. The following mines received awards:

Highland Valley Copper received the John Ash Safety award for the fifth time in a row;

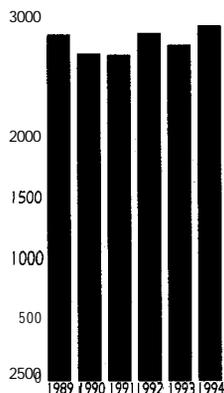
Quintette Mine won the Occupational Health and Safety Committee trophy;

Nickel Plate Mine won the Edward Prior trophy for the third time in a row;

Golden Bear Mine won the Small Underground Mine Award; and

Baymag Mine won the **Stewart/O'Brian** Safety Award.

Number of Inspections
Carried Out by the Ministry



The Aboriginal Affairs Section, which was established in the Land Management and Policy Branch in 1992/93, coordinates First Nations activities within the ministry. The section also represents the ministry in provincial treaty mandate development and negotiations and provides policy advice on pre-treaty initiatives.

KEY INITIATIVES

In March 1995, a First Nations resource kit, including a *Handbook on Avoiding Infringement of Aboriginal Rights*, was provided to regional staff to ensure that proposed resource developments on provincial Crown land do not adversely affect First Nations' interests.

In February and March 1995, the ministry sponsored a three-day forum with representatives of the Ktunaxa-Kinbasket Tribal Council, the energy and mineral industries and government.

The ministry is developing consultation protocols with First Nations on proposed energy and mining exploration and development activities.

PROJECTS

The ministry, together with the Ministry of Aboriginal Affairs, reached agreement on oil and gas revenue sharing with the 'Blueberry and Doig River Bands.

The ministry has entered into trilateral discussions with the Treaty 8 Tribal Association, the Canadian Association of Petroleum Producers and Westcoast Energy Inc. to review existing oil and gas tenure and activity referral processes.

In 1994/95, impact assessments on the effect of industry activity on First Nation's traditional way of life were conducted by independent consultants on the following projects under the mine development assessment process:

- Fish Lake Copper/Gold-Taseko Mines Ltd.
- Monteith Bay Geyserte-New Pacific Ventures Ltd.
- Porcher Island Gold-Westmin Resources Ltd.
- Mt. Meager Pumice-Great Pacific Pumice Ltd.

The Office of the Wet'suwet'en Hereditary Chiefs conducted an impact assessment of New Canamin Resources Ltd.'s Huckleberry Copper Project.

REVENUE AND OPERATIONAL SERVICES DIVISION

The Revenue and Operational Services Division collects revenues generated by petroleum and mining activities in the province and provides support services for the ministry in the following areas:

- financial management
- human resource management
- employment equity
- information systems
- facilities and other internal infrastructure
- information requests and privacy issue

Revenue collections in 1994/95 reached a ten-year high of \$253.7 million, reflecting increased industry activity.

The introduction of the Forest Practices Code and increased focus on local land use issues resulted in adding staff to ministry regional offices.

New accommodations in Cranbrook and Prince George were completed during the year, as well as a number of alterations to existing ministry space in other offices.

The division was assigned responsibility to assist with the orderly wind-up of two Crown corporations, the B.C. Energy Council (BCEC) and the B.C. Petroleum Corporation (BCPC).

The activities of BCPC were assumed by the ministry, with two positions transferred to the Oil and Gas Policy Branch and four positions transferred to the Resource **Revenu**e Branch.

Both BCEC and BCPC were funded by industry levies, and the operating cost savings from these two closures will be passed on to industry through a reduced levy in 1995/96.

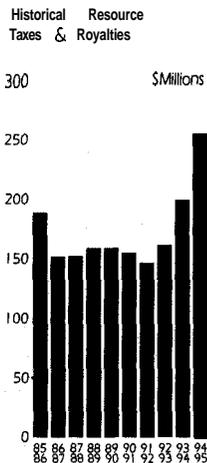
RESOURCE REVENUE BRANCH

The branch collects royalties and taxes on production of mineral and hydrocarbon resources, advises on appropriate shares of resource revenue for the province, and prepares forecasts of all ministry revenue.

Budget \$2 291 000
Employees 26

1994/95 Core Activities

- Under the *Petroleum and Natural Gas Act*, royalties and freehold production taxes of \$44.5 million were collected on oil production from 793 wells, and \$156.2 million on natural gas production from 1 075 wells.
- Under the *Mineral Tax Act*, \$48.6 million was collected on mineral production from 38 mines. The branch also issued reassessments under the *Mineral Resource Tax Act* (the mineral resource taxation statute that the *Mineral Tax Act* replaced in 1990) for \$3.6 million.
- The *Mineral Land Tax Act* levies a tax on land for which the province has granted ownership of one or more minerals, as opposed to renting rights under the *Mineral Tenure Act*. The branch assessed taxes of \$770 801 on 5 719 owners of title to minerals under 657 057 hectares of land.



1994/95 Special Activities

- In September 1994, the British Columbia Petroleum Corporation was wound up and the following functions were transferred to the branch:
 - administration of natural gas Acquisition Orders;
 - issuing Acquisition Order prices;
 - administering findings of producer support for sales of natural gas by aggregators; and
 - collecting a levy on natural gas production to recover costs related to regulation of gas production and distribution.
- A review was initiated of the way natural gas production is priced for royalty purposes.
- The branch renegotiated a royalty agreement with respect to the Aitken Creek gas storage project under which royalties will be paid over the life of the project.

FINANCIAL SERVICES BRANCH

The branch provides financial services and direction to the ministry in the areas of financial reporting, expenditure processing, payroll and employee leave administration, budget preparation and control, contract preparation and risk management.

Budget \$18657 0326

Employees 12

1994795 Core Activities

- The branch processed 2 1 187 expenditure payments, and the average turnaround time for processing payments was 34 days.
- The ministry's annual budget was prepared and managed.
- The administration of payroll and leave time was managed for 408 **full** time employees.
- Budget included provision for deemed grants in respect of Rate Stabilization Facility disbursements under the Vancouver Island *Natural Gas Pipeline Act*.

1994/95 Special Activities

- The branch successfully completed a conversion of the ministry financial system from stand-alone personal computers to a client server platform. This now enables ministry executives and directors to run up-to-the-minute reports on their desktop computers.
- Budget management was further improved by quarterly forecasting exercises which provided early identification of budget pressures and available funds.
- A contract manual amendment which included guidelines for risk assessment and contractor liability insurance was completed.
- Ministry contract register and financial records were used in responding to inquiries under the *Freedom of Information and Protection of Privacy Act*.
- Four ministry branches participated in a pilot of the VISA purchasing card which allows a single monthly payment for numerous minor purchases from different suppliers. There was ready acceptance **by suppliers** and delivery times for goods improved. Evaluation concluded the pilot was successful, and cards will be issued government-wide during **1995/96** to improve purchasing and payment efficiency.
- Branch staff were involved in the wind-up activities of the B.C. Energy Council and the B.C. Petroleum Corporation, including planning, assisting with move preparation, assuming care of financial records and final accounting and reporting.

INFORMATION SYSTEMS BRANCH

The branch provides computer technology and information management support services to ministry operating units.

Budget **\$752 000**

Employees **12**

1994/95 Core Activities

- More than 5 000 HELP DESK calls were received, 75 computer systems were installed, and more than 3 000 on-site customer visits were carried out.
- Ministry application systems operating on the B.C. Systems Corporation shared processing service and accessed through the municipal area network were supported on a 24 **hour/7** day per week basis.
- Corporate activities to a community of over 400 users were supported in the areas of electronic mail support, security management, account administration, purchase advice, and product sourcing.
- The branch worked with other ministry branches to develop information systems planning documents, This included the ministry information resource management plan as well as individual branch plans.
- B.C. Systems Corporation usage patterns were monitored and strategic changes and volume processing agreements were implemented which resulted in savings in excess of \$500 000.

1994/95 Special Activities

- A major network expansion and enhancement initiative for the ministry local area networking environment was completed. This included establishing 14, server/host facilities with more than 400 connections. In addition, a standard software strategy was implemented together with significant hardware platform upgrades.
- The ministry's first corporate application server, based on a Digital Alpha model 3600, was installed. The Petroleum Information Management System was migrated to this new facility.
- The B.C. Petroleum Corporation and the B.C. Energy Council computer applications were incorporated into the ministry systems environment.

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HUMAN RESOURCES BRANCH

The branch provides services to recruit, develop and retain the ministry's **workforce**. It provides advisory services to executive, management and employees respecting human resources issues and provides advice on compensation issues for the ministry.

Budget **\$560 569**

Employees **7**

1994/95 Core Activities

- **Staffing** was active during the year which included 36 regular employee appointments and 94 auxiliary employee appointments.
- Classification evaluations of 102 positions were conducted.

1994/95 Special Activities

- The branch instituted a system of quarterly reporting to the executive committee on ministry human resources activities and strategic issues, including staffing projections and activities, job classifications, training, safety, projected retirements and formal disputes.
- The human resources aspects of the closure of the B.C. Energy Council (BCEC) and the B.C. Petroleum Corporation (BCPC) were managed by the branch. Over the course of the year, the branch managed the cases of 25 individuals in positions excess to requirements, including BCEC and BCPC. At the end of the fiscal year, 24 cases were permanently resolved and one was temporarily resolved.

ADMINISTRATIVE SERVICES BRANCH.

The branch is responsible for managing office space and construction, library services, vehicle fleet management, telecommunications, records, risk management and field equipment.

Budget \$1 200 000
Employees 10

1994195 Core Activities

- Construction for **staff consolidation** in Cranbrook and a new stand alone facility for Prince George was completed. The branch assisted with the closure of the B.C. Petroleum Corporation and the B.C. Energy Council. Office space in the Jack Davis Building was modified to accommodate functions transferred to the ministry as a result of the closures.
- Library reference inquiries increased from 2 500 in **1993/94** to more than 3 300 in **1994/95**. Public walk-ins averaged more than 145 per month. The library **catalogued** more than **700** items representing **261** newly purchased books and 439 entries of other material.
- The warehouse outfitted 26 seasonal field crews, participated in the analysis of the new Mobile Satellite (MSAT) remote field telecommunications equipment and continued to maintain a high vehicle fleet utilization.

1994195 Special Activities

- The ministry's Employee Suggestion Program won Most Improved Ministry and the Ministry of the Year awards for the provincial government for 1994, by achieving the following:

Employee participation	7.73%
Number of suggestions	32
Number of awards	14
Value of awards	\$ 7 396
Savings	\$55 665

- The library hosted a very popular and successful Science and Technology Week
- The branch began evaluation of security concerns for the Jack Davis Building.

INFORMATION AND PRIVACY

The Information and Privacy Unit coordinates the ministry's response to requests for records made under the *Freedom of Information and Protection of Privacy Act*. Information requested includes records relating to inspections, permitting environmental issues and claims ownership; as well as individuals seeking their own personal data. The unit is also responsible for assisting ministry branches and regional offices in complying with the protection of privacy rules contained in the Act.

Budget \$135 000

Employees 2

1994/95 Core Activities

- The ministry received 45 formal requests; 21 from individuals; 12 from political parties; two from media; and ten from business and interest groups.
- The ministry received two appeals which were dealt with successfully through mediation.

1994/95 Special Activities

- Ministry legislation for compliance with the Act was reviewed.
- Ministry forms for compliance with privacy rules were reviewed.
- Records which are routinely available to the public were identified.
- The listing of ministry files in the public Directory of Records was updated.
- Inter-governmental committee work on access and privacy issues was conducted, including a corporate human resources information and payroll system.
- Ministry staff were trained regarding the application of the Act and regulations.

EMPLOYMENT EQUITY AND MULTICULTURALISM

This unit is responsible for raising employee awareness of employment equity, multiculturalism and harassment prevention and ensuring that access to employment opportunities is based on ability to do the job.

Budget	\$79 000
Employees	.5

1994/95 Core Activities

- Education and awareness sessions provided opportunities to discuss diversity issues related to employment and service delivery, and to develop a workplace where everyone is treated with respect and dignity.
- **J**ob postings were reviewed to ensure they were bona fide and contained no systemic barriers.
- Several jobs were analyzed within the knowledge, skills and ability framework to ensure the development of appropriate recruitment and selection processes.
- Outreach recruitment activities attempted to widen the pool of candidates **for** out-of-service vacancies by inviting applications from qualified women, persons with disabilities, , Aboriginal people and visible minorities.

1994/95 Special Activities

- More than 85 percent of ministry employees attended half-day harassment awareness workshops to learn about government's new harassment policy and complaint resolution procedures.
- Sixty-three employees participated in one-day valuing and welcoming diversity **seminars** to explore and discuss the dynamics of diversity in the workplace. Ninety-six percent of the participants reported they would recommend this workshop to their **colleagues**.

The branch supports the ministry and each division by planning, developing and delivering communication programs.

Budget **\$437 075**

Employees **7.5**

1994/95 Core Activities

- Fifty-three news releases were distributed and the branch created and published more than 40 printed brochures, pamphlets, booklets, annual reports and business plans.
- Advertisements, newspaper articles and other promotional materials for ministry programs and events were provided by the branch on a local, national and international level.
- The branch worked with other ministries, Crown corporations and the media on consumer-education projects such as community-based energy efficiency, Clean Choice, and **FuelSmart** programs.

1994/95 Special Activities

- The branch was responsible for the overall co-ordination of the **1994 Mines** and Energy Ministers' Conference held in Victoria in September.
- Branch staff worked closely with other branches or ministries developing communications plans and materials for the following:
 - Explore B.C. and Prospector's Grant programs;
 - Cordilleran Roundup in Vancouver;
 - Mining Week events; including the Health and Safety Awards banquet; .
 - Mine Rescue and First Aid Competitions;
 - Mine Reclamation Symposium;
 - Local and regional conferences and seminars;
 - Land-use announcements; and
 - Columbia River Downstream Benefits.
- The branch was involved with providing advice and assistance for the new Mine Games exhibit at Science World in Vancouver.
- The **provincial/federal** Mineral Development Agreement public information funding allowed the branch to support educational projects with the mining community,

AGENCIES REPORTING TO MINISTER

BRITISH COLUMBIA UTILITIES COMMISSION (B.C.U.C.)

The B.C.U.C. is an independent regulatory agency of the provincial government operating under and administering the *Utilities Commission Act*. The commission's primary responsibility is the regulation of the energy utilities under its jurisdiction to ensure that the rates charged for energy are fair, just and reasonable, and that utility operations provide safe, adequate and secure service to their customers. It approves construction of new facilities planned by utilities and their issuance of securities. It also functions in an advisory role in the administration of the energy project review process and reviews energy project certificate applications for regulated projects.

BRITISH COLUMBIA PETROLEUM CORPORATION (B.C.P.C.)

The **B.C.P.C.** was a provincial government Crown corporation. The corporation's original role as a marketer of natural gas changed significantly since deregulation of the industry in the mid-80's. Its principal mandate was to facilitate and monitor the sale of natural gas, and to act as a central source of information specific to the natural gas industry for the benefit of all industry participants. The corporation ensured that the province received royalties based on fair **netback** prices to British Columbia producers. **B.C.P.C.** officially closed its office on October 1, 1994.

BRITISH COLUMBIA ENERGY COUNCIL (B.C.E.C.)

The B.C.E.C. was created by provincial legislation (*Energy Council Act*). The council advised the minister with regard to facilitating comprehensive energy planning for British Columbia. The council prepared a B.C. energy plan, which included recommendations for a sustainable energy strategy. In preparing this plan, the council weighed economic, environmental, social and regional considerations in keeping with a sustainable development strategy. The council's other priority was to examine specific energy issues as directed by the minister. B.C.E.C. officially closed its office on December 1, 1994.

MEDIATION AND ARBITRATION BOARD

The board is responsible for settling disputes between landowners and subsurface rights holders regarding access to land for resource development. This function is essential for the continued development of Crown petroleum and natural gas and also has a role in mineral resource activity.

MINERAL TAX REVIEW BOARD

The board is responsible for hearing appeals regarding mineral tax assessments.

LEGISLATION ADMINISTERED BY THE MINISTRY

Coal Act
Economic Development Electricity Rate Act
Energy Council Act (repealed December 1, 1994)
Energy Efficiency Act
Fort Nelson Indian Reserve Minerals Revenue Sharing Act
Gas Utility Act
Geothermal Resources Act
Indian Reserve Mineral Resource Act
Mine Development Assessment Act
Mineral Land Tax Act
Mineral Prospectors Act
Mineral Tax Act
Mineral Tenure Act
Mines Act
Mining Right of Way Act
Ministry of Energy, Mines and Petroleum Resources Act
Natural Gas Price Act
Petroleum Corporation Act (repealed September 30, 1994)
Petroleum and Natural Gas Act
Petroleum and Natural Gas (Vancouver Island Railway Lands) Act
Pipeline Act: Part 7 (by OIC 468/88)
Power Act
Utilities Commission Act
Vancouver Island Natural Gas Pipeline Act

MINISTRY PUBLICATIONS 1994/95

ENERGY DIVISION

- Cleaner Fuels for Cleaner Air; Role of Alternative Transportation in BC
 - Natural Gas-Fired Cogeneration Study; BC Cogeneration to Serve the US Power Market
 - BC Liquefied Natural Gas Opportunity; Information Memorandum
 - Energy Market Update:
 - Vol. 6, No. 2; Significant Year for BC's Oil and Gas Industry
 - Vol. 6, No. 3; BC Energy Council Releases Draft Energy Strategy
 - Vol. 6, No. 4; Conservation Potential Review
 - Vol. 7; No. 1; Downstream Benefits Agreement Reached
 - British Columbia Natural Gas; Fueling the Industry
 - British Columbia the Time is Now; Petroleum Division Awareness
 - Oil and Gas in British Columbia Statistics 1947-1993; Oil and Gas Statistics
 - Sun, Wind & Water Renewable Energy '95; Alternative Energy Information Package
- For information on Geoscience Publications: contact Regional Geology Section – 604 952-0360

MINERAL DIVISION

- British Columbia's Mineral Sector; Prospects for the 1990s
 - First Nations' Involvement in EMPR Referral and Project Review; Inter-Divisional Committee on Aboriginal Issues
 - Guidelines for Avoiding the Infringement of Aboriginal Rights; Infringement of Aboriginal Rights
 - Mine Reclamation Security Policy in BC; A Paper for Discussion
 - Mine Rock and Overburden Piles; Runout Characteristics of Debris from Dump
 - Mine Rock and Overburden Piles; Consequence Assessment for Mine Waste Dump
 - Reclamation Security in British Columbia; Interim Report of the Reclamation Security Policy
 - Strategic Information Systems Plan; Strategic Information Systems Plan
 - Mineral Market Update:
 - Vol. 6, No. 3; Explore BC shows Early Signs of Success
 - Vol. 7, No. 1; 1994 Hightights and 1995 Outlook
 - Vol. 7, No. 2; BC Government Supports Mining
 - Whitehorse Mining Initiative; BC's Response to Initiative
 - Mines for the Future; Mineral Investment in British Columbia
 - BC Government Supports Mining 1994/ 1995; Exploration, Investment, Jobs
 - MDA Newsletter: Report on Program Activities
 - 1994 Mining Exploration; Mining Information Summary
- For information on Geoscience Publications: contact Scientific Review Office – 604 952-0454

OTHERS

- 1992/93 Annual Report
- 1993/94 Annual Report