

June 2017 Regulatory Bulletin for the Oil and Gas Industry in Western Canada



WATER | WASTE | ENERGY
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FEDERAL

Obed Mountain Mine Fined almost \$4.5 million for 2013 Spill

On 9 June 2017, Prairie Mines & Royalty [plead guilty](#) and was fined almost \$4.5 million for contravening the Alberta *Environmental Protection and Enhancement Act* and the Federal *Fisheries Act*, following the 2013 tailings pond spill from the Obed Mountain Mine near Hinton, AB. The contaminated water impacted tributaries feeding the Athabasca River.

Export Licence Approval

On 5 June 2017, the Canadian Government granted [approval](#) to Woodfibre LNG Limited, for a 40-year natural gas export licence, further progressing the regulatory pathway for this planned facility.

BRITISH COLUMBIA (BC)

Riparian Area Assessment Professional Guidelines

As of 4 May 2017, the Professional Engineers and Geoscientists of British Columbia (APEGBC), in partnership with the College of Applied Biology (CAB), and the Association of British Columbia Forest Professionals (ABC FP), published the [Professional Practice Guidelines – Legislated Riparian Area Assessments in British Columbia \(PPG\)](#) to ensure riparian assessment standards of practice are consistent with BC's Riparian Areas Regulations.

The PPG are intended to resolve several concerns around riparian assessment, including the roles and responsibilities of numerous registered professionals involved in the [assessment](#). Going forward, professionals involved in riparian area assessments must be attentive of their obligations regarding the appropriate standard of care outlined in the PPG while remaining in accordance with the Riparian Areas Regulation.

Amendments to the Drilling and Production Regulation

As of 23 June 2017, companies should be [aware of](#) and adhere to recently approved Drilling and Production Regulations (DPR) [amendments](#) by the BC Oil and Gas Commission (BCOGC). The complete list includes 40 amendments, 38 of which are currently in effect with 2 amendments to come into effect on 15 June 2018. The featured amendments include, "alignment of the DPR with the new *Water Sustainability Act* (WSA) regarding ground water", "required regulatory oversight of packers used to segregate production zones" and "added clarification on several DPR requirements".

ALBERTA

Alberta Energy Regulator (AER) Releases Industry Water Use Report

The AER released the [Alberta Energy Industry Water Use Report](#) in the first week of June. The purpose of the report is to improve industry wide performance and efficiency of water use. In general, energy companies are using less water than what is allocated by the AER. The energy industry was allocated 10 percent of water allocations in the province, and in 2016 only 22 percent of that allocation was used. This translates to, "only 2.2 percent of all non-saline water allocated in Alberta was used for energy [development](#)". Although hydrocarbon production has increase by 44 percent from 2013, the amount of water used has remained consistent.

The report also focused on the percentage of water recycled in the industry, a number that is growing and that may be even larger than reported as some sectors of industry are not required to report the amount of water recycled. Companies are making noteworthy efforts to reduce, reuse and recycle water, and Veronique Giry, vice president of Industry Operations for the AER, has stated that having a public reporting system of recycled water will help improve overall industry [performance](#). A water recycling reporting system may be established in the future.

Alberta Dam Safety Update

Alberta Environment and Parks (AEP) has circulated a draft of proposed changes to the Water (Ministerial) Regulation Part 6 – Dam and Canal Safety. One of the key proposed changes with potential to affect oil and gas operators is the definition for dams will become more general, so that structures containing fluid that have berms below 2.5 m in height and volume of 30 000 m³ or greater may be classified as regulated dams if their failure consequence classification is significant, high, or extreme/very high. Other key changes include, but are not limited to, clarification of technical requirements around authorizations, design, construction, operations, assessments and evaluations. The proposed modifications to the regulation are meant to align with a risk-informed, lifecycle approach to dam safety regulation. The proposed changes need to be passed through the legislature but could come into effect in late 2017 or early 2018.

SASKATCHEWAN

Better Pipeline Regulations

Recent pipeline spills and leaks in the province of Saskatchewan have emphasized the need for effective pipeline regulations. The Ministry of Economy has **lacked** written policies and procedures to evaluate existing pipeline operations until recently this year. They also have not developed a risk-based assessment for pipeline construction, or for the integrity and safety of existing pipelines.

Saskatchewan's provincial auditor has indicated that not all operators in the province are completing their pipeline inspection forms, and that the government is working to audit a greater percentage of pipeline operators to ensure safe standards and compliance.

Did You Know?

ALLIANCE PIPELINE SHUT IN

During the month of June, heavy precipitation events combined with warmer temperatures and a rapidly melting snow pack, lead to extensive flooding throughout the Peace River Basin in northeast B.C. and also in northwestern Alberta. Extensive erosion in watercourses throughout the region (e.g. Smoky River, Kakwa River, Wapiti River, Peace River) has highlighted the importance of flood risk modeling for infrastructure projects.

Alliance Canada recently lifted a **Force Majeure** event that was a result of slope movement near the Wapiti River, which caused a temporary reduction in transport of natural gas to the Chicago market. Unexpected delays or suspension of the ability to get product to market can have a trickle-down effect throughout business operations. Integrated Sustainability can help mitigate the risks of slope instability through its comprehensive team of specialists, including Water Resource Engineers, Geotechnical Engineers and Professional Biologists, that are available to help manage or reduce the risks that extreme weather events can have on businesses. Integration of flood risk modeling into infrastructure placement can provide your business with additional operational security.

For more information, please contact Ian Grant at ian.grant@integratedsustainability.ca.



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