

**AGREEMENT ON THE EQUIVALENCY OF
FEDERAL AND BRITISH COLUMBIA REGULATIONS
RESPECTING THE RELEASE OF METHANE FROM THE OIL AND GAS SECTOR IN
BRITISH COLUMBIA, 2020**

BETWEEN

**THE GOVERNMENT OF CANADA, represented by the Minister of the Environment,
hereinafter referred to as "Canada",**

AND

**THE GOVERNMENT OF BRITISH COLUMBIA, represented by the Minister of Energy,
Mines and Petroleum Resources, hereinafter referred to as "British Columbia"**

WHEREAS Canada and British Columbia ("the Parties") support the reduction of greenhouse gas emissions, including methane emissions, in the oil and gas sector;

WHEREAS this Agreement relates to facilities in the oil and gas sector excluding federal works and undertakings;

WHEREAS Canada adopted under subsection 93(1) of the *Canadian Environmental Protection Act, 1999* ("CEPA"), S.C.1999, c. 33 the *Regulations Respecting Reduction in the Release of Methane and Certain Volatile Organic Compounds (Upstream Oil and Gas Sector)*, S.O.R 2018-66 (the "Federal Methane Regulations") which were published in the *Canada Gazette*, Part II, Vol. 152, No. 1 on April 26, 2018;

WHEREAS the Federal Methane Regulations came into force on January 1, 2020, except sections 26, 27 and 37 to 41, which will come into force on January 1, 2023;

WHEREAS amendments to the *Drilling and Production Regulation*, B.C. Reg. 282/2010 ("DPR") made under the *Oil and Gas Activities Act*, S.B.C. 282/2008, c. 36, ("OGAA"), came into force on January 1, 2020;

WHEREAS under section 10 of CEPA, the government of Canada as represented by the Minister of the Environment may agree in writing with a provincial government that there are in force by or under the laws applicable to the jurisdiction of the provincial government, provisions that are equivalent to a regulation made notably under subsection 93(1) of CEPA and provisions that are similar to sections 17 to 20 of CEPA for the investigation of alleged offences under environmental legislation of that jurisdiction;

WHEREAS the Parties agree to enter into this agreement (the "Agreement") recognizing that

the certain provisions of the OGAA, the DPR and those of the Federal Methane Regulations meet the requirements of section 10 of CEPA, and the Governor in Council may, by order under subsection 10(3), declare that the Federal Methane Regulations do not apply in an area under the jurisdiction of the province of British Columbia.

THEREFORE, the Parties agree:

1.0 DEFINITIONS

"CEPA" means the *Canadian Environmental Protection Act*, S.C. 1999, c. 33, as amended.

"DPR" means the *Drilling and Production Regulation*, B.C. Reg. 282/2010, as amended.

"Federal Methane Regulations" means *Regulations Respecting Reduction in the Release of Methane and Certain Volatile Organic Compounds (Upstream Oil and Gas Sector)* S.O.R 2018-66, as amended.

"OGAA" means the *Oil and Gas Activities Act*, S.B.C. 2008, c. 36, as amended.

2.0 EQUIVALENCY

2.1 The Parties agree that sections 61.1 to 61.4 of the OGAA are similar to sections 17-20 of CEPA and that sections 41.1, 52.02, 52.03, 52.04, 52.05 and 52.06 of the DPR are equivalent to the provisions of the Federal Methane Regulations within the meaning of section 10 of the CEPA taking into account notably that:

(a) the relevant provisions of the DPR and the federal methane regulations meet an equivalent outcome in terms of reduction of emissions of methane (in CO₂e);

(b) the equivalency of outcome between implementation of the DPR and of the Federal Methane Regulations, has been modelled by Environment and Climate Change Canada using the departmental reference case as published in Canada's GHG and Air Pollutant Projections: 2018¹ using the same methodology and data;

(c) the modeled results demonstrate that the DPR will result in methane emission reductions (in CO₂e) that meet or exceed the expected impact in terms of methane emission reductions (in CO₂e) of the Federal Methane Regulations for the time period of January 1, 2020 until December 31, 2024;

(d) the reduction of methane emissions (in CO₂e) will be achieved through the implementation under the DPR of the following requirements which have force of law, notably:

¹ : <https://www.canada.ca/en/environment-climate-change/services/climate-change/greenhouse-gas-emissions/projections-2018.html>

- i. Leak detection, requirements by facility type as well as timely inspections and equipment repair;
- ii. Restrictions and limits on natural gas venting from oil and gas facilities;
- iii. Prohibition of venting of natural gas from pneumatic controllers for new facilities;
- iv. Use of low-bleed pneumatic equipment or prohibition of venting of natural gas at certain pneumatics at existing installations;
- v. Restrictions on the use of pneumatic pumps using natural gas;
- vi. Inspection and maintenance requirements for seal and packing systems at centrifugal and reciprocating compressors;
- vii. Additional provisions for glycol dehydrators and compressor starts; and

(e) Sections 61.1 to 61.4 of the OGAA are provisions establishing a right to require investigations of alleged offences, similar to sections 17 to 20 of the CEPA. Under the OGAA an application may be made by a resident to the Oil and Gas Commission, upon which the Oil and Gas Commission will be required to make an investigation related to the alleged offence and report to the applicant outlining the progress of the investigation and the action, if any, that is or will be taken.

3.0 INFORMATION-SHARING

3.1 The Parties will share information with each other respecting the administration of this Agreement including the effective application of the sanction and enforcement regime to ensure compliance with the DPR requirements.

3.2 British Columbia will provide to Canada information representing the previous year (2019) no later than December 31st, 2020, and subsequently, on an annual basis and no later than December 31st, the following information for the previous calendar year:

- a) the number of existing facilities and wells that are subject to the DPR and, as of January 1st of the year data is being submitted for, the number of new facility and well permits issued in the preceding year and the number of closures of facilities and wells, with all information disaggregated by well type and facility classification (as specified in the DPR), and other types of facilities;
- b) information assessing the implementation and effectiveness of the DPR in reducing

methane emissions (in CO₂e), including the methodology, analysis undertaken and results of calculations of emission reductions; and

- c) a summary of compliance verification activities and enforcement or sanctions measures applied to facilities and wells, segregated by well type and facility classification, including the number of inspections, verifications other than inspections, equipment repairs completed to comply with the DPR requirements, the number and type of non-compliance events and the orders, penalties and convictions.

3.3 Canada will provide written notice to British Columbia of any proposed and actual amendments to the Federal Methane Regulations.

3.4 British Columbia will provide written notice to Canada of proposed amendments to sections 61.1. to 61.4 of the OGAA and sections 41.1, 52.02, 52.03, 52.04, 52.05 and 52.06 of the DPR, along with any amendments or modification of standards or guidelines that are incorporated by reference into the relevant provisions of the DPR.

3.5 The Parties recognize that their respective confidentiality provisions and access to information and privacy legislation will apply to all information received under this Agreement.

4.0 ENTRY INTO FORCE AND TERMINATION

4.1 This Agreement comes into force on the date of the registration of the order made under subsection 10(3) of the CEPA and published in the *Canada Gazette*, Part II, declaring that the provisions of the Federal Methane Regulations do not apply in British Columbia.

4.2 This Agreement terminates five (5) years after the date of its coming into force or may be terminated earlier by either Party giving the other at least three (3) months written notice.

4.3 This Agreement will be reviewed annually.

5.0 AMENDMENT

5.1 The Parties may amend this Agreement by the mutual written consent of the Parties.

HER MAJESTY THE QUEEN IN RIGHT
OF CANADA

FEB 14 2020

Date

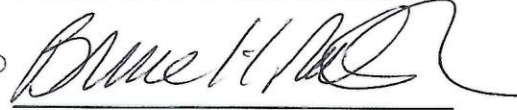


HON. JONATHAN WILKINSON
Minister of the Environment

HER MAJESTY THE QUEEN IN
RIGHT OF BRITISH COLUMBIA

February 26, 2020

Date



HON. BRUCE RALSTON
Minister of Energy, Mines and
Petroleum Resources