

**MINISTRY OF ENERGY, MINES AND PETROLEUM RESOURCES
BRIEFING NOTE FOR INFORMATION**

I PREPARED FOR: Honourable Bruce Ralston, Acting Minister of Energy, Mines and Petroleum Resources and Minister of Jobs, Trade and Technology

II ISSUE: Meeting with ConocoPhillips regarding Regional Strategic Environmental Assessment Interim Measures Agreement Related to Petroleum and Natural Gas Development

III BACKGROUND:

ConocoPhillips Canada Resources Corp. is the Canadian division of ConocoPhillips Company, the world's largest independent exploration and production company based on production and proven reserves. It is a Fortune 500 company created through the merger of American oil companies Conoco Inc. and Phillips Petroleum Co. in 2002. ConocoPhillips Canada is based in Calgary. Its BC operations are focused on natural gas and associated natural gas liquids in the Montney unconventional resource play. ConocoPhillips currently has over 100 petroleum and natural gas tenures in BC covering approximately 70,000 hectares.

ConocoPhillips has been participating as an observer in the Regional Strategic Environmental Assessment (RSEA) project occurring in northeast BC. The RSEA project is an agreement on collaboration between provincial government agencies, First Nations, and industry to determine how management recommendation may balance the development interests of the parties with the ability for First Nations to exercise their Treaty rights. The RSEA project is one of four Environmental Stewardship Initiatives currently implemented across BC.

Environmental Stewardship Initiative:

The Environmental Stewardship Initiative (ESI) was initiated in 2014 as part of BC's First Nations' (FN) Liquefied Natural Gas Benefits (LNG) Framework to collaboratively address FNs' environmental concerns that arise during the regulatory process for natural resource developments. The goals of ESI are to develop a new, collaborative approach to generating high quality, accessible and trusted environmental information.

There are currently four regional environmental stewardship projects and governance structures under the ESI that are located in the Northeast, Omineca, Skeena and North Coast regions. The original three-year enabling agreements ended on March 31, 2018 and have since been renewed for an additional three years, to March 31, 2021.

In the Northeast region, BC and seven Treaty 8 FNs committed to the development and implementation of the RSEA in 2015/16. The RSEA in northeast BC is a cumulative effects assessment of resource development impacts to select values (eg. old forest, water, moose, peaceful enjoyment and environmental livelihoods) associated with the practice of Treaty 8 rights. The common goal of the RSEA agreement is to bring Treaty 8 FNs together with BC

in a shared understanding of the current and future state of the land base which may set the stage for more collaborative and effective management with Treaty 8 FNs.

Legal Context of BC and Blueberry River First Nation:

In March 2015, Blueberry River First Nation (BRFN) filed a civil claim against BC alleging that the cumulative effects of provincially authorized activities in BRFN's territory have infringed their ability to meaningfully exercise their Treaty 8 rights. ^{s.14}

s.14

To allow time for focused mediation the Crown agreed to not process any forestry or oil and gas authorizations for a 60-day period (the same period used for mediation). Approximately 100 petroleum and natural gas activity applications were impacted by the 60-day period. Any authorizations that were required for emergency purposes or for critical operations were processed.

Regional Strategic Environmental Assessment Interim Measures:

In fall 2017 the lack of interim measures (IM) to address immediate concerns with respect to oil and gas and forestry development in FNs critical areas was identified as a potential barrier to the successful implementation of the RSEA, particularly for those FNs who have not had the opportunity to negotiate bilateral Government to Government agreements i.e. BRFN. To address this, an IM process was initiated. Although all RSEA FN's were invited to participate only BRFN opted to participate in the interim measures process. The Ministry of Energy, Mines and Petroleum Resources, the BC Oil and Gas Commission (OGC) and the Ministry of Forests, Lands, Natural Resource Operations and Rural Development (FLNR) worked with BRFN on negotiating the interim measures.

The RSEA IM process aims to reduce new surface disturbance within defined areas to reduce the impact on BRFN's ability to meaningfully exercise their treaty rights, while the parties improve the working relationship and collaboratively develop improved management actions. RSEA IM Agreement Related to Petroleum and Natural Gas Development (Agreement) was signed by the Parties on June 18, 2018.

The Agreement, as outlined in the OGC industry bulletin published on July 11, 2018 (Appendix 1), sets out a new process for collaboration between BC and BRFN regarding oil and gas development in BRFN Territory. Beginning July 16, 2018 there are pre-determined critical areas where existing surface disturbances will be limited (referred to as 'Area 2') or new surface disturbances will require offsets (Areas 1 and 3).

IV DISCUSSION:

The critical areas in question are rich in subsurface oil and gas reserves which are critical to BC's economic development and positive LNG final investment decisions. The Agreement is expected to be in place until final recommendations are made under the RSEA process (estimated to be done by 2020). Although nothing in the Agreement alters Provincial obligations to consult with BRFN or any other potentially impacted FNs, it is expected it will help improve relationships between government, BRFN and industry and create greater certainty for industry investments over the longer-term. The Agreement provides a new venue for industry, BC and FNs to share interests and information, develop creative collaborative solutions and create durable decisions that support oil and gas development activities.

The release of the OGC's bulletin raised concerns among industry in Calgary. Specific industry concerns mentioned to-date include:

- additional uncertainty and increased timelines with applications received prior to July 16, 2018 that are under review by the Commission;
- unknown additional planning costs for new applications to access subsurface tenured rights that will be under the Agreement; and
- the potential proliferation of similar requirements for other FNs' with Treaty 8 and consequential impacts to other areas with subsurface tenure rights.

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V CONCLUSION/KEY MESSAGES:

The interim measures agreements were implemented July 16, 2018. They were a key component of a postponement of the BRFN cumulative effects trial.

Delays that ConocoPhillips has experienced in permitting appear not to be related to interim measures but due to consultation complexities in general.

The relationship with BRFN is showing signs of improvement and the Oil and Gas Commission is beginning to close consultation on a number of files.

The Province has committed to transform its relationship with Indigenous peoples by adopting and implementing the United Nations Declaration on the Rights of Indigenous Peoples, the Truth and Reconciliation Commission's Calls to Action and relevant case law, including the Supreme Court of Canada decision in *Tsilhqot'in*. The work necessary to bring these reconciliation imperatives into action is taking place in collaboration with FNs. ESI represents a unique and innovative shift in the way BC works with FNs and is directly contributing to improved working relationships. Implementation of the Agreement will build positive momentum and it is consistent with Principle #6 of BC's 10 Draft Principles that Guide the Province of BC's Relationship with Indigenous Peoples.

DRAFTED BY:

Heather Johnston, SIAD

APPROVED BY:

Garth Thoroughgood, ED

✓

Ines Piccinino, A/DM

✓

MINISTRY OF ENERGY, MINES AND PETROLEUM RESOURCES

BRIEFING NOTE FOR DECISION

I PREPARED FOR: Honourable John Horgan, Premier of British Columbia

II ISSUE: Premier's participation at the Annual Policy Meeting between the Canadian Association of Petroleum Producers' Executive Policy Group (CAPP-EPG) and BC Deputy Ministers – October 19, 2018 - 12:00 pm – 1:00 pm, Victoria Conference Centre

III BACKGROUND:

The Canadian Association of Petroleum Producers (CAPP) represents more than 90 producer members in the upstream oil and natural gas industry. CAPP's purpose is to "enable the responsible growth of our industry and advocate for economic competitiveness and safe, environmentally and socially responsible performance." CAPP's member companies produce about 80 percent of Canada's natural gas and crude oil. CAPP's associate members provide a wide range of services that support the upstream crude oil and natural gas industry.

CAPP's Executive Policy Group for British Columbia (CAPP-EPG) is an executive team comprised of Vice Presidents and CEOs with operations in the Province (see current membership in Appendix 1). CAPP-EPG works on a variety of environmental and regulatory policy matters affecting the upstream industry in the Province. CAPP-EPG meets monthly in Calgary, and government and BC Oil and Gas Commission (BCOGC) staff are frequently invited to provide presentations on emerging topics.

CAPP-EPG meets annually with the Deputy Ministers from all the Natural Resource agencies, the BCOGC's Commissioner, and the Deputy Minister of Finance (collectively, "DMs") to discuss ongoing and upcoming government policies and their impact on overall industry competitiveness.

CAPP considers these meetings key for a proactive relationship with BC and has recognized on multiple occasions that this engagement is unique to our Province, allowing for positive, comprehensive dialogue, better understanding of government priorities/connections and opportunities for collaboration.

The last CAPP-EPG/DMs meeting was held in Victoria on November 23, 2017, and covered topics ranging from carbon policy, upstream electrification incentives, LNG opportunities and royalties, to environmental assessment revitalization, species at risk legislation and professional reliance, among others.

IV DISCUSSION:

The 2018 CAPP-EPG/DMs meeting is scheduled for October 19, from 11:00 am to 4:00 pm at the Victoria Conference Centre. The agenda is currently under development. A preliminary draft is included as Appendix 2.

The Ministry would like to invite the Premier to participate at the meeting during lunch (12:00 pm to 1:00 pm), to provide industry with an opportunity to engage directly with the Premier in an informal setting.

Ministry staff would provide speaking points and briefing materials to support the Premier's participation, should the Premier be available and interested in participating.

It is expected CAPP-EPG will highlight the cumulative impact of government initiatives, policies and regulations on industry, the challenging natural gas price environment, and the need to preserve competitiveness in an increasingly complex North American market.

V RECOMMENDATION:

Premier to visit CAPP-EPG/DMs meeting during lunch (12:00 pm to 1:00 pm) on October 19, 2018, at the Victoria Conference Centre for an informal engagement opportunity with the upstream oil and gas industry.

Approved / Not Approved

Verbally Approved Sep 17/2018

Honourable John Horgan
Premier of British Columbia

APPROVED BY:

Ines Piccinino, ADM, Oil and Gas Division ✓
Dave Nikolejsin, DM ✓

Appendix 1

CAPP-EPG Membership

- Anderson, Terry, Senior Vice President and Chief Operating Officer, ARC Resources Ltd.
- Stadnyk, Myron, President and Chief Executive Officer, ARC Resources Ltd.
- Clapperton, Bill, VP, Regulatory, Stakeholder and Environmental Affairs, Canadian Natural Resources Limited
- Phillips, Donna, Executive Vice President, Corporate Development, Canbriam Energy Inc.
- Morrison, Geoff, Manager British Columbia, CAPP
- Brad Herald, VP Western Canada Operations, CAPP
- Bateyko, Darwin, Group Lead, Environment and Regulatory, Cenovus Energy Inc.
- Maier, Rod, Vice President, Policy, Government and Public Affairs, Chevron Canada Resources
- Hass, Darryl, Vice President, Health, Safety & Sustainable Development, ConocoPhillips Canada Resources Corp.
- Simpson, Mike, Sr. Advisor, Government and Public Policy, Devon Canada Corporation
- Dunn, Richard, VP, Government Relations, Encana Corporation
- Lye, David, Vice President, External Affairs, Encana Corporation
- Bateman, Jason, Canadian Assets Manager, Enerplus Corporation
- Brown, Dick, President & CEO, Ferus Inc.
- Pinhey, Scott, Opportunity Manager, Imperial Oil, Imperial Oil Resources Limited
- Bak, Robert, Manager, Subsurface Development – B.C. Montney, Murphy Oil Company Ltd.
- Donnelly, Patrick, Director, External Engagement & Legal Counsel, Painted Pony Energy Ltd.
- Lawrence, Dennis, VP, Production & Facilities, Progress Energy Canada Ltd.

Appendix 2

Preliminary Agenda

BC DEPUTY MINISTERS/CANADIAN ASSOCIATION OF PETROLEUM PRODUCERS (CAPP) MEETING

OCTOBER 19TH, 2018 – 11:00 TO 4:00 PM

XXXXX - VICTORIA CONFERENCE CENTRE

VICTORIA, BC

AGENDA

- A. Welcome from Dave Nikolejsin (Deputy Minister, Ministry of Energy, Mines and Petroleum Resources) and xxxxx (Chair of the BC Executive Policy Group, CAPP)
- B. Introductions
- C. CAPP presentation: Setting the Stage
- D. Government presentation: Clean Growth Future
- E. Fiscal & Competitiveness
 - 1. Natural Gas Development Framework implementation – status and next steps
LEAD AGENCY: MEMPR
 - 2. Royalty Programs – Future of Infrastructure Programs
LEAD AGENCY: MEMPR
 - 3. Carbon Tax, Industry Clean Growth Incentive program, Offsets and new GHG targets
LEAD AGENCY: ENV & CC (Climate Action)
 - 4. Methane Emissions from Oil and Gas – Regulations and Equivalency
LEAD AGENCY: MEMPR / ENV & CC (Climate Action) / OGC
 - 5. Upstream Electrification
LEAD AGENCY: MEMPR

F. Indigenous & Stakeholder engagement

6. Hydraulic fracturing scientific review panel – update
LEAD AGENCY: MEMPR
7. UNDRIP Implementation – Draft Principles and what’s next
LEAD AGENCY: MIRR

G. Responsible Development

8. Environmental Assessment Revitalization
LEAD: EAO
9. Liability Management
LEAD AGENCY: OGC
10. Boreal Caribou and new ‘restoration’ fund
LEAD AGENCY: ENV/FLNRD
11. BC species at risk legislation
LEAD AGENCY: ENV & CC
12. Professional Reliance
LEAD AGENCY: ENV & CC
13. Review of the Agricultural Land Reserve
LEAD AGENCY: AGRI
14. Emergency Management Act – Regulations Phase 1 & 2
LEAD AGENCY: ENV & CC
15. Reference Question and proposed regulation
LEAD AGENCY: ENV & CC

H. Other Items

**MINISTRY OF ENERGY, MINES AND PETROLEUM RESOURCES
BRIEFING NOTE FOR INFORMATION**

I PREPARED FOR: Honourable Bruce Ralston, Acting Minister of Energy, Mines and Petroleum Resources and Minister of Jobs Trade, and Technology

II ISSUE: Myra Falls *Mines Act* Permit Amendment for Price Mining Area

III BACKGROUND:

Nyrstar Myra Falls Inc.'s (Nyrstar) Myra Falls Mine is an underground zinc, copper and lead mine (with silver and gold credits), located within Strathcona-Westmin Provincial Park on Vancouver Island. Myra Falls started operations in 1966 and was transitioned into care and maintenance in 2014. Once fully restarted, Nyrstar estimates that Myra Falls will operate for 10 more years, and employ approximately 375 people.

Nyrstar submitted amendment applications for their *Mines Act* and *Environmental Management Act* permits on August 31, 2017 to support the restart of operations at the Lynx area of the Mine. The Major Mines Permitting Office (MMPO) convened a Mine Review Committee (MRC) to review the applications, including local and provincial government representatives, First Nations, and non-governmental organizations.

These permit amendments were approved on July 5, 2018; Nyrstar anticipates restarting mining operations in the Lynx mining area at Myra Falls in late August 2018.

Nyrstar submitted a second *Mines Act* permit amendment application in March 2018 for expansion in the Price area of the Mine. This amendment application is under review by the MRC, and would also update the reclamation, closure and financial security components of the permit for the entire Myra Falls Mine. Referral of this permit amendment to the statutory decision-maker is expected to occur in late August 2018.

Nyrstar has submitted additional *Mines Act* permit amendment applications to expand the clean rock quarry and raise the tailings storage facility height at the Lynx mining area. The Ministry of Energy, Mines and Petroleum Resources' (EMPR) Chief Inspector's Office is leading these amendments.

During the MRC process, MMPO collaborated with EMPR's Compliance and Enforcement (C&E) Branch to ensure clear, consistent communication to Nyrstar about the relationship between permitting and compliance requirements. C&E has reviewed past inspection reports and worked with Nyrstar to develop a plan for addressing 28 outstanding Inspection Orders prior to restarting full operations at Myra Falls. Key issues to be addressed included ventilation systems in the mill and underground, workers' contaminant exposure, and remediating the hoist, shaft and related infrastructure to ensure compliance with the Health, Safety and Reclamation Code.

IV DISCUSSION:

The Campbell River Environmental Committee raised concerns during the MRC process about the Myra Falls' tailings disposal facility, climate change, waste management, and reclamation. Nyrstar has responded in writing to these concerns.

Myra Falls is located within the consultation boundaries of the Mowachacht/Muchalaht, We Wai Kai, Wei Wai Kum, and K'omoks First Nations. The Mowachaht/Muchalaht First Nation has concerns regarding potential impacts to fish and wildlife, C&E, and BC's initial strength of claim assessment. The Province met with Mowachaht/Muchalaht First Nation three times to discuss their concerns, and to propose accommodation measures. The Wei Wai Kum, We Wai Kai, and K'omoks First Nations have stated that they do not have any concerns with the Myra Falls Mine.

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Nyrstar has resolved 23 of the 28 outstanding compliance issues identified in Inspection Orders, and has provided a satisfactory schedule to provide the remaining items in September 2018. C&E has advised Nyrstar that compliance requirements must be adequately addressed before full development and production may occur. Additionally, EMPR is conducting regular mine inspections to ensure that Nyrstar is achieving compliance with regulatory requirements.

Nyrstar has not requested government press releases associated with the restart, and have expressed concern regarding large media announcements for this Project. Nyrstar has issued one press release stating that the Myra Falls restart is progressing well with zinc production expected to commence during Q3 2018 and first shipment of zinc in concentrate to take place in Q4 2018.

V CONCLUSION:

Amendments to the *Mines Act* and *Environmental Management Act* permits to enable mine restart in the Lynx area of the mine were approved on July 5, 2018. Further amendments to the *Mines Act* permit for the Price Mine area will be provided to the Chief Inspector for consideration in late August 2018.

Nyrstar currently has a total of five outstanding compliance requirements that are scheduled to be addressed prior to the full recommencement of operations.

A government news release that Myra Falls has restarted could be considered once Nyrstar has resolved outstanding compliance matters and a *Mines Act* decision has been made on the Price package amendment.

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Lisa Payne, MMPO
Tryfan Jones, C&E

APPROVED BY:

Sean LeRoy, PD, MMPO	✓
Andrew Rollo, A/ED, MMPO	✓
Peter Robb, ADM, MMRD	✓
Dave Nikolejsin, DM, EMPR	✓

**MINISTRY OF ENERGY, MINES AND PETROLEUM RESOURCES
BRIEFING NOTE FOR INFORMATION**

I PREPARED FOR: Honourable Bruce Ralston, Acting Minister of Energy, Mines and Petroleum Resources, and Minister of Jobs, Trade and Technology

II ISSUE: Red Mountain Underground Mine Environmental Assessment Referral

III BACKGROUND:

IDM Mining Ltd.'s (IDM) Red Mountain Project (Project) is a proposed underground gold and silver mine located 18 km east-northeast of Stewart. The Project would extract 1,000 tonnes per day, operating year round over a 6 year mine life. Mineral processing would occur onsite and doré bars would be transported via truck to Stewart then to a domestic or international refinery. Construction is estimated to last 18 months employing 293 people during construction and 193 during operations. The Project is within the Nass Wildlife Area as set out in the Nisga'a Final Agreement. IDM and Nisga'a are currently negotiating an Impact Benefit Agreement. A Project Location Map and Project Overview Figure that depicts key Project facilities are provided as attachments.

The Environmental Assessment Office (EAO) and Canadian Environmental Assessment Agency are undertaking a coordinated Environmental Assessment (EA) for the Project. The Application entered screening in July 2017 and in mid-August 2017 the Application was rejected for review as it did not meet the Application Information Requirements. The Application was resubmitted in October 2017 and the 180-day review period started on November 1, 2017.

The EA review was suspended on March 13, 2018 at day 134 of the 180-day review period to allow IDM additional time to respond to technical review information requests. Specifically, the Ministry of Energy, Mines and Petroleum Resources had requested information related to the tailings storage facility alternatives assessment, portal plug design and feasibility assessment for the mine site which is particularly important given the short (6 year) mine life. Other reviewers requested information related to wildlife (endangered species and mountain goat); the human health risk assessment; water quality; and avalanche identification and mitigation. IDM provided the additional information to the satisfaction of EAO and the Working Group, and the suspension was lifted on July 13, 2018.

IV DISCUSSION:

During the EA review, EAO considered a full range of the potential adverse effects, including impacts to ground and surface water quality and quantity, wildlife, human health, and impacts to the Nisga'a Nation as required under Chapter 10 of the Nisga'a

Treaty. EAO has concluded that, considering the Project mitigation measures identified in the 38 conditions proposed in the Table of Conditions (Schedule B of the EA Certificate), mitigations by design captured in the Certified Project Description, and subsequent permitting requirements, the potential adverse effects of the Project on environmental, social, economic, heritage or health values would be reduced to an acceptable level and would not be significant.

Under the *Environmental Assessment Act*, a provincial decision on the EA is required within 45-days of referral (October 12, 2018). A Ministers briefing for the provincial EA will be scheduled following the referral on August 28, 2018. A federal EA decision will be made separately and is targeted for January 2019.

The Major Mines Permitting Office (MMPO) and Nisga'a have drafted a Permitting Engagement Plan to capture issues brought forward by Nisga'a during the EA that they wish to see further addressed during permitting (related primarily to water quality and water management, and safety of the tailing storage facility) and defines permitting engagement including collaboration on recommendations for permitting decisions. The Ministry of Indigenous Relations and Reconciliation will begin negotiations on an Economic Community Development Agreement with the Nisga'a in fall 2018.

Due to successful engagement and collaboration, the Nisga'a and EAO have reached consensus on the EA Assessment Report, Conditions and Certified Project Description. The Nisga'a has no objection to Ministers making EA decisions.

MMPO has engaged with IDM on permitting to understand IDM's permitting strategy and timing of permit application submissions. IDM is considering their proposed timing and proposed approach to permitting, which may include staging early construction permits ahead of major permits for construction and operation.

V CONCLUSIONS:

EAO referred the Red Mountain EA to Ministers on August 28, 2018. Ministers will have until October 12, 2018 to make a decision on whether to grant IDM Mining an EA Certificate.

EAO has worked with the provincial and federal government agencies, First Nations and the Proponent to develop mitigation measures that address key EA issues. Nisga'a and EAO have reached consensus on the EA Assessment Report, Conditions and Certified Project Description. The Nisga'a has no objection to Ministers making decisions.

IDM is currently developing a permitting strategy. MMPO has initiated engagement with the Nisga'a to draft a Permitting Engagement Plan and continues to engage with IDM to understand application submission timing and support future permitting efforts.

ATTACHMENTS:

1. Project Location Map
2. Project Overview Figure

PREPARED BY:

Todd Goodsell, SPL, MMPO

REVIEWED BY:

Danielle Smyth, PD, MMPO✓
Andrew Rollo, ED, MMPO✓
Peter Robb, ADM, MMRD✓
Dave Nikolejsin, DM✓

MINISTRY OF ENERGY, MINES AND PETROLEUM RESOURCES

BRIEFING NOTE FOR INFORMATION

I PREPARED FOR: Honourable Bruce Ralston, Acting Minister of Energy, Mines and Petroleum Resources, and Minister of Jobs, Trade and Technology

II ISSUE: Meeting with NEBC Mayors

III BACKGROUND:

The Peace River Regional District (PRRD) is comprised of seven municipalities and four electoral areas B, C, D and E. Its member municipalities are the District of Chetwynd, City of Dawson Creek, City of Fort St. John, District of Hudson's Hope, Village of Pouce Coupe, District of Taylor, and District of Tumbler Ridge.

The PRRD is at the center of the most active natural gas and oil development in the province. BC's portion of the successful Montney oil and gas play, where the vast majority of new drilling in the province occurs, is located within the area.

With the volume of activity associated with developing petroleum and natural gas resources there have been a number of challenges with local residents and landowners. The Ministry and the BC Oil and Gas Commission (OGC) have undertaken a variety of engagement activities to address many of these challenges.

IV DISCUSSION:

Mayors in the PRRD have been and continue to be very supportive of oil and gas activity, recognizing the key role the industry has for their municipalities.

As a result of the volume of activity and the increased community concern in the South Peace, the Farmington Community Working Group (Working Group) was recently established. The Deputy Minister, Energy, Mines and Petroleum Resources and the Oil and Gas Commissioner met with PRRD representatives in July 2018 to discuss the creation and structure of a working group. The Working Group has an Oversight Committee that includes the Commissioner and the Deputy Minister as well as the Chair of the PRRD.

The Working Group has met twice (August 14, 2018 and August 28, 2018) with the discussions being focused on noise as well as the timing and planning of projects. Industry has played an active role in the meetings and will continue to support the working group by sharing information and participating.

The OGC has assigned two staff to act in a secretariat role to help coordinate and facilitate the Working group. The OGC has also created an internal support team to action the items and recommendations emerging from the Working Group meetings.

Hydraulic fracturing and its ability to create seismicity has also been an area of concern for local residents in the South Peace. As a result of the concerns raised by local residents the OGC issued a special project order requiring permit holders within the Kiskatinaw Seismic Monitoring and Mitigation Area – roughly between Fort St. John and Dawson Creek – to undertake numerous measures prior to, during and following hydraulic fracturing operations.

The overall intent of the order is to ensure companies are notifying residents when undertaking completion operations at a well where there could be induced seismic events. Opening lines of communication with those most likely to be affected can help reduce concerns and provides residents with a contact person to notify, if an event occurs.

V CONCLUSION:

The Ministry and the OGC are working with industry and community leaders to address a number of the concerns being raised in association with the exploration and development of petroleum and natural gas.

DRAFTED BY:

Garth Thoroughgood, ED

APPROVED BY:

Ines Piccinino, ADM, OGD ✓
Dave Nikolejsin, DM✓

MINISTRY OF ENERGY, MINES AND PETROLEUM RESOURCES

BRIEFING NOTE FOR INFORMATION

I PREPARED FOR: Honourable Bruce Ralston, Acting Minister of Energy, Mines and Petroleum Resources, and Minister of Jobs, Trade and Technology

II ISSUE: EnCana

III BACKGROUND:

Encana is one of BC's largest natural gas producers, with significant land holdings in the liquids rich BC Montney. Encana's other core assets are located in the Duvernay in Alberta and the Permian and Eagle Ford, both in Texas. In addition to the Montney, Encana holds tenure in the Horn River Basin in Northeast BC.

In 2012 Encana and a subsidiary of Mitsubishi formed the Cutbank Ridge Partnership (CRP) to focus on development in the Montney in Northeastern BC. Under the partnership, Mitsubishi purchased a 40 percent working interest in Encana's undeveloped Montney holdings for an initial investment of \$1.45 billion and agreed to invest another \$1.45 billion over five years. Encana is the managing partner and holds the other 60 percent interest in the partnership.

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IV DISCUSSION:

In 2017 Encana (through the CRP) was the most active company in northeast BC. The company is expecting production growth of between 25 percent and 30 percent from the end of 2016 to the end of 2017. It drilled 79 of the 414 wells drilled in BC in 2017.

Encana is in the final stages of a multi-year capital investment program in BC's northeast. The company has added significant natural gas and liquids processing capacity through the construction of three new processing plants. The new plants are considered innovative in design, and powered by hydro-electricity, which considerably reduces carbon footprint. Each of these plants represents a significant investment in northeastern BC.

The Tower facility is capable of processing 200mmcf/d of natural gas and opened on September 20, 2017. It was the first of the three plants built to service Encana's gas production. Sunrise and Saturn are the other two plants that are now in operation. All three plants are operated by Veresen Midstream and powered by hydro-electricity. Encana

estimates hydro power will reduce the plants' CO₂ emissions by about 860,000 tonnes per year. This is equivalent to taking approximately 184,000 vehicles off the road annually.

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Garth Thoroughgood, OGD,
EMPR

APPROVED BY:

Ines Piccinino, ADM, OGD, EMPR✓
Dave Nikolejsin, DM, EMPR✓

**MINISTRY OF ENERGY, MINES AND PETROLEUM RESOURCES
BRIEFING NOTE FOR INFORMATION**

I PREPARED FOR: Honourable Bruce Ralston, Acting Minister of Energy, Mines and Petroleum Resources and Minister of Jobs, Trade and Technology

II ISSUE: Conuma Coal Resource Ltd Projects: Brule, Wolverine and Willow Mines

III BACKGROUND:

On September 6, 2016 the Brule, Wolverine, and Willow Creek coal mines and related assets and permits were sold from Walter Energy Canada to ERP Compliant Fuels (ERP), which operates as Conuma Coal Resources Ltd (Conuma) in Canada. Brule is located approximately 35 km south of Chetwynd, Willow Creek is located approximately 30 km southwest of Chetwynd, and Wolverine is located approximately 15 km west of Tumbler Ridge (see Appendix A: Map).

Brule restarted in October 2016, Wolverine restarted in January 2017, and Willow restarted in July 2018. Conuma has also purchased the Quinsam coal mine on Vancouver Island, and restarted underground operations at Quinsam in Fall 2017.

The Brule, Wolverine, and Willow Creek mines are located within Treaty 8 Territory, specifically within the consultation areas of Saulteau First Nations, West Moberly First Nations, McLeod Lake Indian Band, Prophet River First Nation, Doig River First Nation, Halfway River First Nation, Blueberry River First Nations, and the Horse Lake First Nation (located in AB, by the BC-AB border).

On August 30, 2018 Conuma submitted permit applications for the development of the East Bullmoose pit at the Wolverine mine. The East Bullmoose expansion would provide ongoing access to coal at Wolverine once the existing Perry Creek pit is exhausted.

III DISCUSSION:

Water quality is a primary concern raised repeatedly by Treaty 8 First Nations during consultation on mining-related applications in the northeast. Broader concerns raised by Treaty 8 First Nations include watershed level effects of mining which could be discussed and potentially resolved at the Murray River Watershed Aquatic Cumulative Effects Assessment Framework steering committee established by the Ministry of Environment and Climate Change Strategy.

The East Bullmoose project is located in an area of core high elevation habitat for the Quintette caribou herd and telemetry information demonstrates the presence of numerous individuals in the approximate disturbance area of the expansion. The Province will be reviewing the East Bullmoose application in consideration of emerging provincial caribou policy, the section 11 agreement between BC and Canada, and the recent federal

EA decision on the Murray River Mine. On August 16, 2018 the Chief Inspector of Mines sent a letter to Conuma highlighting that caribou will be part of decision making on whether to issue a permit under the *Mines Act* (Appendix B).

Currently the Province has a mandate to negotiate Economic and Community Development Agreements (ECDAs) with First Nations to share a portion of the direct mineral tax revenue on new mines and major mine expansions. Under the current provincial revenue sharing policy, Treaty 8 First Nations would not benefit from the restart of the Conuma mines because the ECDA mandate does not apply to existing or restarted mines. This is a current gap in provincial policy that is being addressed jointly by the Ministry of Energy, Mines and Petroleum Resources (EMPR) and the Ministry of Indigenous Relations and Reconciliation, with potential options being presented to Treasury Board for consideration later this year.

EMPR Major Mines Permitting Office is coordinating the permit review for this project and expects a referral for decision by July 2019. Approval of Wolverine East Bullmoose *Mines Act* permit is a Statutory Decision that will be made by the Chief Inspector of Mines.

IV KEY MESSAGES:

- The Province appreciates Conuma Coal Resource Ltd investments in BC mining.
- The restart of these mines represent investor confidence in BC and support for British Columbians who would like to work and live in the communities of Chetwynd and Tumbler Ridge.
- The Province is working with Treaty 8 First Nations through the Regional Coal Agreements to reconcile treaty rights with economic development.
- EMPR is working with provincial agencies to understand the potential impacts of the East Bullmoose development on caribou habitat. Conuma's proposed mitigation measures will be an important consideration in the Chief Inspector of Mines' statutory decision making for Wolverine East Bullmoose.

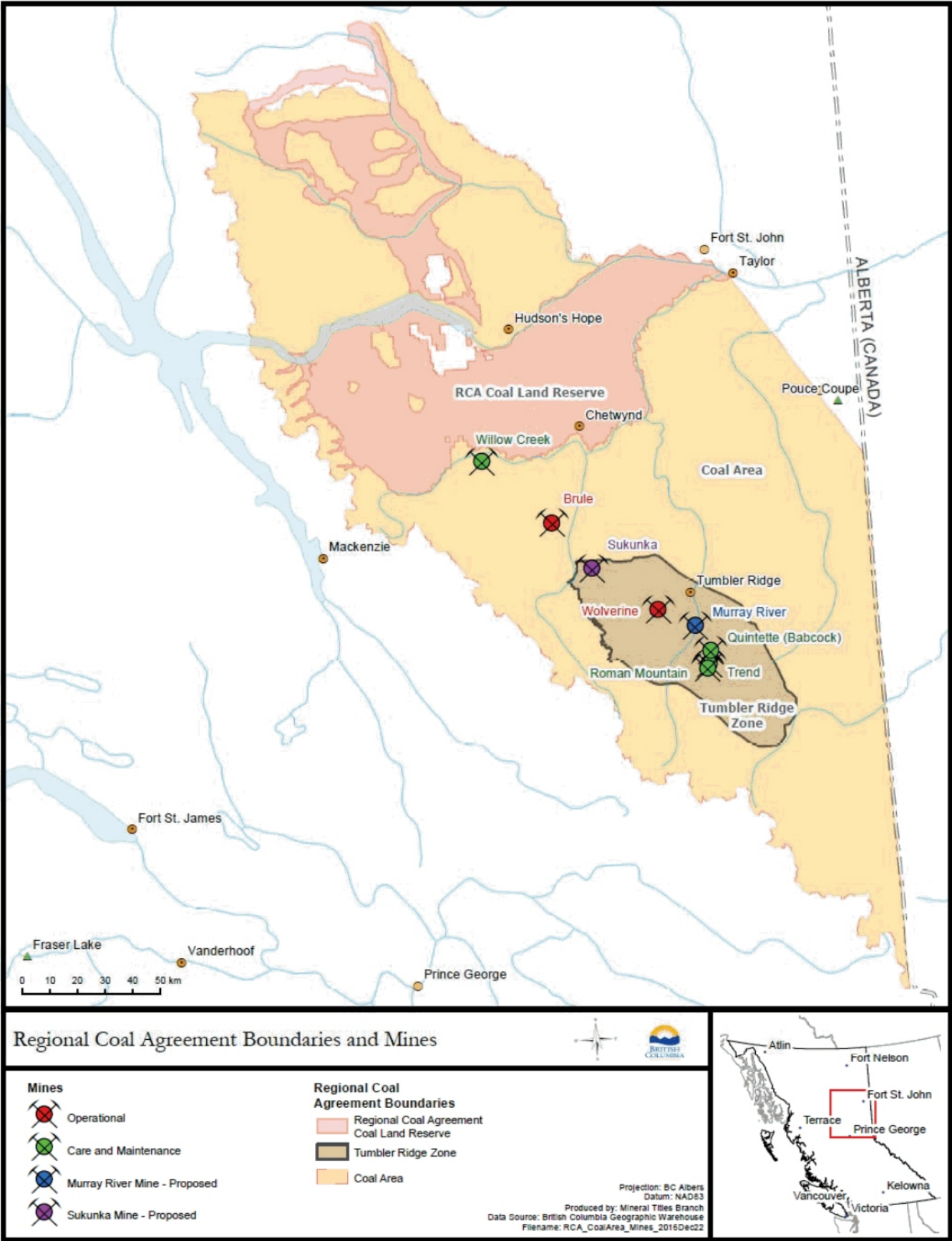
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REVIEWED BY:

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Peter Robb, ADM ✓
Dave Nikolejsin, DM ✓

Appendix A: Peach Region Coal Mines



**Appendix B: Letter from EMPR Chief Inspector of Mines to Conuma
regarding Southern Mountain Caribou**



Ref: 105041

August 16, 2018

Lukas Klemke, VP Operations
Conuma Coal Resources, Ltd
200 - 235 Front Street
Tumbler Ridge, BC V0C 2W0

Dear Mr. Klemke:

I understand that Conuma Coal Resources Ltd. (Conuma) is preparing to submit permit amendment applications for the East Bullmoose expansion at the Wolverine Coal Mine (Wolverine) near Tumbler Ridge. I understand that the East Bullmoose expansion would provide ongoing access to coal at Wolverine once the Perry Creek pit is exhausted.

I will be the statutory decision-maker for your application for a permit amendment under the *Mines Act*. As part of decision-making, I will be considering the adequacy of the program you propose for the protection and reclamation of the land and watercourses, including wildlife. I am advised that a number of uncertainties exist with respect to the potential impact of the proposed expansion on southern mountain caribou, and the ability for a proponent such as Conuma to propose a Caribou Mitigation and Monitoring Plan (CMMP) that adequately addresses the anticipated impacts at this particular site.

In the interest of administrative fairness, I am writing to inform you of the advice I have received to date in order to provide Conuma with the best available information to inform your approach to the East Bullmoose expansion and other Conuma projects and tenures. The intention of this letter is not to presuppose the outcome of permitting or statutory decisions, but rather to be clear about key issues that I am aware of that may require significant efforts on the part of any proponent intending to develop a mine in the East Bullmoose area.

Southern mountain caribou and the *Species at Risk Act*

The continued decline of southern mountain caribou is of concern to the Province, First Nations, the federal government, and industry. While the specific effects of the East Bullmoose expansion are uncertain, the proposed open pit is in an area of core high elevation range for the Quintette herd (see Appendix A), and telemetry information demonstrates the presence of

numerous individuals in the approximate disturbance area of the expansion (see Figure 1).

The Province has acknowledged the Imminent Threat Assessment results from Environment and Climate Change Canada, which state that the Quintette herd is considered at imminent threat to recovery (as defined under the federal *Species at Risk Act*). Two of the several petitions sent to Environment and Climate Change Canada earlier in 2018 requested immediate protection of Quintette herd habitat from destruction.

The federal Minister of Environment and Climate Change is expected to act on her obligation under the *Species at Risk Act* to recommend a Protection Order to federal cabinet, on the basis that, in the opinion of the Canadian Wildlife Service, there is currently not enough habitat protected (including high elevation habitat), the Quintette herd is deemed to be at imminent threat, and no clear actions have been taken to support habitat recovery and protection.

Provincial caribou policy

The Province has been in communication with the mining sector about the protection and recovery measures being considered by the Province for southern mountain caribou, and has communicated that new guidance for CMMPs will be developed over the next two years in consultation with Indigenous Nations and industry. Conuma is required under *Mines Act* permit C-223¹ to establish a CMMP for the existing Wolverine Mine that considers emerging provincial caribou policy, and I will be considering the adequacy of the Wolverine/East Bullmoose CMMP as part of adjudicating the expansion proposal.

While new policies are under development, the existing *Guidance for the Development of Caribou Mitigation and Monitoring Plans for South Peace Northern Caribou* (April 17, 2013) can be relied on for general guidance on CMMP development. I am advised that it may be difficult to establish appropriate mitigation measures to address the cumulative effects of new surface disturbance in the context of the Peace Northern Caribou Plan's protection targets. I am also advised that the 4:1 offsetting ratio identified for habitat securement in the above guidance may not be sufficient, depending on the nature of the anticipated impacts to habitat.

Considerations for decision-making

When making decisions under the *Mines Act*, I consider the advice of the provincial caribou team and Indigenous Nations on the adequacy of CMMPs as a central component of a proponent's program for the protection and reclamation of the land and watercourses. As the Province updates its policies on these matters, the following are key questions I will consider relevant when considering the permit amendment application for the East Bullmoose expansion:

- Will the CMMP proposed by Conuma mitigate the anticipated impacts of the expansion?
- With the implementation of the CMMP, will the expansion result in an unacceptable impact on caribou and caribou habitat?
- Has the Province fulfilled its legal duty to consult and accommodate with respect to potential adverse impacts to Aboriginal and treaty rights?

In engaging on these topics, my intention is to provide Conuma with the opportunity to fully

¹ <https://mines.empr.gov.bc.ca/api/document/58dade40b6bfe2001cbcc5ac/fetch>

realize the scope of effort, challenges, and uncertainties associated with the proposed East Bullmoose expansion. I remain committed to an administratively fair and transparent review process, and I look forward to working with Conuma to determine next steps.

I understand that Conuma is considering different strategies for sequencing the development of its coal tenures in the northeast. If of interest to Conuma, my colleagues in the Mines and Mineral Resources Division are available to discuss options and strategies for identifying a path forward in the present context.

Sincerely,

(original signed)

Al Hoffman, P. Eng.
Chief Inspector

Attachments (2)

pc: Roslyn Notseta, Halfway River First Nation

Nathan Prince, McLeod Lake Indian Band

Eran Spence, McLeod Lake Indian Band

Lisa McArthur, Saulteau First Nations

Carmen Richter, Saulteau First Nations

Tamara Dokkie, West Moberly First Nations

Jim Webb, West Moberly First Nations

Figure 1 Proposed East Bullmoose expansion project overlap of caribou habitat being considered for protection

