



Energy, Mines and Resources

Box 2703, Whitehorse, Yukon Y1A 2C6

June 27, 2016

Mr. Don Reed
Policy Analyst
Indigenous and Northern Affairs Canada
15 Eddy Street, Floor 10
Gatineau, Quebec
K1A 0H4

Dear Mr. Reed:

Re: Canada Oil and Gas Operations Act Proposed Framework Regulation – Phase I Review

Thank you again for the briefing on April 22, 2016 regarding the *Canada Oil and Gas Operations Act* (COGOA) proposed framework regulation review currently being undertaken by the Frontier and Offshore Regulatory Renewal Initiative (FORRI) for Canada's frontier and offshore oil and gas sector, and the opportunity to provide comments on the various phases of the review.

Yukon is committed to sustainable development of Beaufort Sea oil and gas resources. In addition to positioning Yukon to maximize the potential benefits from offshore oil and gas exploration in the Beaufort Sea, ensuring safety and environmental and socio-cultural integrity in the region is a key interest of the Yukon. FORRI's objective of modernizing existing regulations dealing with geophysical operations, drilling, and the design, construction, certification and operation of production facilities to maintain high standards for operational safety, environmental protection and management of oil and gas resources is consistent with this interest.

Yukon has completed its review of Phase I, the March 17, 2016 "Proposed Policy Intentions for Phase I of the Framework Regulations" document, and offers the following comments:

General Comments:

- The document, although explaining briefly what the new consolidated Regulation would look like, does not explain in much detail why the changes are being proposed. For example, the April 2016 powerpoint slide presentation you provided states that one of the ways that FORRI intends to modernize existing regulations is by "moving, where possible, to performance-based requirements instead of prescribing specific technologies/approaches", however, this concept is not described or defended in the policy paper. More analysis and rationale could be provided in the policy document to explain why these changes are being proposed. The document could include and explain the different styles of regulation, what other regimes are doing and/or considering, and the pros and cons of moving from one regulatory policy to another.

Specific Comments:

- Page 2, list of Regulations does not include the Diving Regulations, while section 3.4 g. references a diving operation in the Safety Plan. Should the Diving Regulations be added to the list?

Mr. Reed
June 27, 2016
Page 2

- Page 3, Section 1.1 is titled "Spacing", however, our recommendation is that this should be replaced with "Orders" as this is broader.
- Page 5, under Section 2.1 Note on Safety Culture describes what a safety culture is but does not explain why it is necessary to move towards it.
- Page 7, under Section 2.5 Compliance, compliance is more than just the management system. Our recommendation is to move this section to "Operators Duties", Part 4, and broaden it to also include Safety Plan, Environmental Protection Plan, Standards and all the legal requirements.
- Page 8, Part 3, suggest adding a section for each of Stakeholder Engagement and Financial Responsibility.
- Page 11, suggest modifying Section 3.5, Environmental Plan to Environmental Protection Plan.
- Page 13, under section 3.7 the requirement for an application to include "barrier envelope diagrams to demonstrate two barrier envelopes throughout the operation" should be part of any well approval, including drilling (not just for re-entry, work over, etc.), and therefore should be moved up to the previous sub-section dealing with well approval to drill a well.
- Page 16, Part 4, this section should also include, Management System Compliance, Training and Competency, Declaration by Applicant, and Notification of the Public.

Based on the specific comments provided above, for your consideration, attached in Annex I is a proposed Table of Contents for a Framework Regulation.

Overall, Yukon is pleased with the process outlined to modernize the regulatory framework associated with oil and gas activities in the Beaufort Sea and with a few suggested modifications to the Proposed Policy Intentions for Phase I Yukon is supportive of the elements in that document. I look forward to any response you may have on the above comments and moving into Phase II.

If you have any questions pertaining to this submission please contact me at (867) 393-7044 or by email at perry.diamond@gov.yk.ca.

Sincerely,



Ron Sumanik
Director, Oil and Gas Resources

Annex I

Proposed Table of Contents for a Framework Regulation

Part 1: INTERPRETATION AND LICENCING

1. Interpretation
2. Activity
3. Licencing and Authorizations
4. Management System Requirements

Part 2: BOARD'S POWERS

1. Orders
2. Names and Designations
3. Guidelines and Interpretation Notes

Part 3: APPLICATIONS, AUTHORIZATIONS AND APPROVALS

1. Applications
2. Stakeholder Engagement
3. Financial Responsibility
4. Safety Plan
5. Environmental Protection Plan
6. Contingency Plan
7. Requirement for a Well or Production Facility Approval
8. Granting, Suspending and Revoking a Well and Production Facility Approval
9. Flow System, Flow Calculation and Flow Allocation Approval
10. Development Plan

Part 4: OPERATOR'S DUTIES

1. Availability of Documents
2. Management System Compliance
3. Safety and Environmental Protection Compliance
4. Emergency Response Procedures
5. Storing and Handling of Consumables
6. Handling of Chemical Substances, Waste Material and Oil
7. Cessation of an Activity
8. Training and Competency
9. Declaration by Applicant
10. Notification of Board
11. Notification of the Public

Part 5: EQUIPMENT AND OPERATIONS

Part 6: EVALUATION OF WELLS, POOLS AND FIELDS

Part 7: WELL AND PRODUCTION FACILITY TERMINATION

Part 8: MEASUREMENTS

Part 9: PRODUCTION CONSERVATION

Part 10: SUBMISSIONS, NOTIFICATIONS, RECORDS AND REPORTS

Part 11: INSPECTIONS, ENFORCEMENT AND COMPLIANCE

Part 12: ADMINISTRATIVE FEES AND PENALTIES