

2021 BC Government Update Webinar #1

Once again, CSUR hosted BC Government representatives for an update session for 2021. As in the past, the agenda included several presentations to apprise the industry on various initiatives, operations & production activities, and the status of major oil and gas projects in the province. Presentations were delivered from representatives of both the BC Ministry of Energy, Mines & Low Carbon Innovation (EMLCI) and the BC Oil Gas Commission (OGC).

Opening remarks were provided by Deputy Minister (DM) Fazil Mihlar (EMLCI), who focused primarily on three key points:

1. The recent court ruling related to the Blueberry River First Nations (BRFN)
2. Ongoing Oil & Gas Royalty Review
3. Clean BC Initiative

While the DM provided a high-level summary, he did indicate that discussions & progress continue on all three fronts. The overall goal is to achieve a better balance with not only the BRFN group, but all Treaty 8 First Nations groups in the province. The main objective of the royalty review is to make sure that the province remains competitive relative to other oil & gas producing jurisdictions in North America. Finally, the DM indicated that although the province has set ambitious goals with respect to emissions reductions, the overall province-wide legislations and corresponding initiatives will help in achieving those targets.

Mayka Kennedy, EVP Engineering – BC OGC, provided an update on BC drilling and production activities. Activity in the various Montney areas continue to dominate both on drilling and in total production; with 99% of all wells drilled and the Montney accounting for approximately 80% of the gas production in the province. Gas production continues to grow, with about 71% of the total gas production from the Montney attributed to the top five producers. However, oil production declined as there hasn't been as much drilling to maintain production levels. She indicated that the pace of decommissioning wells has seen a pleasant uptick in the last 2 years. In addition, with increased activity and favorable commodity pricing on the heels of a post-pandemic recovery, net royalties to the province have grown significantly, as stated by Curtis Kitchen, Chief Engineer & Director of Royalties at the Oil & Gas Division of EMLCI.

Garth Thoroughgood, Executive Director – Major Projects (OGC), provided a brief overview of the major projects in the province, including the LNG Canada Project in Kitimat, and the Coastal GasLink Pipeline. Although there have been significant delays with both projects (i.e., Covid, protests, lockdowns/blockades, etc.), they are both over 50% complete. In addition to providing updates on other major projects (various LNG, Pipeline and Petro-Chemical Projects), Garth indicated that work on the Trans Mountain Pipeline is ongoing, with the Canadian Energy Regulator (CER) being the main regulator for this project. Individual project timelines, scope and progress can be found on the BC OGC website.

Michelle Schwabe, Executive Director – Regulatory & Infrastructure Branch (EMLCI), expounded on the province's Clean Growth Infrastructure Royalty Credit Program. In conjunction with the Clean BC initiative, the program is designed to incentivize new innovations by the operators in exchange for royalty credits. With emissions reduction and environmental stewardship as the basis, the program is subdivided into two categories: Growth and Sustainability. The entire fund of \$150 Million was allocated and subsequently awarded to twenty-two projects (13 Growth & 9 Sustainability). A total of fifty-nine applications (41 Growth & 18 Sustainability) from seventeen companies were received for this program.

The final presentation of the day was from Curtis Kitchen on the BC Royalty Review. As with the DM's comments at the start of the webinar, the ultimate objective of the process (as noted in the Mandate Letter of October 2021) is a balanced, multi-faceted goal – To provide a **Fair Return** to the province, while continuing to promote **Economic Development**, sustain **Environmental Protection**, and foster **Reconciliation & Consultation** with all 1st Nations Groups. Currently, the review is in an open engagement period until December 10th, 2021. This period will allow all stakeholders to provide their feedback and comments, with a final report (including Structure & Objectives) due to be released in February 2022.

SUMMARY AND AGENDA

Join us to hear representatives from both the BC Ministry of Energy, Mines and Low Carbon Innovation and the BC Oil and Gas Commission.

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| 9:00 – 9:05 am | Welcome and Agenda – Curtis Kitchen (5 minutes) |
| 9:05 – 9:25 am | Opening Comments – DM Fazil Mihlar (10 minutes)
Questions (10 minutes) |
| 9:25 – 9:40 am | Production and Activity Update – Mayka Kennedy / Curtis Kitchen (10 minutes)
Questions (5 minutes) |
| 9:40 – 10:00 am | Major Projects Update – Garth Thoroughgood (10 minutes)
Clean Growth Infrastructure Royalty Program Update – Michelle Schwabe (5 minutes)
Questions (5 minutes) |
| 10:00 – 10:25 am | Royalty Review Update – Curtis Kitchen (15 minutes)
Questions (10 minutes) |



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and the BC Oil and Gas Commission.

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November 17th, 2021 | Zoom Webinar | 09:00am PST
| 10:00am MST

Presented by:



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