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ConocoPhillips Canada
Resources Corp.
P.O. Box 130, Station M
401 – 9th Avenue S.W.
Calgary, Alberta T2P 2H7
(403) 233-4000

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Nathan Braun, Executive Projects Director
Environmental Assessment Office
PO Box 9426 Stn Prov Govt
Victoria, BC V8W 9V1

Submitted electronically to: nathan.braun@gov.bc.ca
Submitted by fax to: 250-387-0230

**ConocoPhillips Canada Comments on the Government of British Columbia's
*Environmental Assessment Revitalization Discussion Paper***

Dear Mr. Braun:

On behalf of ConocoPhillips Canada, thank you for the opportunity to comment on the proposed changes to British Columbia's environmental assessment (EA) process.

ConocoPhillips Canada (ConocoPhillips) is the Canadian division of ConocoPhillips, the world's largest independent exploration and production company based on production and proved reserves. Current investment programs are focused on our assets in the liquids-rich Montney play in northeast British Columbia. At year-end 2017, ConocoPhillips held approximately 108,000 acres of land with 100 percent working interest. Exploration and appraisal activities which began in the area in 2009 are on-going and future phases of development are currently in the planning phase.

As a company with significant, long term interests in British Columbia, we recognize the importance of sharing our perspective. However, as details provided in the Discussion Paper are conceptual, it is difficult for ConocoPhillips to provide meaningful comments until the release of the Intentions Paper. Without the ability to comment at that time and until potential changes to the Reviewable Projects Regulation are identified, the company cannot determine with any certainty how or if changes to the environmental assessment process will materially impact our B.C. activities. ConocoPhillips welcomes the opportunity to dialogue further as the process changes become clearer.

In ConocoPhillips view, the EA process is not the forum for discussing broader public policy matters and indigenous reconciliation issues that go beyond the scope of an individual project. The purpose of EA is to mitigate the potential for adverse effects of a major project. We believe that regional and strategic assessments have strong potential to improve overall EA processes and decision-making by bridging the gap between environmental policy implementation and project-level EA.

As a member of the Canadian Association of Petroleum Producers (CAPP), ConocoPhillips has had the opportunity to review the submission prepared by CAPP and confirm alignment with the views expressed therein. Additional comments are provided below to highlight proposed changes contemplated in the Discussion Paper that we feel have the most potential to materially impact our activities in B.C. In summary, the company is concerned that – if not managed carefully - acting on

the recommendations in the Discussion Paper could significantly impact investor confidence and investment in B.C. oil and gas projects by:

- lengthening the process,
- increasing complexity,
- increasing costs, and
- creating confusion about government and Indigenous nations roles in environmental assessment.

Clear Timelines

Delays are very impactful to our industry and we are concerned that reasonable timelines will be difficult to maintain when the number of parties participating in EA decision-making has increased and there are multiple decision gates to move through.

The Discussion Paper provides few details on how shared decision-making with Indigenous nations will be accomplished and how conflicts will be resolved between governments. Indigenous nation's views on energy and resource development are diverse and seeking consensus with multiple Indigenous nations - with their own laws and legal processes - could lead to delays and increased costs. It is also unclear what would happen if, despite reasonable efforts, one or all participating Indigenous nations oppose a project while the EAO supports it.

ConocoPhillips recommends statutory timelines be put in place during all phases of the EA process to provide realistic framing for a legislated project assessment process.

Increased Participation

We acknowledge the government's desire to ensure meaningful indigenous and public engagement; however, efforts to balance the various interests in EA must not undermine the purpose of the EA process itself, which is to systematically examine the possible environmental consequences from a project's construction and operation, including minimizing any adverse effects from development proposals to protect the productivity and capacity of natural systems and ecological processes.

Proponents and investors require certainty that the regulatory system will work if they succeed in developing a well-designed project, while protecting the environment and addressing community concerns. Clear criteria must be set to ensure that project assessments do not become forums for inconclusive debates on broader questions around the types of industrial activity that B.C. permits. These types of general public interests are more appropriately addressed by enabling a broad public engagement process during policy development and when conducting strategic and regional assessments.

ConocoPhillips supports "meaningful" engagement that is focused on engaging with potentially impacted parties while allowing access to information to interested parties to improve overall transparency and confidence in the process. The approach adopted by B.C. must clearly define roles, responsibilities, and behavioral expectations of government, Indigenous nations, stakeholders, and project proponents for the EA process to be successful.

Regional and Strategic Environmental Assessment

It is ConocoPhillips' view that regional and strategic assessments have strong potential to improve overall EA processes and decision-making by bridging the gap between environmental policy implementation and project-level EA. A thoughtfully planned and executed regional assessment (i.e., land use plan) can significantly improve indigenous participation, cumulative effects management, and environmental and social-economic baselines. In cases where regional

assessment is deemed appropriate – flexibility will be required. Regional assessment should not delay or interfere with ongoing plans or activities; nor should it encumber projects already approved or undergoing regulatory review. Consideration should be given to the variety of pilots and examples of regional “studies” that exist across Canada; each with different scope, audience, outputs, levels of public participation, and success in achieving outcomes.

Reviewable Projects Regulation

The Discussion Paper identifies revision to the *Reviewable Projects Regulation* (RPR) as a mechanism to ensure public confidence. Most upstream oil and natural gas activities are not currently subject to an EA; rather, the Oil and Gas Commission (OGC) regulatory framework effectively manages projects - mitigating adverse effects and working with First Nation communities to ensure interests are addressed. The general public may not be fully aware of the comprehensive provincial frameworks and environmental protections already in place by the OGC and may view EA as the only protection available. It is our view that subjecting more oil and gas projects to an EA process is unlikely to improve environmental outcomes. This approach would only add complexity and represent an unnecessary and costly duplication of process and decision-making.

ConocoPhillips supports the development of a new RPR that includes only major projects with the greatest potential for significant adverse environmental effects. We support a transparent criteria-based approach to revising the RPR that continues to provide clarity and certainty for proponents. In our opinion, upstream oil and gas projects should be exempt from EA and continue to be subject to permitting requirements and review processes under the OGC for the following reasons:

- projects are comprehensively and stringently regulated through the OGC;
- oil and gas development is not a new undertaking – the potential impacts are well understood and well-defined mitigation measures are implemented as a matter of practice;
- the risk of accidents and malfunctions are well understood – appropriate defenses are in place to mitigate process safety events including spill prevention and well control processes, which mitigate harm to the environment and prevent worker injury;
- environmental performance is steadily improving through collaborative action and innovation; and
- comprehensive environmental monitoring programs are in place to ensure responsible development.

Predictable Costs

Many of the changes contemplated in the Discussion Paper will come at a cost – namely increased engagement and capacity funding for Indigenous nations. ConocoPhillips welcomes the opportunity to work with the BC government to define a reasonable and appropriate fee structure directed at promoting constructive, interest-based dialogue. We reiterate our position that only those stakeholders with the potential to be directly affected by a project or have relevant information and/or expertise to contribute, should be eligible for funding.

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Closing Remarks


A myriad of changes to our environmental and energy regulatory processes is currently underway at the provincial and federal levels. This reality in and of itself, is creating greater uncertainty by signaling potential for more regulatory complexity and duplication of process, which is no doubt amplifying the perception of political and regulatory risk and competitiveness gaps for Canada's oil and gas sector.

To encourage continued investment in B.C., a predictable regulatory process that supports timely assessment and project review is required. Uncertainty, duplication, complexity, delays, and increased costs undermine the economic viability of projects and jeopardize the competitiveness of B.C.'s oil and gas industry.

If you have any questions or would like to discuss our comments in more detail, please contact Kim Iverson, Manager, Government and External Relations directly at 403.260.1628.

Sincerely,

CONOCOPHILLIPS CANADA



Darryl Hass,
Vice President Health, Safety, Environment and Sustainable Development