

BC Oil and Gas Research and Innovation Society

Business Plan

April 1, 2016 to March 31, 2019—Version 1



BC OGRIS Business Plan (2016/19)

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About the BC OGRIS

The BC Oil and Gas Research and Innovation Society (BC OGRIS) is an industry-sponsored fund overseen by the BC Oil and Gas Commission (Commission); the Canadian Association of Petroleum Producers (CAPP); and the Explorers and Producers Association of Canada (EPAC).

Executive Summary

This business plan covers a 3 year planning horizon from April 1, 2016 to March 31, 2019. Information in the first year (2016/19) is covered in more detail than subsequent years.

This Executive Summary highlights the activities for the first year of the 3 year business plan—April 1, 2016 to March 31, 2019.

Funding Priorities for Year 1 (2016/17)

The funding priorities for 2016/17 involve maintaining existing multiyear funding commitments and anticipated follow-on phases with some new commitments.

Research projects will be focused on the following items:

- Boreal Caribou—support research completing under the final year of the MoU between government and industry to support Boreal Caribou research in BC. Work with government and industry to plan and transition to the next funding model for Boreal Caribou research in BC;
- Seismicity—maintain a seismic array network to collect and analyze data on seismic activity in the North East of BC;
- Air—continue to support projects collecting and analyzing data on air quality in the North East of BC;
- Water—inventory, analyze and provide access to information on surface water quantity and ground water quality;
- Green House Gas (GHG) reductions—collect baseline data for use in emission factors; and
- Collaboration and Communication—support projects in building capacity to understand and monitor oil and gas activity in First Nation areas.

Approach for Soliciting Proposals in Year 1 (2016/17)

The BC OGRIS Board of Directors (Board) are not accepting unsolicited proposals at this time. The Board will revisit this decision on a quarterly basis and update as funding and research priorities change.

The Board may solicit proposals for projects to address identified, high priority, knowledge gaps consistent with our funding priorities (as funding permits). Those interested in research opportunities with the BC OGRIS should regularly visit the opportunities section of the BC OGRIS website at www.bcogris.ca.

Extension activities for Year 1 (2016/17)

The BC OGRIS will use the following items to disseminate its activities and accomplishments:

- BC OGRIS Annual Report—an annual report to stakeholders summarizing the BC OGRIS’s research activities and accomplishments;
- BC OGRIS website—containing fund and project information such as reports and extension materials; and
- Project specific extension—each project prepares an extension plan covering the dissemination of research findings to industry, regulator and government policy makers.

Other Activities for Year 1 (2016/17)

Other major activities for 2016/17 involve the following:

- Consider alternative sources for revenue outside of fees and levies from oil and gas production. This includes Federal and BC Government sources; and
- Expand partnerships, participation and potential funding sources with organizations in the oil and gas sector value chain such as pipeline and LNG associations.

1 Introduction

The business plan describes the following:

- Funding priorities;
- Approach for soliciting proposals to match the funding priorities and budget;
- Extension activities; and
- Financial information—changes in cash position.

This business plan covers a 3 year planning horizon. It contains more detailed information for the first year of the 3 year planning horizon. The plan will be updated yearly and be approved prior to April 1 of each year.

2 Funding Priorities—2016-19

The table below outlines the funding priorities for projects across the six funding envelopes defined in the BC OGRIS Terms of Reference. The funding priorities are further classified by the following:

- * **Relative Priority**—relative ranking of each of the funding envelopes. All six funding envelopes are important to the BC OGRIS. Priority is used to emphasize which funding envelopes are currently ranked higher for the period of this business plan. Priority is a three point scale—high, medium and low.
- * **Urgency**—ranking for funding projects over the period of this business plan. For example, a funding envelope may be ranked high in relative priority and have urgent (high) projects that should be undertaken as soon as feasible (e.g., year 1 of the business plan). Or, a funding envelope may be ranked high in priority but not have any research projects identified for the first year of the business plan (e.g., medium urgency). Urgency is a three point scale—high, medium and low.

Note: funding priorities and budgets outlined in the table below are subject to changes in funding sources and research opportunities.

Envelope	Relative Priority	Urgency	Funding Allocation (by FY—000s)			Potential Themes/topics
			16/17	17/18	18/19	
Boreal Caribou	High	High	2,270	0	0	Boreal Caribou—five year funding arrangement scheduled to complete in Fiscal Year 2016/17. <ul style="list-style-type: none"> • Support the completion of research projects underway and anticipated follow-on phases. Limited new research is planned. • Transition to the next funding model for Boreal Caribou research in BC.

Envelope	Relative Priority	Urgency	Funding Allocation (by FY—000s)			Potential Themes/topics
			16/17	17/18	18/19	
Environmental Impacts	High	High	285* 15	50	0	Water management <ul style="list-style-type: none"> • Data collection and reporting. • Impacts on water quality, quantity and access from unconventional gas development and production. This includes surface water quantity and ground water quality. • Water use and disposal. • Identification and prioritization of knowledge and regulatory gaps for water management. • Management of surface water allocations for oil and gas development.
	High	High	200*	50	0	Seismicity <ul style="list-style-type: none"> • Data collection and reporting. • Impacts of fracturing and seismic activities.
	Medium	Low	0	0	0	Wildlife and wildlife habitat for species at risk <ul style="list-style-type: none"> • Measuring, monitoring, and mitigating impacts of oil and gas activities. • Assessing impacts of linear developments on key species. NOTE: Boreal Caribou related research is handled under the Boreal Caribou funding envelope.
	Medium	Low	11*	0	0	Ecosystems <ul style="list-style-type: none"> • Reforestation, restoration, rehabilitation and/or avoidance of wildlife habitat. Priority will be for rehabilitation of sites for species at risk.

Envelope	Relative Priority	Urgency	Funding Allocation (by FY—000s)			Potential Themes/topics
			16/17	17/18	18/19	
						<ul style="list-style-type: none"> • Leave conditions in reclamation. • Practices for values in Environmental Protection and Management Regulation of OGAA (e.g., riparian areas, cultural heritage sites or areas). <p>NOTE: Boreal Caribou related research is handled under the Boreal Caribou funding envelope.</p>
	Low	Low	0	0	0	<p>Landscape level planning for oil and gas development</p> <ul style="list-style-type: none"> • Projects will be subject to the BC government’s policy on landscape level planning and plans.
	High	High	85*	45*	0	<p>Green House Gas (GHG) reduction</p> <ul style="list-style-type: none"> • Data collection and reporting. • Impact of BC exploration and production on GHG. • Ways to reduce GHG.
Community Environmental Knowledge	Medium	Low	140*	0	0	<p>Document, demonstrate and improve the application of environmental knowledge to oil and gas planning, development and restoration</p> <ul style="list-style-type: none"> • Review and communicate outcomes of previous projects. • Priority projects to implement LTOGA.

Envelope	Relative Priority	Urgency	Funding Allocation (by FY—000s)			Potential Themes/topics
			16/17	17/18	18/19	
Health & Safety	High	High	125*	50	0	<p>Measuring, monitoring, and mitigating impacts of oil and gas operations on air, human health and safety:</p> <ul style="list-style-type: none"> • Data collection and reporting. • Quality of life (setbacks). • Disposal of acid gas. • Quantifying emissions and developing management techniques. <p>Northern Health Study (Phase 1)</p> <p>Raise awareness and management of risk to human health</p> <ul style="list-style-type: none"> • Venting and flaring.
Cumulative Impact Management	Medium	Low	0	0	0	<p>Practical frameworks and methods for managing and minimizing cumulative impacts</p> <ul style="list-style-type: none"> • Projects will be assessed based on the BC government’s policies and programs in this area.
Collaboration & Communication	Medium	Medium	620*	0	0	<p>Improve collaboration and communication between all stakeholders</p> <ul style="list-style-type: none"> • Building capacity to understand and monitor oil and gas activity in First Nation areas. • Supporting local service sector with information, best practices, opportunities (FUTURE topics). • Tools, standards, guidance for reclamation, restoration and remediation. • Dialogue on oil and gas production issues.

Envelope	Relative Priority	Urgency	Funding Allocation (by FY—000s)			Potential Themes/topics
			16/17	17/18	18/19	
Unallocated	Medium	Low	85	50	75	<p>Unallocated funds to deal with small community based projects and/or new and emerging issues identified outside of the business planning process/cycle.</p> <p>Funds will also be considered for extension on project specific and fund related activities.</p> <p>The process and evaluation criteria for LOIs and RFPs are described in the Terms of Reference.</p>
Total projects			3,836	245	75	

* Allocated for multi-year projects already underway.

3 Soliciting Proposals and Awarding Projects

Invite Proposals

Unsolicited proposals are currently not being accepted by the Board. This will be reviewed on a quarterly basis and updated based on available funding and research priorities.

The Board may invite qualified researchers to submit proposals for specific, high priority knowledge gaps that are identified during the fiscal year (subject to funding). Proposals for these research priorities will be submitted to the Program Manager and reviewed by the Board at their next meeting, or in between depending on the urgency of the project. The Board may accept the proposal for funding, request changes to the proposal before funding or decline the proposal.

Review Criteria

The review of the proposal will include the following considerations:

Consistency with the BC OGRIS's principles outlined in the Terms of Reference:

- Focusing on Northeast region of BC;
- Involving multiple stakeholders (e.g., government agencies, industry, First Nations, local communities, academia, other impacted stakeholders) to build support and collaboration amongst the groups and increase the credibility and usability of results;
- Involving strategic (funding) partners to leverage funds, capacity and build relationships. Both in-kind and cash contributions from partners, if suited to the project, are strongly encouraged, with cash contributions favoured; and
- Focusing on filling known and important knowledge gaps. Projects must have a research focus that addresses a knowledge gap (e.g., new research). It is not our intent to provide sustaining funding to programs that are the responsibility of the BC Government.

Evaluation criteria:

- Ability of proponent to deliver the project;
- Value for funds requested;
- Scientific merit;
- Extension plan;
- Contribution to funding priorities and objectives;
- Clarity of proposal; and
- Research track record.

Requests for Information

Those interested in research opportunities with the BC OGRIS should visit the opportunities page of the BC OGRIS website at <http://www.bcogris.ca/opportunities>.

4 Conducting Extension Activities (Outreach)

This section explains the extension activities that the BC OGRIS will undertake to disseminate its activities and accomplishments.

Extension Activities for 2016/17

For 2016/17, extension activities will be focused on:

- Responding to requests for information;
- Ensuring project findings are available to industry, regulators and policy makers; and
- Providing information to support our member's investment in the Fund.

Extension activities in 2016/17 include the following listed below:

BC OGRIS Annual Report

Publishing an annual report—for fiscal transparency and fiscal management—to stakeholders summarizing the BC OGRIS's research activities and accomplishments. The report will be targeted at sponsors, industry, and other interested stakeholders. It will be posted on the BC OGRIS website. A limited number of copies may be printed and distributed to stakeholders. A presentation may also be prepared that can be delivered to stakeholders (CAPP, EPAC, Commission).

BC OGRIS Website

The BC OGRIS will maintain a website containing a listing of all the BC OGRIS, and formerly, the SCEK Fund's projects, along with information on project delivery (e.g., proposal processes). Additional information to support the extension and use of project results are included on the website.

Project Specific Requirements

The BC OGRIS will require each project under the Operating Fund to have an extension plan outlining the activities the researcher will undertake to communicate the research findings, as applicable, to industry, regulator and government policy makers.

In addition, extension requirements include ensuring a well written report, an executive summary with each report to communicate key findings and a presentation to the BC OGRIS and invited guests.

5 Other Activities

In 2016/17, the BC OGRIS will continue to leverage the funds contributed to research projects. This includes:

- Encouraging research projects with matching funding from other sources;
- Expand partnerships, participation and potential funding sources with organizations in the oil and gas sector value chain such as pipeline and LNG associations; and
- Obtaining additional investment funds to address the declining fund balance in the Operating Fund and continue supporting multi-year research projects already underway. This could be from the traditional funding sources such as fees and levies, and/or external funding sources such as foundations and partnerships with other research organizations, and Federal and BC Government sources. Any external funding sources will need to be consistent with BC OGRIS's vision, mission, objectives and principles. Funds raised from external sources may result in changes to the BC OGRIS Terms of Reference and this business plan.

6 BC OGRIS Financials—Changes in Cash Position

This section identifies the changes in BC OGRIS’s cash position over the term of this business plan.

Operating Fund Envelopes

Operating Fund Envelopes	2015/16*	2016/17*	2017/18*
Starting Cash Balance	2000	389	109
Revenue	10	--	--
Available Cash	2010	389	109
Expenditures			
Current Commitments	1466	45	
New Commitments	100	200	75
Administration and other**	55	35	25
Ending Cash Balance	389	109	9

* numbers in thousands

** estimate based on historical expenses and includes Program Manager, financial services and reports, audits and technical support. Estimates will be revisited annually as activity levels change.

Boreal Caribou Fund Envelope

Boreal Caribou Fund Envelope	2015/16*	2016/17*	2017/18*
Starting Cash Balance	3379	--	--
Revenue	20	--	--
Available Cash	3399	0	0
Expenditures			
Current Commitments	770		
Commitments (follow-on phases)	1500	--	--
Communication and Extension	50	--	--
Administration and other**	245	--	--
Ending Cash Balance	834	0	0

* numbers in thousands

** estimate based on historical expenses and includes Program Manager, REMB Coordinator, REMB Co-Chair, financial services and reports, audits, amortization and technical support. Estimates will be revisited annually as activity levels change.