

Ministry of Energy and Mines

1998-99 Annual Report



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Honourable Garde Gardom
Lieutenant-Governor
Province of British Columbia



May It Please Your Honour:

I respectfully submit the annual report of the Ministry of Energy and Mines for the period of April 1, 1998, to March 31, 1999.

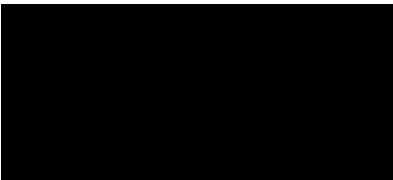
A handwritten signature in cursive script, appearing to read 'A. Miller'.

Minister of Energy and Mines
and Minister Responsible for Northern Development

Honourable Dan Miller
Minister of Energy and Mines
and Minister Responsible for Northern Development
Province of British Columbia

Dear Minister:

I respectfully submit the annual report of the Ministry of Energy and Mines for the period of April 1, 1998, to March 31, 1999.



Deputy Minister
Ministry of Energy and Mines

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Ministry at a glance

The Ministry of Energy and Mines manages the province's oil, gas, mineral and coal resources for the benefit of British Columbians, including the regulation of the oil, gas and mining industries to ensure public and worker health and safety, and environmental protection.

It collects revenues generated by petroleum and mining activities in the province. The ministry also administers the laws and manages the recording system pertaining to the acquisition and maintenance of mineral, placer and coal rights in the province. In addition, the ministry awards oil, gas and

geothermal rights through public competitions and administers title to the resources.

In July 1998, the Northern Development Commission in Prince George was established to promote economic development and encourage investment in the North.

In October 1998, the Oil and Gas Commission in Fort St. John was established as a single-window agency to oversee oil and gas industry operations from exploration to reclamation, while maintaining provincial environmental standards.

Highlights and accomplishments

The ministry was involved in numerous projects during the 1998/99 fiscal year. Here are the highlights and major accomplishments:

- Implemented the Mining Initiative to attract investment and create jobs in the mining sector over the next ten years.
- Established the ministry as a one-window agency for permitting mineral exploration through the Mineral Exploration Code.
- Introduced the Oil and Gas Initiative — a plan to stimulate \$25 billion investment in the industry over the next 10 years as a result of regulatory and tax changes.
- Created the Oil and Gas Commission in Fort St. John and appointed an Oil and Gas Commissioner. The commission is a single-window agency to oversee oil and gas industry operations from exploration to reclamation, while maintaining provincial environmental standards.
- Created the \$15-million B.C./Alcan Northern Development Fund to support investment in new or existing businesses, create jobs or stabilize existing jobs, and support other goals consistent with its mandate for northwestern B.C. Local community, industry and First Nations representatives were appointed to a board to advise on disbursement of the fund.
- Established the *Northern Development Act* to support economic development and job creation in northern B.C. and appointed a Northern Development Commissioner to support this.
- Became the executing agency for a Canadian International Development Agency minerals and metals public sector assistance project in Peru.
- Facilitated in the opening of the Blackdome gold and silver mine, southwest of 100 Mile House.
- Assisted with the Job Protection Commissioner's economic plan for Endako Mine in Fraser Lake.
- Approved a 250,000-cubic-metres per year roofing gravel quarry east of Ashcroft for I.G. Machine & Fibers Ltd.
- Provided \$500,000 in grants to 52 prospectors under the Prospectors' Assistance Program.
- Developed a world class Internet site called MapPlace for client access to geoscience and mineral titles maps.

Ministry overview and structure

Mandate

- To provide stewardship of the province's oil, gas and mineral resources.
- To collect revenues generated by petroleum and mining activities in the province.

General responsibilities

- Manages the province's oil, gas and mineral resources for the maximum benefit of British Columbians—including the regulation of the mining industry to ensure public and worker health and safety and environmental protection—by:
 - determining the value of the oil, gas and mining industries' contribution to the B.C. economy;
 - ensuring that the province's oil, gas and mineral resources are explored, developed, transported and used in a safe, efficient, and environmentally-sound manner;
 - promoting domestic and export market opportunities for the province's oil, gas and mineral products and related goods and services;
- assessing and managing B.C.'s petroleum, natural gas, geothermal mineral resources;
- pursuing legislative reform to solve regulatory challenges, to better integrate provincial policies and to reduce regulatory and administrative burden on the oil, gas and mineral industries;
- issuing and administering title to Crown oil, gas and geothermal rights;
- maintaining title registries for oil, gas and geothermal resources;
- participating in oil, gas and mineral industry forums to inform major stakeholders of provincial interests and policies, and to receive feedback from industries;
- participating in provincial land-use planning and policy initiatives to ensure oil, gas and mineral interests are represented;
- ensuring that oil, gas and mineral interests are addressed in aboriginal treaty negotiations;
- working with First Nations to recognize treaty and aboriginal rights in the regulation of oil and gas operations;
- working with First Nations, industry and the ministry to resolve issues in a timely manner;

- administering the provincial government's participation in the Vancouver Island Natural Gas Pipeline project;
 - representing B.C.'s interest before the National Energy Board on oil and gas issues and providing information on provincial natural gas policy to the BC Utilities Commission;
 - developing and delivering policies, programs, and regulations that promote the economically efficient production and use of oil and gas;
 - conducting strategic mineral, oil and gas studies and economic analyses;
 - collecting and disseminating mineral statistics;
 - administering B.C.'s energy removal certificate program for natural gas exports from the province;
 - on behalf of the province, and jointly with the Ministry of Environment, Lands and Parks, working with the federal, provincial and territorial energy and environment ministries to develop a National Implementation Strategy on Climate Change and to assist Canada in formulating a decision to ratify its commitment under the Kyoto protocol;
 - stimulating grassroots mineral exploration by the provision of grants to prospectors;
 - regulating mine worker safety, mine reclamation practices, and administration of legislation relating to oil, gas, geothermal and mineral tenures; and,
 - promoting the marketing of industrial minerals in the province, Pacific Rim countries and Europe.
- Collects revenues generated by petroleum and mining activities in the province:
 - collecting royalties and freehold production taxes under the *Petroleum and Natural Gas Act* on oil and natural gas production;
 - assessing and levying taxes under the *Mineral Land Tax Act*;
 - collecting taxes on mineral production under the *Mineral Tax Act*;
 - issuing reassessments under the *Mineral Resource Tax Act*;
 - collecting fees to recover ministry costs related to the petroleum and natural gas industry and ministry costs related to health and safety inspection of mines and gravel pits;
 - conducting cash bid auctions for petroleum and natural gas rights;
 - collecting rental revenue and associated fees from oil, gas and geothermal tenures; and,
 - collecting mineral title recording fees, lease rentals and various related charges.

Organizational structure

The ministry has four divisions and one branch reporting to the deputy minister:

- Energy and Minerals Division;
- Resource Development Division;
- Management Services Division;
- Communications Division; and,
- Corporate Relations Branch.

Energy and Minerals Division:

- ensures that the province's oil, gas and mineral resources are managed for the benefit of British Columbians;
- is responsible for:
 - tenure management;
 - permitting;
 - geoscience field programs and publications;
 - regional geology and economic support;
 - Prospectors' Assistance grants, and
 - regulates industry to ensure public and worker health, safety and environmental protection;
- has four branches:
 - Geological Survey;
 - Mineral Titles;
 - Petroleum Lands and,
 - Mines.
- In October 1998, the former Engineering and Operations and Petroleum Geology branches were disbanded. The majority of the staff and responsibilities were transferred to the Oil and Gas

Commission. The remaining staff and responsibilities were assigned to the Petroleum Lands Branch and the Resource Development Division.

- In the summer of 1998, the ministry became the executing agency for a Canadian International Development Agency initiative entitled the Peru Minerals and Metals Public Sector Assistance Project
 - this four-year, \$4.2-million project, paid for by CIDA with in-kind contributions from both the British Columbia and Peru ministries of energy and mines.

Resource Development Division:

- develops, coordinates and monitors the implementation of strategies, policies and plans related to province-wide development of the mineral, oil and gas sectors and the economic development of northern B.C.;
- is responsible for:
 - coordinating provincial policies and activities with regard to aboriginal communities and the mining and oil and gas sectors;
 - collecting revenue from the production of mineral, petroleum and natural gas;

- minerals, oil and gas policy development, coordination and research; and
- participates in environmental and land and resource planning initiatives;
- has four branches:
 - Aboriginal Relations;
 - Environment and Land Use;
 - Minerals, Oil and Gas Policy; and,
 - Resource Revenue.

Management Services Division:

- collects revenues generated by petroleum and mining activities in the province and services the needs of the ministry's management and staff in the areas of:
 - finance;
 - administration;
 - personnel;
 - information systems;
 - library services;
 - information and privacy, and,
 - employment equity;
- has three branches:
 - Finance and Administration;
 - Human Resources, and
 - Information Management;
- the services from this division are shared with the Ministry of Employment and Investment.

Corporate Relations Branch:

- manages and coordinates the Cabinet committee decision-making process and legislative program for the ministry, and the Crown corporations in the minister's portfolio;
- coordinates key projects and corporate initiatives for the ministry.

Communications Division:

- provides all communications, media and public relations, and issues management for the ministry;
- executes a lead role with other ministries, agencies, and Crown corporations in coordinating and facilitating all communications activities through strategic communications planning and proactive implementation; specific activities include:
 - media relations;
 - news releases;
 - speeches;
 - event planning and coordination; and,
 - advertising and marketing;
- provides strategic communications advice to the minister, deputy minister, Executive Committee and program managers for all ministry programs and initiatives.

The following Crown corporations and agencies reported to the Minister of Energy and Mines:

- BC Ferry Corporation (until Jan. 29/99)—operates the province’s coastal ferry system.
- BC Railway Group of Companies—provides freight-and passenger-rail services within the province, real estate development, telecommunications, and joint-venture management.
- Oil and Gas Commission—located in Fort St. John, provides a single-window approach to permitting oil and gas industry operations from exploration to reclamation, while maintaining provincial environmental standards.
- Northern Development Commission—located in Prince George, supports economic development and job creation in northern B.C.

Investing in the province

The ministry manages the province's oil, gas and mineral resources for the benefit of British Columbians, including the regulation of the oil, gas and mineral industries to ensure public and worker health and safety and environmental protection.

The ministry worked to ensure:

- the oil, gas and mining industries made a substantial contribution to British Columbia's economy, and,
- the province's oil, gas and mineral resources were explored, developed and used in a safe, efficient and environmentally sound manner.

Oil and gas resources

The ministry underwent a fundamental change in the way it does business. The Oil and Gas Initiative was instituted by an agreement reached between the provincial government and oil and gas industry. As part of this agreement the government created a new single-window regulatory agency, the Oil and Gas Commission. In

October 1998 the Oil and Gas Commission took over regulatory responsibility from the Ministry of Energy and Mines for all aspects of the *Petroleum and Natural Gas Act*, excluding those relating to management of provincially owned petroleum and natural gas rights.

For the 1998/99 fiscal year, prior to October 1998, the ministry:

- created and revised maps for 96 new and existing oil and gas pools;
- evaluated 295 oil and gas wells;
- designated one new gas field, named Meikle Creek; and,
- maintained an inventory of provincial oil and gas discovered reserves as well as undiscovered oil and gas reserve potential using geographical information systems technology.

For a complete statistical view of the 1998/99 fiscal year, the above figures can be reviewed in conjunction with totals taken from the Oil and Gas Commission's annual report for the period October 1, 1998 to March 31, 1999.

General participation

- assessed and managed B.C.'s petroleum, natural gas and geothermal energy resources:
 - administered the petroleum and natural gas tenure system through which Crown rights are awarded by competitive bidding—tenures issued are time limited, include exploration and development obligations, carry environmental protection caveats and require the payment of rents and royalties to the province;
 - administered oil and gas tenures that covered 6,237,052 hectares and provided revenues from rentals and other associated fees totaling \$37,265,843;
 - awarded 344,363 hectares of oil and gas rights through competitive bidding and generated bonus revenues totaling \$67,265,540;
 - undertook the British Columbia Natural Gas Industry Competitiveness Study to examine the impact of the province's fiscal regime, regulations and the effect of differing input costs on competitiveness, as compared to those in Alberta;
 - created 22 new reserves, amended the descriptions for seven and rescinded one oil and gas reserve;
 - ensured that B.C. communities where mineral, petroleum and natural gas production occurs receive benefits from these industrial activities, by assisting with the development and implementation of the following:
 - under the Oil and Gas Initiative, Phase 1, the Fair Share agreement reallocates \$113 million over 10 years to the member municipalities of the Peace River regional district, and
 - also under the Oil and Gas Initiative, Phase 1, the province allocated \$66 million towards road improvements in northern B.C.;
- assisted the Ministry of Employment and Investment with negotiations around reduced power rates under the Power for Jobs Initiative in support of new mine and refinery developments and mine life extensions, including:
 - a memorandum of understanding between the province and the Highland Valley Copper mine at Logan Lake under the Power for Jobs Initiative, which will see risk-sharing arrangement and lower cost electricity to extend the mine's life and potentially develop a copper refinery, and
 - a protocol agreement between the province and Taseko Mines Ltd. to enter into discussions with regard to electricity prices and the company's commitment to undertake a \$5-million feasibility study on its proposed Prosperity gold/copper mine near Williams Lake;
- processed 50 Energy Removal Certificate applications for natural gas;

- participated in the environmental assessment review of BC Gas Utility Ltd.'s proposed Southern Crossing Pipeline project, Westcoast Gas Service Inc.'s McNab Creek Liquefied Natural Gas Storage Facility project and NovaGas Canada Ltd.'s West Stoddart Gas processing plant project northwest of Fort St. John;
- pursued legislative reform to solve regulatory challenges, to better integrate provincial policies and to reduce regulatory and administrative burden on the oil and gas industry:
 - developed with stakeholder consultation and assisted with the passage of the *Oil and Gas Commission Act*, which established the Oil and Gas Commission as the single-window permitting agency for oil and gas activities in the province;
- participated in oil and gas industry forums and consultative processes to inform major stakeholders of the provincial government's interests and policies, and to receive feedback from industries:
 - participated in the Premier's Summits on Economic Opportunity in the Southern Interior and Kootenays, and coordinated or implemented actions resulting from those summits;
 - conducted seminars in Calgary on B.C.'s oil and gas rights management and administration;
 - participated in provincial land-use initiatives to ensure oil and gas interests were represented;
 - participated in the Lillooet and Okanagan-Shuswap land and resource management plans;
 - participated in sub-regional plans for the Cariboo-Chilcoltin and Kootenay Boundary land use plans;
 - contributed to the approval support team for Dawson Creek land and resource management planning processes and provided support for the implementation of the Fort Nelson and Fort St. John land and resource management plan;
 - provided oil and gas resource analysis for land and resource management planning processes in all other areas of the province as required;
 - detailed wildlife habitat inventory was gathered and mapped for the pre-tenure planning process for the Prophet-Besa area in northeast British Columbia; and
 - initiated a study on the competitiveness of the province's upstream oil and gas sector.

First Nations

- worked to ensure First Nations, industry, and the ministry can resolve issues in a timely manner:
 - initiated negotiations to resolve outstanding issues with the Taku River Tlingit First Nation around development of the Tulsequah Chief mine, and to assist the First Nation and the company with aboriginal hiring;
 - consolidated and expanded the scope and operations of the ministry's Aboriginal Relations Branch to more effectively address government responsibilities to consult with First Nations, and to directly assist industry and First Nations with issues or concerns around mineral and oil and gas resource development in traditional use areas;
 - participated in Environmental Assessment Office First Nations workshops to assist the agency in developing approaches to expand the participation of First Nations in resource development activities;
- ensured that oil, gas and mineral interests are addressed in aboriginal treaty negotiations:
 - participated in the treaty making process with emphasis on those treaty negotiations tables which were preparing drafts of chapters dealing with mineral resources;
 - developed a standard definition for subsurface and mineral resources with input from the Ministry of Aboriginal Affairs and the British Columbia Lands and Assets Authority;
 - prepared materials that explained the provincial management system for subsurface and mineral resources, including tenure acquisition and maintenance and the permitting of exploration and development activities. Staff made presentations of this material to a number of negotiations tables;
 - developed information packages relating to minerals in the Nisga'a agreement and directed the production of maps illustrating the locations of mineral tenures on Statement of Intent maps. This material was presented to industry during the 16th Annual Cordilleran Exploration Roundup held in late January in Vancouver;
- worked with First Nations to recognize treaty rights in the regulation of oil and gas operations:
 - negotiated and signed Memoranda of Understanding, with five Treaty 8 First Nations, to increase certainty for the oil and gas industry in northeastern British Columbia, while protecting First Nations' treaty rights

- conducted quarterly reviews with the Treaty 8 First Nations to assess the progress in implementing the oil and gas MOUs;
- assisted in the establishment of the Oil and Gas Commission and its Aboriginal Affairs Branch.

Environmental commitment

The ministry is committed to ensuring oil and gas activity is carried out in an environmentally sensitive manner.

- participated in provincial land use planning and policy initiatives to ensure oil, gas and mineral interests were represented;
- contributed to policy and regulatory reforms that streamline or enhance efficiency of environmental reviews;
- worked with the Environmental Assessment Office to revise the Reviewable Projects Regulations to clarify what types of natural gas plant expansions are reviewed and to link reviewability of pipelines to actual disturbances;
- participated in provincial strategic land use planning initiatives to inform stakeholders and advocate responsible mineral resource stewardship and development:
 - contributed to the implementation of three regional plans and six land and resource management plans;

- participated in the completion and approval processes for four LRMPs and participated in an additional eight ongoing LRMP roundtables, to ensure provincial mineral interests were represented;
- liaised with industry and other stakeholders to discuss strategic planning issues with respect to mineral resources;

- developed and delivered policies, programs, and regulations that promote the economically efficient production and use of natural gas:

- analysed the Port Alberni co-generation project—a 265 MW natural gas-fired electric generation project; and
- issued \$1 million in natural gas conversion grants under the Clean Choice program.

Mineral resources

- assessed, managed and promoted B.C.'s mineral resources:
 - delivered the final phases of the Mining Initiative began in March 1998 and developed in close consultation with the mining industry. The initiative:
 - provided certainty of access for approved mineral exploration;

- established a process to determine fair settlement for compensation of mineral tenures expropriated for parks through the Mining Rights Compensation Regulation;
- established the ministry as a one-window agency for permitting exploration through the Mineral Exploration Code;
- introduced a tax credit program that refunds 20 per cent of eligible exploration expenses by prospectors and mining companies through the Mining Exploration tax credit;
- extended the new mine capital allowance to the year 2008; and,
- appointed a mining advocate to independently identify and address impediments to the maintenance and expansion of a viable and robust mining industry in this province;
- introduced the Mining Rights Compensation Regulation that defines the process for establishing fair compensation settlement when mineral tenures are expropriated for the creation of parks;
- the process, developed in consultation with the mining industry, requires good faith negotiation, permits the use of qualified evaluators to establish value and provides for binding arbitration when the parties cannot agree;
- committed to using the process defined in the Mining Rights Compensation Regulation to settle historic expropriations for park creation:
 - tested the process in many pilot cases and have reached voluntary agreements without the need for arbitration;
 - provided geological inventory to support development of mineral resources, improve the provincial government's stewardship, and help manage and protect Crown lands:
 - economic development field surveys were concentrated on under-explored regions and on areas with established mining infrastructure, such as the Gibraltar Mine area;
 - completed fieldwork for the five-year Nechako Plateau NATMAP project, which is a collaborative effort with the Geological Survey of Canada and various universities. The focus of the ministry's work is on the Babine porphyry belt with its important mineral potential and the Sitlika belt for its volcanogenic massive sulphide potential;
 - released survey results for the regional geochemical survey of the Mesilinka River Map Sheet (94C) in east central B.C.;
 - completed year three of the multidisciplinary Eagle Bay project, which used surficial geology and till geochemistry to look for buried mineral deposits in the Adams Plateau area;
 - continued a project in northern B.C. to examine the potential extensions of strata that host the Kudz Ze Kayah and Wolverine bare metal deposits in the Yukon;

- completed the McConnell Range regional mapping project, which extended existing coverage of the Toadogone volcanic belt in the general area of the Kemess mine;
- examined a number of mineral deposits and deposit types such as remapping the regional geology around the Gibraltar copper mine to provide new exploration ideas, field investigations of sediment hosted gold deposits, and examined a number of gemstone prospects;
- initiated a new NATMAP project in the Foreland Belt in the northeast Rocky Mountains. This area has significant oil and gas potential and the westernmost part of the area also has lead-zinc mineralization;
- made significant improvements to the ministry's Internet site. Using MapGuide viewer, clients can now view, plot and perform sophisticated analysis on most of the ministry's georeferenced spatial information sets. Data such as geology, mineral occurrences, geochemistry, geophysics and mineral tenure are available for display and also provide a window into the associated supporting databases through a series of online reports;
- completed data compilation and analysis of the mineral potential of the Cassisar-Iskut-Stikine planning area and the results were provided to the planning table;
- prepared aggregate potential maps for the Nanaimo Regional District;
- delivered a short course on metallogeny of volcanic arcs at the Cordilleran Roundup;
- delivered a terrain stability map library project in partnership with Forest Renewal BC;
- prepared aggregate potential maps for regional districts;
- completed research to produce an earthquake hazard map for the Victoria Capital Regional District;
- continued a study into the quality of coal in B.C. mines in partnership with the coal industry;
- established an industry and government advisory board with the BC Institute of Technology to fund and direct the Assayers Certification Program;
- recorded/issued 4,908 mineral, 824 placer and 16 coal exploration tenures covering more than 474,000 hectares and issued seven mining leases— 32 placer leases and one coal holding lease;
- processed 15,400 tenure transactions and updated 2,480 claim maps using the Mineral Data Administration System;
- initiated a new multi-year project to convert the mineral titles reference maps to the provincial TRIM standard format, including 1:20 000 digital topographic base and a grid datum shift from NAD 27 to NAD 83;

- collected approximately \$43,000 in bids for reverted Crown grants mineral rights;
- created three new placer areas in the province;
- stimulated mineral exploration by providing grants ranging from \$2,363 to \$10,000 to 52 prospectors;
- chaired a committee with representation from other ministries, the mining industry, labour unions and environmental groups to develop standards for mineral exploration activities and to streamline the permitting process for such activities. These standards are contained in the Mineral Exploration (MX) Code which now provides for the recognition and protection of other resource values when exploration programs are planned and undertaken. The MX Code has replaced the Forest Practices Code on mineral and coal tenures;
- participated in mineral industry forums to inform major stakeholders of provincial interests and policies, and to receive feedback from industries at the 17th Annual Cordilleran Roundup, Mining Week and the Annual Canadian Conference on Markets for Industrial Minerals;
- ensured mineral interests were addressed in a wide variety of resource management policy and planning initiatives:
 - participated in land and resource management planning and protected areas strategy processes to achieve land-use certainty to encourage investment by the mining industry;
 - contributed to Forest Practices Code initiatives including landscape unit planning, and identified wildlife management strategy;
 - participated in reviews of government's grizzly bear conservation strategy implementation plans, the British Columbia Heritage River System, the Trans Canada Trail proposals;
 - contributed to government's response to the Auditor General's Report on Drinking Water;
 - worked to ensure road access to mineral lands is kept open as much as possible;
 - supported the Minister of Energy and Mines in his mission to Japan in February, 1999 to promote mining investment in B.C. and to meet with senior steel industry representatives with regard to the Province's concerns over metallurgical coal price and volume reductions;
 - facilitated and chaired eight Regional Mine Development Review Committees;
 - facilitated public advisory committees for Mt. Polley public liaison committee, Pine Valley Coal's Willow Creek mine and Omineca Access Road working group;

- worked with the Environmental Assessment Office to revise the Reviewable Projects Regulations to clarify what size of new mine or mine expansion would be reviewed under the Environmental Assessment Process;
- issued Environmental Assessment Certificates with the Ministry of Environment, Lands and Parks for mine developments under the *Environmental Assessment Act* for Tulsequah Chief (gold-copper-lead-zinc mine) and Willow Creek (coal mine);
- issued a Mine Development Certificate for the Line Creek Horseshoe Ridge project and issued four major project approval certificates jointly with the Ministry of Environment, Lands and Parks;
- chaired the BC Acid Mine Drainage Task Force, which coordinates provincial research into solving acid rock drainage problems. Hosted with the national MEND 2000 program the Fifth Annual Metal Leaching and Acid Rock Drainage workshop on risk assessment and management;
- managed the reclamation securities and funds—all mines operating in B.C. must deposit money with the government to ensure that reclamation costs do not fall on provincial taxpayers. The value of security deposits in the past few years has increased to reflect more closely true reclamation costs: total value of securities held by the provincial government rose from \$10 million in 1985 to \$181.3 million as of March 31, 1999;
- regulated mine worker safety and mine reclamation practices, and administered laws relating to mineral rights and oil and gas tenures:
 - presented the annual BC Mine Reclamation Award for outstanding achievement in mine reclamation to BHP Minerals (Canada) Ltd. for outstanding work at the Island Copper Mine;
 - awarded citations:
 - metal mine reclamation to Afton Operating Corporation;
 - coal mine reclamation to Quintette Operating Corporation;
 - sand and gravel reclamation to Lafarge Canada Incorporated, “B” Pit; and,
 - exploration reclamation to Doublestar Resources Ltd.;
 - held the 36th Annual Mine Safety Awards;
 - held the Provincial Mine Rescue and First Aid Competition;
 - conducted 2,426 inspections:
 - 1,403 sand, gravel quarries, and rock inspections;
 - 439 coal and metal mine inspections;
 - 282 exploration site inspections;
 - 221 placer inspections; and,
 - 81 other inspections;
 - completed two fatal accident investigations;

- developed a program to audit the effectiveness of Occupational Health and Safety committees at mines and conducted the first audit of this type, and;
- improved audiometric database program;
- received approval to participate in the Canadian International Development Agency–British Columbia-Peru project
 - the project is aimed at transferring B.C. expertise and knowledge from the private and public sectors to Peru so that the Peruvian ministry can meet objectives to improve health and safety regulations in environmental standards and protocols in its minerals and metals sectors.
- tax of \$585,000 under the *Mineral Land Tax Act* on 5,300 owners of freehold title to minerals under 640,000 hectares of land. This tax is levied on land for which the Crown has granted ownership of one or more minerals, as opposed to renting rights under the *Mineral Tenure Act*;
- fees of \$1.9 million under the *Natural Gas Price Act* to recover ministry costs related to the natural gas industry;
- fees of \$2.8 million under the *Oil and Gas Commission Act* to pay for costs of the Oil and Gas Commission;
- fees of \$2.5 million under a directive of the Ministry of Finance and Corporate Relations for ministry costs related to health and safety inspections of mines and gravel pits.

Resources revenue

The ministry collects revenues generated by petroleum and mining activities. In 1998/99 the Resource Revenue Branch of the ministry collected the following revenues as mandated under provincial legislation:

- royalties and freehold production taxes under the *Petroleum and Natural Gas Act* of \$62 million on oil production from 943 wells and \$194 million on natural gas production from 1,630 wells;
- tax of \$37.9 million under the *Mineral Tax Act* on mineral production from 40 mines;
- tested all financial systems to ensure they are Y2K compliant;
- as part of the government's Oil and Gas Initiative, implemented new royalties for natural gas from wells drilled after May 1998 and oil from pools discovered after May 1998;
- assisted the Ministry of Finance and Corporate Relations with preparing legislation for the Mineral Exploration Tax Credit and communicating the program to the mining industry;

In addition to its on-going revenue collection activities, the ministry introduced or had a lead role in introducing a number of revenue-related measures:

- streamlined the ministry's gas pricing procedures by eliminating acquisition orders and simplifying reporting of gas sales contract information;
- replaced the natural gas levy under the *Natural Gas Price Act* with a levy on oil and gas production under the *Oil and Gas Commission Act* to finance the operations of the Oil and Gas Commission.

Corporate services

Management support services are in the areas of corporate relations, communications, finance and administration, human resources, employment equity and information management.

Corporate relations

- managed and coordinated the Cabinet committee decision-making process and the legislative program of the ministry and Crown corporations in the minister's portfolio;
- managed and/or provided support for strategic and operational planning processes within the ministry and on key projects or corporate initiatives for the deputy minister and the ministry;
- coordinated all materials and decision documents for Cabinet and Cabinet committees, including submissions for Treasury Board and Cabinet, and worked with Treasury Board staff and Cabinet Policy and Communications Secretariat in scheduling all planning sessions and presentations; and,
- maintained information and coordinated appointments of members to the ministry's Crown corporations, agencies, boards and commissions.

Communications

Communications played a key role in implementing the ministry's mandate.

The ministry:

- disseminated information through 48 news releases on many of the ministry's activities and accomplishments, such as:
 - the introduction and implementation of the Mining Initiative to assist the province's mining industry;
 - the introduction and implementation of the Oil and Gas Initiative, an agreement between government and industry to double natural gas production over 10 years;
 - the creation of the Oil and Gas Commission in Fort St. John;
 - the creation of a Northern Development Commission and appointment of a commissioner;
 - the creation of Northern Development Fund advisory board to recommend expenditures of the \$15-million BC-Alcan Northern Development Fund;
 - the agreement with Highland Valley Copper to extend mine life and build a new copper refinery;
 - the provision of grants under the Prospectors' Assistance program to 52 prospectors;

- the streamlining of natural gas royalty price calculations;
- the agreement reached with Treaty 8 First Nations in northeastern B.C. to provide greater operating certainty for the oil and gas industry in that area;
- oversaw communications plans of boards and commissions reporting to the minister;
- provided communications support for various ministry programs and projects and arranged special events; and,
- drafted speeches, arranged news conferences and media interviews, produced ministry publications and assisted other agencies and commissions in producing their publications.

Management services

Finance and administration:

- implemented financial management and control systems;
- managed facilities, telecommunications, vehicles and administrative records;
- implemented Bookseller software to integrate previous manual and computer-based catalogues;
- answered more than 3,000 reference queries from across Canada and around the world and served more than 1,600 library visitors;
- controlled expenditures, assets, liabilities, revenues, special accounts and funds;

- reported on the ministry's financial status;
- operated various government companies; and,
- provided financial management services to the Oil and Gas Commission.

Human resources:

- managed the human resources elements of establishing the Northern Development Commission, including classifying and staffing new positions;
- managed the human resources elements of establishing the Oil and Gas Commission including organizational design and transfer into the commission of staff from three ministries, including Energy and Mines;
- successfully expanded student hiring;
- expanded the use of Internet technology to provide human resources information to clients;
- provided discrimination and harassment awareness training to new staff;
- supported employment equity initiatives by continuing to monitor and remove potential barriers to employment;
- coordinated the ministry's multiculturalism initiatives;
- updated the ministry's risk assessment for workplace violence, and,
- managed ongoing workforce adjustment.

Information management:

- completed the implementation of the ministry standard operating system and electronic mail software in ministry offices in Vancouver and the regions to increase productivity and maximize support efficiencies;
- updated the telecommunication infrastructure to meet the increased capacity requirements of remote and local access;
- developed and published an Internet site for the ministry, which has enhanced communication between the ministry and its clients;
- developed a strategy for the expanded use of the Internet to offer clients access to production database information;
- completed testing application software used in the ministry to ensure it will remain functional after the Year 2000 date change;
- assisted with the systems start-up activities for the Oil & Gas Commission to ensure a smooth transition;
- established the Data Administrator function and started development of standards to ensure consistency in the management of information;
- replaced the correspondence tracking system with the government standard system;
- implemented asset inventory control mechanisms to ensure all ministry computer assets are recorded and tracked. Introduced regular computer asset acquisition reporting;
- developed and started a two-year records management project which will establish approved Administrative Records Classification System and Operational Records Classification System and classify documents stored off-site;
- identified documents that are routinely releasable outside of the Freedom of Information process;
- from April 1/98 to March 31/99, the ministry received 37 Freedom of Information requests; and,
- provided training update sessions for Freedom of Information policies and procedures, and records management.

Legislation

Legislation administered by the ministry:

- *BC – Alcan Northern Development Fund Act*
- *British Columbia Railway Act*
- *British Columbia Railway Finance Act*
- *Coal Act*
- *Ferry Corporation Act (until June 29, 1999)*
- *Fort Nelson Indian Reserve Minerals Revenue Sharing Act*
- *Gas Utility Act*
- *Geothermal Resources Act*
- *Health, Safety and Reclamation Code for Mines in B.C.*
- *Indian Reserve Mineral Resource Act*
- *Mineral Land Tax Act*
- *Mineral Tax Act*
- *Mineral Tenure Act*
- *Mines Act*
- *Mining Right of Way Act*
- *Mining Rights Amendment Act*
- *Ministry of Energy, Mines and Petroleum Resources Act*
- *Natural Gas Price Act*
- *Northern Development Act*
- *Oil and Gas Commission Act*
- *Petroleum and Natural Gas Act*
- *Petroleum and Natural Gas (Vancouver Island Railway Lands) Act*
- *Petroleum Corporation Repeal Act*
- *Pipeline Act, and,*
- *Vancouver Island Natural Gas Pipeline Act.*

Ministry expenditure summary

Unaudited

Expenditures \$ in thousands

Minister's Office (Vote 31)	350
Ministry Operations (Vote 32)	
Corporate Services (net of recoveries)	8,974
Energy and Minerals (net of recoveries)	17,750
Resource Development	6,955
Contributions to the BC Ferry Corporation	24,000
	<u>57,679</u>
Vote 33	
Resource Revenue Sharing Agreements	1,367
Statutory	
Payments based on contributions	0
Interest on revenue refunds	74
Mine improvement	22
Special Accounts	
Northern Development Fund	57
Vancouver Island Natural Gas Pipeline Assistance	1,062
Transfer from Vote 32 to Northern Development Fund	(5,060)
Tangible Assets	(455)
Amortization Expense	673
Total Expense	55,769