

# Message from the BC OGRIS Board of Directors

BC Oil and Gas Research and Innovation Society's (BC OGRIS') support of research and initiatives in the oil and gas sector is a major contributor to understanding, monitoring and mitigating the environmental impacts of operations along with engaging First Nations in environmental oversight and restoration—providing economic opportunities along with information for making informed decisions around environmentally responsible operations.

The BC OGRIS financials remain strong with a solid balance sheet and continued contributions from stakeholders that support our work. Expenditures continue to be monitored to meet accountability expectations of our members and contributors.

Our activities declined this year with the completion of two large restoration initiatives that operated for the past two years. The initiatives involving working with First Nations to restore areas using a combination of ecological and traditional knowledge. The first initiative resulted in the restoration of 154 km of linear features while the other provided support to first nations for projects under their leadership.

Our multi-year support in the monitoring arena continued with monitoring streamflow in small watersheds; air quality in the Farmington area; and seismic activity in northeast B.C. Our support of the Aboriginal Liaison Program continued for its 9<sup>th</sup> year.

Research activities included the wrap up of several projects looking at analyzing seismic events and modelling potential ground motion from induced seismicity. Research into the natural oxidation of methane continued while our study analyzing low frequency sound from facilities at a distance and under different meteorological factors completed.

Fiscal year 2025 is shaping up to be an exciting year with the next phase of methane research underway starting with analyzing emissions from storage tanks and compressors. We will continue our monitoring support of water, air and seismicity. Our first nations engagement will include supporting the Aboriginal Liaison Program and pilot projects with First Nations in helping to restore orphan wells using traditional knowledge.

Next year will be our 25<sup>th</sup> year of operations. We will undertake a strategic review and discussion with our members, government, indigenous groups and others in the communities in which we operate around the vision and role for BC OGRIS. We look forward to the findings of this review and the positive impact we can play in a collaborative, sector wide, approach to supporting research and initiatives.



On behalf of the Board of Directors, we thank all the talented and committed researchers, subject matter experts, indigenous participants and other stakeholders involved in our research and initiatives. They are a great team accomplishing great research. We also thank our contributors for recognizing the value of the programs we support and initiatives we fund.

Geoff Morrison Chair, BC OGRIS

# Annual Report on the BC OGRIS (2023/24)

## **About BC OGRIS**

The BC Oil and Gas Research and Innovation Society (BC OGRIS) <sup>1</sup> is a stand-alone organization which focuses on addressing knowledge gaps to inform environmental, operational and health and safety policy and industry practices related to oil and gas exploration and development in BC. BC OGRIS also supports the planning and implementation of environmental, operational and health and safety programs in the oil and gas sector of B.C.

As a not-for-profit society, BC OGRIS receives investments, funds research projects and initiatives and provides governance and quality assurance over projects we support.

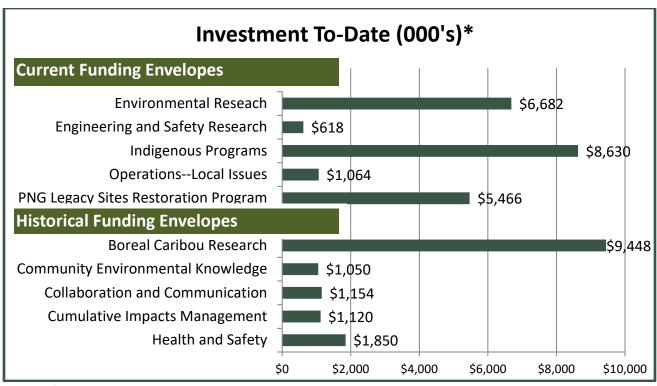


<sup>&</sup>lt;sup>1</sup> Formed in 2015, BC OGRIS carried on business previously conducted as the Science and Community Environmental Knowledge (SCEK) Fund.

# **About BC OGRIS (cont.)**

This report summarizes BC OGRIS activities in fiscal year 2023/24. Key values of cross-sector representation, accountability and governance with low overhead combine to make BC OGRIS a valued research entity in the B.C. oil and gas sector.

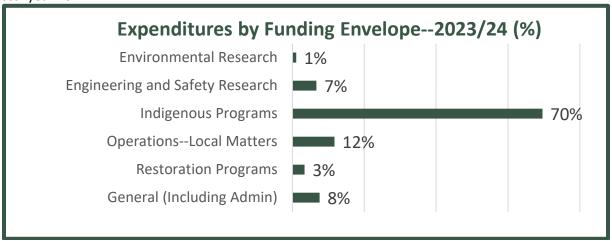
The chart below summarizes over 20 years of research investment since inception in 1999—initially as the Environmental Fund that evolved into the Science, Community and Environmental Knowledge (SCEK) Fund and now BC OGRIS.



- \* Since project expenditures commenced in 1999.
- \* Note: BC OGRIS managed a Treaty 8 Nation Restoration Fund between 2022 and 2024 (not included in chart). The fund will be closed in 2024/25 with disbursements of \$53,367K scheduled for April 4, 2024.

# **About BC OGRIS (cont.)**

The table below outlines expenditures by funding envelope, as a percentage of total expenditures, in fiscal year 2024.

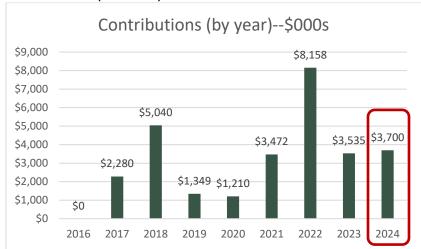


## **Receive Investments**

In 2023/24, BC OGRIS received contributions totalling \$3.7 million:

- The B.C. Ministry of Water, Land and Resource Stewardship provided contributions for specific initiatives in the Indigenous Programs funding envelope.
- The B.C. Ministry of Environment and Climate Change Strategy provided contributions to support oil and gas methane emission research in B.C.

The BC OGRIS Board of Directors targets over 90% of contributions going directly to projects and initiatives with the remainder covering financial and governance activities. This approach of minimizing overhead and fixed assets is attractive to our contributors as demonstrated by continued contributions year over year.



Note: 2022 also included a contribution of \$50 million for the Treaty 8 Nation Restoration Fund (not included in chart).

## **Fund Research and Initiatives**

BC OGRIS supports research initiatives in several funding envelopes. Envelopes for funding projects are described below. Information and deliverables from projects supported can be found at: <a href="https://www.bcogris.ca">www.bcogris.ca</a>.



## **Environmental Research**

Addressing knowledge gaps related to the impact of oil and gas activities on methane and climate change, water, air, and other related areas—focused on data collection and avoiding, minimizing and/or mitigating the impact of oil and gas activities in these environmental areas.

In 2023/24, research focused on:

Methane—preparing the next phase of research for 2024 through 2027. Starting
in 2024/25, BC OGRIS will support research identified by the Methane Emissions
Research Collabourative—initially in the areas of analyzing emissions from
compressors and storage tanks.

• Water—continuing with our 5th year of supporting the monitoring of streamflow in small watersheds in first nation communities.

Expenditures	Projects	Partnerships	Future Commitments
(2032/24) (000s)	(2023/24)	(% BC OGRIS funding)	(2024/25) (000s)
\$38	1	100%	<b>\$204</b>

## **Engineering and Safety Research**

Addressing knowledge gaps in engineering and safety in the areas of pipelines, wells, facilities, and other related areas.

In 2023/24, research focused on:

- Finalizing the initial research into agricultural productivity of soil on restored pipeline corridors.
- Completing the research into the performance of plug and abandonment practices. A second project has spun off from findings of this project—studying the oxidation of fugitive methane in natural soils of Northeast B.C. This second phase of the research will complete in 2024/25.

Expenditures	Projects	Partnerships	Future Commitments
(2032/24) (000s)	(2023/24)	(% BC OGRIS funding)	(2024/25) (000s)
\$147	3	100%	\$28

## <u>Indigenous Programs</u>

Building relations and common understanding by engaging Indigenous peoples in the oversight of resource development and management activities.

In 2023/24, BC OGRIS funding supported the following:

Aboriginal Liaison Program—supporting 10 Liaison positions representing 9 First
Nations in carrying out environmental monitoring programs including training for
monitoring of disturbances associated with oil and gas development. This includes
activities to improve collaboration and communication between industry,
regulators, government agencies, and indigenous peoples to assist the First
Nations community in understanding how the health and well-being of land,
water, wildlife and air values are protected.

 Indigenous Restoration (Pilot) Projects—providing funding support for indigenous peoples to carry out pilot projects to build restoration knowledge and skills in culturally and environmentally appropriate restoration methods. This includes communication activities to explain the purpose and activities involved in restoration.

Expenditures	Projects	Partnerships	Future Commitments
(2032/24) (000s)	(2023/24)	(% BC OGRIS funding)	(2024/25) (000s)
\$710	9	100%	\$2,442

## **Operations—Local Matters**

A funding envelope for researching and addressing local issues of an operational nature. This includes studies around air monitoring, seismicity, noise, light, traffic densities and other factors related to oil and gas activities at the local (community) level.

In 2023/24, research focused on

- Seismicity—working with the BC Seismic Research Consortium to carry out
  research to improve the understanding of induced seismicity and hydraulic
  fracturing. This includes the twelfth year of supporting the Northeast BC Seismic
  Array Network in monitoring and reporting on seismic activity. Three research
  projects in the areas of analyzing seismic events and modelling potential ground
  motion from induced seismicity were completed and a workshop held in Calgary,
  AB to disseminate the findings.
- Air Monitoring—continuing with our ninth year of supporting the air monitoring station at Farmington, B.C. While the project shows that levels of common air pollutants associated with oil and gas activities are generally very low in the Peace region of B.C., the network continues to provide valuable information on air quality.
- Noise—completing a project to analyze low frequency sound from gas processing and compression facilities considering distance (e.g., 1,000m and beyond) and meteorological factors (e.g., wind, season).

Expenditures	Projects	Partnerships	Future Commitments
(2032/24) (000s)	(2023/24)	(% BC OGRIS funding)	(2024/25) (000s)
\$269	8	100%	\$307

## **Restoration Programs**

#### Petroleum and Natural Gas (PNG) Legacy Sites Restoration Programs

In 2023/24, the PNG Legacy Site Restoration Program completed its mandate. Nine projects in partnership and involvement with seven B.C. Treaty 8 First Nation were completed between 2022 and early 2023. Restoration projects incorporated both ecological and traditional knowledge in a manner that respected Indigenous culture and Treaty rights. 2023/24 focused primarily on program reporting and communication activities.

Expenditures	Projects	Partnerships	Future Commitments
(2032/24) (000s)	(2023/24)	(% BC OGRIS funding)	(2024/25) (000s)
<b>\$53</b>	1	100%	Complete

## **Treaty 8 Nations Restoration Fund**

A partnership formed in 2022/23 to support a plan to manage and grant funds for indigenous led land restoration activities in Treaty 8 Nations' traditional territory was completed in 2023/24.

Expenditures	Projects	Partnerships	Future Commitments
(2032/24) (000s)	(2023/24)	(% BC OGRIS funding)	(2024/25) (000s)
\$53,367	1	100%	Complete

# **Provide Governance and Quality Assurance**

## **Expenditures**

Project expenditures in 2023/24 were \$1.2 million—not including the partnership, and corresponding disbursements, to support the Treaty 8 Nations Restoration Fund that wound up in 2023/24.

The annual financial audit of the BC OGRIS was completed by external auditors. The audit statement and the audited financial reports are included at the end of this report and available from the BC OGRIS website at <a href="http://www.bcogris.ca/about">http://www.bcogris.ca/about</a>.

#### Governance

BC OGRIS is governed by a Board of Directors consisting of three directors. The Board of Directors met seven times in 2023/24 to select research investments and fulfil duties such as financial and administrative support services for research projects. The Board places a high value on good governance and maximizing the impact of our contributions by leveraging funding with partners and other research organizations while keeping BC OGRIS specific overhead at three to five percent of project expenditures. Quality assurance over research projects and initiatives to ensure appropriate and applicable research continues to be a high priority for the Board.

# **Communications Activity**

Research findings from BC OGRIS funded projects and initiatives are shared with organizations in the oil and gas industry as well as regulators and government agencies, indigenous peoples and other stakeholders.

Activities to communicate project and BC OGRIS wide information include the following:

**BC OGRIS Annual Report**—reporting out to BC OGRIS members on the Society's research activities and accomplishments.

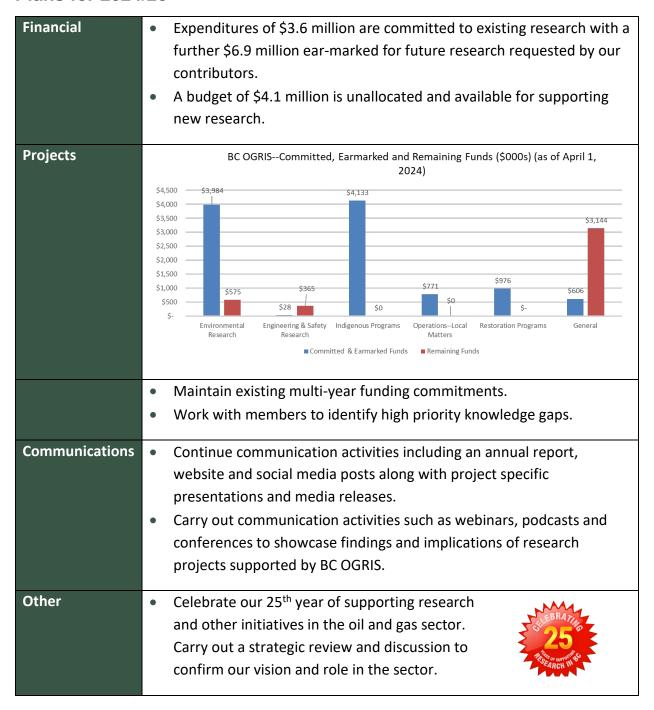
**BC OGRIS Website**—containing a listing of BC OGRIS projects and initiatives and their deliverables (www.bcogris.ca).

**Project/Initiative Specific Communications**—disseminating project and initiative specific activities, findings and implications to applicable industry, regulator and government public interest policy and operations personnel (undertaken by the Researcher).

**Social Media**—disseminating information on projects and funding opportunities via social media.

Conferences, webinars and podcasts—to disseminate findings from our research projects to specialized or target audiences.

## Plans for 2024/25





# BC OGRIS Financial Statements (in 000's) Year Ended March 31, 2024

# **Independent Auditor's Report**

To the Members of BC Oil and Gas Research and Innovation Society

#### Report on the Financial Statements

#### **Opinion**

We have audited the financial statements of BC Oil and Gas Research and Innovation Society (BC OGRIS), which comprise the statement of financial position as at March 31, 2024, and the statements of revenues and expenditures and changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of BC OGRIS as at March 31, 2024, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

#### **Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of BC OGRIS in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Report on Other Legal and Regulatory Requirements

As required by the Societies Act of British Columbia, we report that, in our opinion, the accounting policies applied in preparing and presenting the financial statements in accordance with Canadian Accounting Standards for Not-for-profit Organizations have been applied on a basis consistent with that of the preceding year.

#### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing BC OGRIS's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate BC OGRIS or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing BC OGRIS's financial reporting process.

(continues)





Independent Auditor's Report to the Members of BC Oil and Gas Research and Innovation Society (continued)

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures
  that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the
  effectiveness of BC OGRIS's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on BC OGRIS's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause BC OGRIS to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Victoria, British Columbia July 25, 2024

**Chartered Professional Accountants** 

Dusany & Wirk

# **BC Oil and Gas Research and Innovation Society Statement of Financial Position**

(in 000's)

March 31, 2024

	2024 \$	2023 \$
Assets		
Current		
Cash and cash equivalents	64,371	63,481
Accounts receivable	3,764	228
Government remittances receivable	87	128
Total assets	68,222	63,837
Liabilities		
Current		4.047
Accounts payable and accrued liabilities	744 53,367	1,347
Treaty 8 disbursement payable (Note 4) Deferred contributions (Note 3)	12,267	60,646
Total liabilities	66,378	61,993
Fund Balances		
Fund balances	1,844	1,844
Total liabilities and fund balances	68,222	63,837

Commitments (Note 5)

Approved on behalf of the Board

Geoff Morrison, Board Chair

Richard Slocomb, Board Member

## Statement of Revenues and Expenditures and Changes in Net Assets

(in 000's)

## Year Ended March 31, 2024

	2024 \$	2023 \$
Revenue		
Contributions Interest	54,321 387	4,394 1,396
	54,708	5,790
Expenses		
Treaty 8 disbursement (Note 4) Project costs Professional fees	53,367 1,162 139	- 5,490 259
Management fees Other expenses	21 19	23 <del>9</del> 22 19
	54,708	5,790
Net excess of revenue over expenses	-	-
Fund balance, beginning of year	1,844	1,844
Fund balance, end of year	1,844	1,844

The accompanying notes are an integral part of these financial statements

## **Statement of Cash Flows**

(in 000's)

## Year Ended March 31, 2024

	2024 \$	2023 \$
Operating activities		
Excess of revenue over expenses		
Changes in non-cash working capital: Accounts receivable Accounts payable and accrued liabilities Government remittances receivable Deferred contributions Treaty 8 disbursement payable (Note 4)	(3,536) (603) 41 (48,379) 53,367	50,292 (579) (107) (917) - 48,689
Increase in cash flow	890	48,689
Cash and cash equivalents - beginning of year	63,481	14,792
Cash and cash equivalents - end of year	64,371	63,481

The accompanying notes are an integral part of these financial statements

#### **Notes to Financial Statements**

(in 000's)

#### Year Ended March 31, 2024

#### 1. Nature of operations

BC Oil and Gas Research and Innovation Society ("BC OGRIS") is a not-for-profit society that incorporated under the Society Act of British Columbia and transitioned into the new Societies Act. BC OGRIS enables results oriented, practical, and relevant applied research to inform environmental, operational, and health and safety matters related to oil and gas exploration and development in British Columbia. BC OGRIS is classified as a not-for-profit organization under the Income Tax Act. As a result, it is not required to pay income taxes.

#### 2. Significant accounting policies

#### **Basis of presentation**

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO). and include the following significant accounting policies:

#### Revenue recognition

OGRIS follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection reasonably assured. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Interest income is recognized as earned.

#### **Project expenses**

Project expenses are recognized based on the terms of the agreement. In general, this occurs when interim deliverables are met. Final project expenses are recognized when the final statement of project expenses and the final deliverables have been approved.

#### **Use of estimates**

The preparation of financial statements in accordance with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates. There are no significant estimates included in these financial statements.

#### Cash and cash equivalents

Cash includes cash and cash equivalents. Cash equivalents are investments in term deposits that mature within one year and are valued at cost.

#### **Financial instruments**

BC OGRIS financial instruments consist of the cash and cash equivalents, accounts receivable, accrued liabilities and accounts payable. BC OGRIS initially measures its financial assets and liabilities at fair value and subsequently measures all financial assets and liabilities at amortized cost.

It is management's opinion that BC OGRIS is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values due to their short term to maturity, unless otherwise noted.

#### **Notes to Financial Statements**

(in 000's)

#### Year Ended March 31. 2024

#### 3. Deferred contributions

	Opening balance	Received during the year \$	Recognized as revenue (operating)	<b>2024</b> \$
BC Oil and Gas Commission	6,472	2,466	(631)	8,307
Ministry of Energy, Mines, and Low Carbon Innovation	51,004	2,362	(53,366)	-
Ministry of Forests, Lands, Natural Resource Operations and Rural Development	1,820	-	(710)	1,110
Ministry of Water, Land and Resource Stewardship	1,350 60,646	1,500 6,328	- (54,707)	2,850 12,267

Within the deferred contributions are funds received that are to be allocated to the general operating fund. These amounts have been deferred to be recognized against future administration costs.

#### 4. Treaty 8 disbursement

After year-end, BC OGRIS paid out amounts to 6 nations totaling \$53,366,536.28 from the Treaty 8 Restoration Fund. The nations included Doig River First Nation, Fort Nelson First Nation, Halfway River First Nation, Prophet River First Nation, Saulteau First Nations, and West Moberly First Nations. The cheques, at \$8,894,422.71 each, all cleared the bank in April of 2024.

#### 5. Commitments

BC OGRIS has entered into several long-term agreements. A commitment is made once the selection committee approves the project and the agreement is signed. Amounts committed to are as follows:

Operating	Restoration	2024	2023
\$	\$	\$	\$
2,888	-	2,888	4,121

#### 6. Remuneration

During the year, BC OGRIS paid \$86 (2023: \$106) in remuneration to one person who is a contractor whose remuneration, during the applicable period, was at least \$75.



The BC Oil and Gas Research and Innovation Society (BC OGRIS) is a B.C. based notfor-profit society with membership from the BC Oil and Gas Commission (Commission), Canadian Association of Petroleum Producers (CAPP), and The Explorers and Producers Association of Canada (EPAC).

## Vision

To continuously improve the understanding and management of the impacts of oil and gas activities in B.C.

## **Mission**

BC OGRIS supports practical studies and initiatives that develop credible and relevant information to address knowledge gaps to inform environmental, operational and health and safety practices related to oil and gas exploration and development in B.C. BC OGRIS also supports the planning and implementation of environmental, operational and health and safety programs in the oil and gas sector of B.C.

## **Contact Us**

For further information, please contact the BC OGRIS, PO Box 9331 Stn Prov Govt, Victoria, B.C. V8W 9N3.

www.bcogris.ca info@bcogris.ca

# In Closing

From our beginning in 1999, we have supported over 220 projects ranging in size from short studies and reports to multi-year projects and initiatives involving multiple researchers and organizations.

We thank all our stakeholders, researchers, technical reviewers and administration team for their assistance in delivering these research projects and initiatives. Your support and assistance enable us to meet our goals and deliver findings that address important knowledge gaps in environmental, technical and social aspects of oil and gas development in B.C.

Comments and questions on this report and/or the BC OGRIS can be sent to info@bcogris.ca.





