NWT Devolution

Government of the Northwest Territories & Government of Canada
Arctic Oil and Gas Symposium
March 2014

Working Together - A Seamless Transition
Information Session Overview

• Devolution overview
  • Structures, legislation, and transition
• Post-Devolution GNWT
  • Legislation
  • Decision-making
  • Operations
• The Post Devolution Legislative, Regulatory and Operational Environment
  • Structures, policy framework, operations - GNWT, AANDC and NEB
NWT Devolution

NWT Devolution is the transfer of responsibility for managing public lands, water and resources in the NWT from Canada to the GNWT.

• Negotiations began in 2002 and concluded in March of 2013
• *NWT Land and Resources Devolution Agreement*
  – Signed June 25, 2013
  – Canada, GNWT and five Aboriginal governments
• Transfer is targeted for **April 1, 2014**
• Work is progressing well and we remain on track to hit our target date
The Transition - Organizational Structures

Receiving GNWT organization developed

- Addition of Department of Lands, appointment of Minister and DM Designate
- Expansion of roles, responsibilities for both Environment and Natural Resources and Industry, Tourism and Investment

Job offers made to all affected NWT AANDC staff

- Almost 100% acceptance
- Ensures knowledgeable, experienced staff in place on April 1, 2014
- Aggressive early recruitment campaign has also meant key positions not being filled by AANDC staff are being filled prior to April 1st to allow for knowledge transfer

AANDC establishing a post-devolution organization as well
The Transition - Legislative Initiatives

Legislation

- Canada tables Bill C-15
- GNWT introduced three devolution-related Acts in October
- GNWT distributed draft versions of additional legislation and regulations for review by parties
- All remaining legislation prepared for introduction to current session of the NWT Legislative

Current status:

- Petroleum Resources Act (second reading)
- Oil and Gas Operations Act (second reading)
- NWT Intergovernmental Agreement on Lands and Resources Management (second reading)
- NWT Intergovernmental Resource Revenue Sharing Agreement Act (second reading)
The Transition - Business Foundations

- All contracts, leases, buildings, assets, records on track for successful transition

- IT systems tested and prepared for transfer including:
  - LAS, LIMS and MINERS and MITS (MINERS replacement), LMRS, RMS and IEMS
  - Geomatics function, telecommunications, hardware, electronic data also transfer-ready
Operational Transition

Minerals, Oil & Gas

- Process approved for splitting leases that cross NWT/NU boundary and are associated with retained lands. Work is now proceeding and parties have been sent notifications.
- 46 general rights notification letters mailed along with securities notifications.
- Protocol for transfer of resource revenue sharing has been completed.
- Senior staff have been hired for GNWT’s new Oil and Gas division; an office in Inuvik is on track to be set up for early April.
Operational Transition

Lands, Water and Environment

- The review and confirmation of delegations has started.
- General notification letters sent to stakeholders as well as specific notification for Environmental Agreements and transfer of securities.
- Work plan developed to manage the transition of grant and contribution programs such as IRMA and CIMP and agreements and evaluations being completed for Water Quality and Hydrometric networks.
- Operational contracts related to Taiga Lab on track.
- Scanning being done of current operational files.
Beyond April 01 – Operating in a Post-Devolution Environment

POST-DEVOLUTION GNWT
Post Devolution GNWT

• Balanced, sustainable, responsible and responsive
• Recently announced Land Use Sustainability Framework
• Other elements of the overall policy framework include
  • Devolution Agreement
  • Settled land claim and self-government agreements
  • Sustainable Development Policy
  • Water Stewardship Strategy
  • Mineral Development Strategy
  • Economic Opportunities Strategy
  • Cumulative Impacts Monitoring Program
# Post Devolution Legislative Framework

## Mirrored Legislation and Regulations

<table>
<thead>
<tr>
<th>Existing Federal Legislation and Regulations</th>
<th>Mirrored GNWT Legislation and Regulations</th>
<th>GNWT Dept.</th>
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<tr>
<td><strong>Canada Oil and Gas Operations Act</strong></td>
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<td>Territorial Quarrying Regulations</td>
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Decision Making

• Acts, agreements, policies, strategies and frameworks will operate together

• Goal is to ensure that GNWT decisions and actions about public land, resources and water are consistent, based on sound policy thinking and reflect the priorities and values of Northerners.
Post Devolution Operations

• Three departments have primary responsibility for managing and administering new responsibilities being devolved to the GNWWT
  • Department of Lands
  • Department of Environment and Natural Resources
  • Department of Industry, Tourism and Investment.
• Together, they will be responsible for decision-making and regulation of activities involving public land, water and non-renewable resources, guided by the broader framework of legislation, policies and strategies we have put in place.
The GNWT, AANDC and the NEB

THE POST DEVOLUTION LEGISLATIVE, REGULATORY AND OPERATIONAL ENVIRONMENT
Beyond April 01 – Operating in a Post-Devolution Environment

WATER AND ENVIRONMENT MANAGEMENT
ENR Organization Design

Environment & Natural Resources
Deputy Minister

- Deputy Minister
  - Executive Secretary
  - Senior Advisor
  - SSC-Informatics

- ADM Operations
  - Director, Forest Management
  - Regional Superintendent, South Slave Region
  - Regional Superintendent, Sahtu Region
  - Regional Superintendent, Inuvik Region

- ADM Corporate and Strategic Planning
  - Director, Wildlife
  - Head, Field Support Unit
  - Regional Superintendent, North Slave Region
  - Regional Superintendent, Deh Cho Region

- Director, Finance and Administration
  - Director, Conservation Assessment and Monitoring
  - Director, Environment
  - Director, Water Resources
  - Director, Policy and Strategic Planning

- Manager, Corporate Services
  - Executive Director, NWT Water Board
ENR Policy Framework changes

- Establishment Policy:
  
  ENR promotes and supports the sustainable use and development of natural resources to protect, conserve and enhance the Northwest Territories environment for the social and economic benefit of all residents.

- “Environment” in ENR now includes water
- NWT Water Stewardship Strategy
- Land Use Sustainability Framework
  - Ecological Representation Network Planning
  - Conservation areas planning – Northern tools
- Cumulative Impacts Monitoring and Management
New ENR Legislation

- Future GNWT Water Management Legislation based on “mirrors” of existing federal legislation are in the legislative process, including:
  - *Waters Act* (Waters Regulations)
  - *Reindeer Act* (Reindeer Regulations)

- Delegated authorities under *Mackenzie Valley Resource Management Act*
  - Designation of Inspectors and Security Holdings – Water Licences in Mackenzie Valley
  - Cumulative Impact Monitoring Program
Operations (How will it work day-to-day?)

Regional Offices

– Inspections, Compliance and Enforcement
– Water Resource Officers
– Environmental Protection Officers
– Renewable Resources Officers
– Regional input on environmental impact and regulatory reviews
Operations (How will it work day-to-day?)

Water Resources

– Community based monitoring
– Source water protection planning
– Water quality monitoring
– Hydrology
– Water regulatory reviews
– Water licence security assessment and advice
– Taiga environmental laboratory
Operations (How will it work day-to-day?)

Conservation Assessment and Monitoring

– Conservation areas planning
– Ecological Representation Network planning
– Conservation values for land use planning
– Environmental impact and regulatory reviews
– Cumulative impacts assessment and management
– Cumulative Impact Monitoring Program
– Environmental agreement administration
– Interim Resource Management Assistance
Operations (How will it work day-to-day?)

Environmental Protection

– Air quality monitoring
– Spills response planning
– Contaminated sites and remediation
– Hazardous waste management
– Waste reduction and management
– Environment regulatory reviews – air, waste, spills response
– Climate change programs
# Contacts

## Contacts for New Lands Department (Established April 1, 2014)

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Email</th>
</tr>
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<tbody>
<tr>
<td>Ernie Campbell</td>
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*As of April 1, 2014*
Oil and Gas Management and Regulation in the NWT

Line of Delimitation: Onshore-Offshore Boundary in the Beaufort Delta

Map created at the NWT Centre for Geomatics. December 1, 2015

Note: Image background provided by MTCES.
This map is not a legal document and is provided without warranty.
ITI Organization Structure
Legislative and Policy Framework

Northwest Territories Lands Act
NWT Public Safety Act
Petroleum Resources Act
Oil and Gas Operations Act
Sustainable Development Policy
Land Use and Sustainability Framework
NWT Water Strategy
Northwest Territories Lands Act

The Northwest Territories Lands Act will mirror the federal Territorial Lands Act (currently being amended by the federal government)

The GNWT’s new Department of Lands will be responsible for administration of the Act

ITI will be responsible for administering the Oil and Gas Land Regulations.

Regulations
- Only one set of Regulations under the Northwest Territories Lands Act is relevant to petroleum resources
- Oil and Gas Land Regulations:
  - Establishes the grid system used to issue interests
  - Includes grandfathered oil and gas leases
Northwest Territories Public Safety Act

The Northwest Territories Public Safety Act governs occupational health and safety. The GNWT will mirror the federal Oil and Gas Occupational Health and Safety Regulations under the Canada Labour Code. These regulations will be administered by the Workers Safety and Compensation Commission.
Client Services and Community Relations Unit

Manager Client Service and Community Relations

- Single Window Pathfinder
- Single Window Pathfinder
- Community Engagement Specialist
- Community Engagement Specialist
Client Services and Community Relations Unit

Provides expertise related to community relations and the NWT minerals and petroleum regulations directly to industry and communities.
Financial Analysis and Royalties Administration

Director – Financial Analysis and Royalty Administration

Administrative Assistant

Manager Petroleum Royalty Administration

Manager Mining Royalty Administration

Economist

Mining Royalty Advisor
Financial Analysis and Royalties Administration

Responsible for the management, administration and collection of resource royalties, including performing and overseeing royalty audits and diamond valuation processes.
Post Devolution NWT
Onshore Oil and Gas Management
Menzie McEachern, PhD
Director, Petroleum Resources
Outline

Structure
Policy Framework
Operations
Petroleum Resources Division

Key Roles and Responsibilities

• Management of OGOA Benefits Plans
• Management of Environmental Studies Research Fund
• Policy development and implementation
• F/P/T Intergovernmental Relations
• Rights management, including Call For Bids
Petroleum Resources Division

- Director Petroleum Resources
  - Administrative Assistant
    - Manager Oil and Gas Planning
      - Senior Oil & Gas Specialist
      - Oil & Gas Offshore Specialist
      - NEB Contract Specialist
    - Manager Oil and Gas Rights
      - Registrar
      - Rights Administration Advisor
Structure

Onshore Management: GNWT

– Petroleum Resources Division (Inuvik)
  • Team
  • Office

– Mackenzie Valley Petroleum Planning Office (Hay River)

Offshore Management: Federal Government

– AANDC
Policy Framework

Current state: mirrored Federal policy, legislation and regulations, including *Petroleum Resources Act*

PRA applies to petroleum lands within the administration and control of the Commissioner, including the ISR

- PRA regulates:
  - Interests issuance
  - Exploration, significant and commercial discovery and production licences
  - Royalties

ITI will be responsible for PRA administration, including its associated regulations (which will be mirrored from the CPRA)

Potential Initiatives Fracking education and outreach with partners (e.g. CAPP; Pembina)

- International Marketing Plan for NWT Hydrocarbon Potential
- Future policy, legislative, regulatory, guidelines development and improvement
Policy Framework

Potential Initiatives Fracking education and outreach with partners (e.g. CAPP; Pembina)

– International Marketing Plan for NWT Hydrocarbon Potential

– Future policy, legislative, regulatory, guidelines development and improvement
Operations

Oil and Gas Tenure Call Cycle
Participation in and Support of:

– Offshore oil and gas development and regulatory processes; Cooperation and negotiation with AANDC
– Regional land use planning processes
– Geoscience (e.g. resource characterization; gas hydrates; unconventional O and G) and environmental science (baseline; monitoring) research
Oil and Gas Operations Act

The Oil and Gas Operations Act (OGOA) will mirror the Canada Oil and Gas Operations Act (COGOA).

OGOA applies to the exploration and drilling for, and the production, conservation, processing and transportation of, oil and gas within the NWT onshore, including the ISR.

OGOA regulates licence issuance and authorizations for:
- work
- traffic, tolls and tariffs
- operations
- production and arrangements

ITI will be responsible for administering OGOA, and its associated regulations (which will be mirrored from COGOA).

OGOA establishes the Regulator, the Chief Conservation Officer (CCO) and the Chief Safety Officer (CSO).
The Regulator

The Minister of Industry, Tourism and Investment will be appointed petroleum (“oil and gas”) resources Regulator for:

– Northwest Territories (NWT) onshore areas, outside of the Inuvialuit Settlement Region (ISR)
  – Includes all privates land (including Aboriginal settlement lands)

The National Energy Board (NEB) will continue as regulator for:

– The Inuvialuit Settlement Region (for 20 years)
– Retained federal lands (such as waste sites and the Norman Wells Proven Area)
– Trans-boundary/trans-jurisdictional pipelines
Policies and Guidelines

Legislation and regulation do not fully encompass the range of activity of the Regulator – many of the activities of the Regulator are captured in policy such as “requirements” and “filing guidelines”

OGOA, unlike any of the other GNWT mirror legislation, provides for the transfer of NEB policy

The GNWT will have NEB policy in place at Transfer Date

After Transfer Date, under OGOA, the Regulator will be authorized to issue (or change) requirements and guidelines on a variety of matters including operating licences, authorizations and development plans.

Under OGOA, it will be the Minister of ITI (who may or may not be the Regulator) who can issue or change requirements or guidelines in respect of Benefit Plans.

In the ISR, the NEB will continue to apply its own requirements and guidelines, consistent with GNWT legislation, except with regard to Benefit Plans – which will remain the authority of the GNWT Minister.
Office of the Oil and Gas Regulator
Organization Design

- Deputy Minister, Industry, Tourism and Investment
  - Executive Director, OROGO
    - Administrative Assistant
      - Senior Advisor, Technical (Operations)
        - Technical Specialist
      - Manager, Frontier Information Office
        - Information Management Officer
      - Senior Advisor, Legislation and Policy
        - Regulatory Officer
NEB Continuing Role

Service Agreement has been negotiated with NEB for professional and technical services in support of any active transitioning applications and investigations

– Consistent with 3.61 of the Devolution Agreement:
  • Any application or process underway at Transfer Date becomes a GNWT responsibility and is handled as if it had been initiated under GNWT legislation from the outset.

– Any timeframes or commitments made before Transfer Date must be complied with.

MoU will be negotiated with NEB for ongoing cooperation and collaboration between neighbouring regulators

In the ISR, NEB will continue its current role under GNWT legislation.
Professional and Technical Support Services

Service Agreement has been negotiated with the Alberta Energy Regulator (AER)

AER to provide professional and technical support to the GNWT Regulator, CCO, and CSO for the processing of applications, monitoring, inspection, and other compliance functions

AER will provide training and may, as requested and where practicable, provide staff for secondment to the GNWT

MoU for training and information sharing is currently being discussed with BC Oil and Gas Commission
Coordination on Onshore/Offshore Management

• DA establishes a Memorandum of Agreement on coordinating management of petroleum resources in Onshore-Offshore area

• GNWT, AANDC and IRC

• Guided by a Terms of Reference

• Deals with items such as: policy review and development, regulation, rights issuance.
Conclusion

• Next steps
Federal Oil and Gas Responsibilities North of 60

✓ Offshore Beaufort Sea
✓ ISR Onshore
✓ Nunavut/Offshore and Residual NWT

– AANDC will continue to work in partnership with Northern and Aboriginal governments and people to:

• govern the allocation of Crown lands to the private sector for oil and gas exploration;
• develop the regulatory environment;
• set and collect royalties; and
• approve benefit plans before development takes place in a given area.
Offshore Beaufort Sea

✓ AANDC will continue to manage oil and gas rights pursuant to CPRA
✓ NEB will continue to be the regulator
✓ AANDC-Yukon MOU
✓ “Canada and the GNWT, with the participation of the Inuvialuit Regional Corporation, shall commence negotiations for the management of Oil and Gas resources in the Beaufort Sea”
✓ Long standing Canada-Yukon commitment to “commence negotiations for the finalization of shared offshore administrative and legislative responsibilities and revenue sharing for oil and gas management in the offshore”
✓ Onshore – Offshore MOA applies
ISR Onshore

Deltatic environment of the Mackenzie guided unique approach

✔ Onshore oil and gas management and legislation is the responsibility of the GNWT
✔ NEB regulator for 20 years
✔ MOA developed to facilitate the coordination and cooperation in respect of Petroleum resource management, administration and development in the ISR, particularly where Petroleum resources straddle or potentially straddle the Onshore and the Offshore: Detailed in Schedule 6 of Devolution Agreement
Nunavut and other areas

✓ Nunavut and offshore
  ✓ Oil and gas management and legislation is the responsibility of AANDC
  ✓ NEB regulator

✓ Residual federal responsibilities in the NWT
  ✓ No change for Norman Wells
  ✓ Federal jurisdiction for oil and gas for certain discreet sites (contaminated sites)
Conclusion

- Next steps
- Q/A