



MEMORANDUM OF UNDERSTANDING

BETWEEN:

The Oil and Gas Commission of British Columbia
(hereinafter referred to as "OGC")

AND

The British Columbia Safety Authority
(hereinafter referred to as "BCSA")

**RESPECTING UNFIRED PRESSURE VESSELS AND
OTHER EQUIPMENT WITH SHARED JURISDICTION
IN OIL AND GAS INSTALLATIONS**

1 Definitions

1.1 For the purpose of this memorandum of understanding:

“Authorized Representative” means an authorized officer of OGC or BCSA.

“Incident” means an event occurring as a result of regulated work, or the testing, use or operation of a regulated product, that

- (a) causes death, personal injury or damage to property, or
- (b) creates a risk of personal injury or damage to property.

“Integrity Management Plan” or **“IMP”** is an operating company’s procedure to keep its pipeline systems safe for continued service, including procedures for

- (a) assessing current potential risks;
- (b) identifying risk reduction approaches and corrective actions;
- (c) implementing the integrity management program; and
- (d) monitoring results.

“MOU” means this memorandum of understanding.

“Non-compliance” means a failure to comply with any requirement of the *Safety Standards Act* or the *Oil and Gas Acts* as defined in this MOU.

“Oil and Gas Acts” means *the Oil and Gas Commission Act*, S.B.C. 1998, c. 39, the *Petroleum and Natural Gas Act*, R.S.B.C. 1996 c. 361, the *Pipeline Act*, R.S.B.C. 1996, c. 364 and the *Oil and Gas Activities Act*, S.B.C. 2008 and associated regulations, insofar as they define and establish the discretion, functions and duties of the OGC.

“Parties” means OGC and BCSA.

“Safety Standards Act” means the *Safety Standards Act*, S.B.C. 2003 c. 39 and associated regulations.

“Unfired Pressure Vessel” means a vessel and its fittings, other than a boiler,

- (a) that is capable of being used to contain, store, distribute, transfer, distil, process or otherwise handle gas, vapour or liquids under pressure, and
- (b) with no direct connection to a heat source provided by the combustion of fuel, and

includes any other associated equipment at oil and gas installations that are subject to the *Safety Standards Act*.

2 Background

The BCSA is an independent statutory agency with jurisdiction under the *Safety Standards Act* to carry out safety inspections, investigations and enforcement regarding the manufacture, disposal, construction, installation, operation, maintenance and use of equipment and systems named in the *Safety Standards Act*, including **Unfired Pressure Vessels**.

The OGC is an independent statutory agency with jurisdiction under the *Oil and Gas Acts* to regulate oil and gas activities and to carry out inspections, investigations and enforcement at oil and gas installations including those in which **Unfired Pressure Vessels** are located.

The inclusion of provisions in **IMPs** intended to ensure the safety of **Unfired Pressure Vessels** is deemed to be advantageous to both Parties in carrying out their respective mandates and managing risks to public safety.

The **Parties** may from time to time require records and information from each other to assist in investigations and for other purposes related to their respective statutory mandates, and are authorized under their respective statutes to compel records and information. The **Parties** acknowledge that they are both subject to the provisions of the *Freedom of Information and Protection of Privacy Act, R.S.B.C. 1996, c. 165* (“*FOIPPA*”) and are engaged in law enforcement activities as defined in *FOIPPA*. Unless otherwise stated, all requests for information between the parties are intended for purposes of specific investigations and in any event personal information will only be disclosed between the parties in accord with the provisions of *FOIPPA*.

OGC and BCSA have entered into this **MOU** to enable both **Parties** to carry out their responsibilities in a comprehensive and coordinated manner, without compromising the independence of either **Party** and within the provisions of applicable legislative authorities including those governing privacy and access to information. The procedures stipulated in this **MOU** are expected to:

- a) assist BCSA to identify the locations of **Unfired Pressure Vessels** and to exercise its duties respecting these vessels;
- b) assist OGC in verifying the safety of **Unfired Pressure Vessels** operating within installations over which it has jurisdiction; and
- c) make the regulatory process more efficient for participants in the oil and gas industry by coordinating activities between the two regulatory agencies.

3 Jurisdiction

In exercising their statutory responsibilities and powers in situations where their jurisdiction overlaps the **Parties** will, to the extent possible, operate co-operatively and in a coordinated manner in fulfilling their mandates.

3-1 Joint Regulation of *Unfired Pressure Vessels*

3-1.1 OGC and BCSA agree on the following framework for the joint regulation of **Unfired Pressure Vessels**:

- a) OGC will require any regulated entity to include, within its **IMP**, detailed plans to ensure the safety of all **Unfired Pressure Vessels** operated or intended to be operated as part of the system.
- b) OGC will advise BCSA of any deficiencies noted with respect to **Unfired Pressure Vessels**, including the apparent absence of appropriate registration with BCSA.
- c) OGC will notify the operating company that:
 - i) BCSA has exclusive regulatory jurisdiction over **Unfired Pressure Vessels**;
 - ii) the company is solely responsible for obtaining the approval of BCSA and all necessary permits prior to installation or use of any **Unfired Pressure Vessel**; and
 - iii) OGC's role is to consider **Unfired Pressure Vessels** in its assessment of the **IMP** and to notify BCSA of any apparent or possible regulatory issues in respect of **Unfired Pressure Vessels**.

3-1.2 To implement the foregoing, the **Parties** will, in consultation with each other, work towards developing the following as soon as practicable:

- a) a procedure to notify oil and gas installation operators of the content and impact of this **MOU**, including the need for companies to obtain BCSA permits for the installation and operation of **Unfired Pressure Vessels** in oil and gas installations;
- b) a system of reporting between the Parties which classifies **Incidents** and **Non-compliances** by severity and establishes reporting protocols between the parties with respect to **Unfired Pressure Vessels** in oil and gas installations;
- c) a system whereby OGC notifies BCSA of all new and existing but previously unreported **Unfired Pressure Vessels** of which it becomes aware in the course of its regulatory activities; and
- d) a system whereby requests for information under this **MOU** are identified and expedited, to the extent the **Parties'** respective resources allow and in accordance with legislative requirements.

4 Inspections or other oil and gas installation visits

- 4-1 Each **Party** acknowledges that the other has the authority to undertake inspections and other visits of oil and gas installations.
- 4-2 The **Parties** will, when reasonably practicable, coordinate inspections and other oil and gas installation visit activities where it may be beneficial to safety or the performance of the **Parties'** respective mandates.
- 4-3 During an inspection or other oil and gas installation visit:
- a) An **Authorized Representative** of one **Party** encountering an **Authorized Representative** of the other **Party** will cooperate in exchanging information relevant to the purposes of their visits and assist each other to the extent consistent with their authority.
 - b) As soon as practicable, an **Authorized Representative** will notify the other **Party** of any observation that he or she believes may be a significant violation of a statute or regulation administered by the other **Party**.
- 4-4 Where an OGC **Authorized Representative** identifies a condition of immediate danger or undue hazard at an oil and gas installation and believes it to be a possible violation of the **Safety Standards Act**, the OGC **Authorized Representative** will contact BCSA promptly. The OGC **Authorized Representative** may also take action to minimize the danger to the public in accordance with and to the extent authorized by the **Oil and Gas Acts**.
- 4-5 Where a BCSA **Authorized Representative** identifies a condition of immediate danger or undue hazard at an oil and gas installation and believes it to be a possible violation of the **Oil and Gas Acts**, the BCSA **Authorized Representative** will contact OGC promptly. The BCSA **Authorized Representative** may also take action to minimize the danger to the public in accordance with and to the extent authorized by the **Safety Standards Act**.

5 Incident investigations

- 5-1 Each **Party** acknowledges that the other **Party** also has the authority to access and investigate **Incidents** occurring at oil and gas installations.
- 5-2 Where a **Party** becomes aware of an **Incident** for which the other **Party** may have a discretion, function or duty, the first **Party** will notify the other **Party** as soon as possible.
- 5-3 Where either OGC or BCSA is the first **Party** to attend an **Incident**, that **Party** will inform the other promptly. Each **Party** will have regard for the mandate of the other **Party** in the conduct of remedial, recovery or investigatory activities.
- 5-4 Where both **Parties** investigate an **Incident**, each **Party** will cooperate in exchanging information relevant to the purpose of the investigations of the other **Party** and assist each other to the extent that is consistent with their authority.

- 5-5 The **Parties** acknowledge that their respective agencies maintain a power to seize evidence in the course of an investigation of an **Incident** at an oil and gas installation. In order to respect the legal responsibilities of each **Party** and to make reasonable efforts to ensure that neither **Party's** discharge of its legal responsibilities is impaired, the OGC and BCSA agree to consult and cooperate with each other prior to seizing any evidence to the extent reasonable and practicable.
- 5-6 Where either OGC or BCSA seizes scene evidence in the course of an investigation and intends to submit such evidence to testing or analysis, each **Party** will
- a) consult the other **Party** and make all reasonable efforts to ensure that the type and extent of testing or analysis respects the legal responsibilities of each **Party** and does not adversely effect either **Party's** ability to discharge its legal responsibilities to the extent reasonable and practicable, and
 - b) notify the other **Party** of the time, place and location of testing or analysis with sufficient advance notice to enable representatives of the other **Party** to attend such testing or analysis should they wish to do so.
- 5-7 Each **Party** will consult with the other **Party** before it finalizes its recommendations resulting from an investigation on a matter that may fall under the mandate of the other **Party**.

6 Exchange and release of information

- 6-1 Each **Party** will provide timely notification to and appropriate consultation with the other **Party** whenever the activities and responsibilities of one **Party** directly affect or may affect the activities and responsibilities of the other **Party**.
- 6-2 Each **Party** will respond to a request for information in a timely manner.
- 6-3 Where OGC or BCSA request statistical information and analysis from the other, no reasonable request for information will be refused where, in the opinion of the **Party** receiving the information request, resources allow.
- 6-4 Subject to applicable legislation, upon request, the **Parties** will exchange information regarding inspections, investigations, witness statements and other reports and material produced by their respective **Authorized Representatives** in relation to an oil and gas installation inspection or **Incident** investigation.
- 6-5 Where a **Party** is in possession of information or records received from the other **Party** and receives notice that this information is, or may become, subject to a court order, summons or subpoena requiring the disclosure of exchanged information or records, the **Party** will make every reasonable effort to consult with the originating **Party** before disclosing the records or information.
- 6-6 The **Parties** may not further disclose information and records, exchanged pursuant to this **MOU**, without the permission of the originating **Party**, unless the

disclosure is for the purpose of, and limited to, complying with the legal standard of disclosure in a judicial or administrative law proceeding or as required by law.

- 6-7 Notwithstanding clause 6-6, if either OGC or BCSA, for the purpose of complying with the legal standard of disclosure in a judicial or administrative law proceeding, is required to disclose information or records obtained from the other, every reasonable effort will be made to notify the originating **Party** prior to any such disclosure.

7 Policy, regulation development and publications

- 7-1 The **Parties** will consult with each other in advance, where practicable, regarding proposed policies, regulations or public communications which may affect the other **Party**.
- 7-2 The **Parties** may, where appropriate, cooperate in the development and implementation of compliance promotion, information and education activities.
- 7-3 The **Parties** may individually or jointly issue public communications on hazardous items, circumstances and the general causes of accidents.
- 7-4 Neither **Party** will release to the media information obtained from the other **Party** without the written consent of the other **Party** except as required by law.

8 Dispute Resolution

- 8-1 Disputes arising out of this **MOU** will be resolved jointly by the **Parties**. Depending on the nature of a dispute, an appropriate combination of the following representatives from the two **Parties** will resolve the dispute:
- a) Commissioner, OGC, or delegate
 - b) Deputy Commissioner, OGC, or delegate
 - c) Chief Operating Officer, BCSA, or delegate
 - d) Vice President, Education, Communications and Outreach, BCSA, or delegate.
- 8-2 Any disputes arising out of this **MOU** that cannot be resolved as stated in clause 8-1 will be referred to the Commissioner of OGC and the President and Chief Executive Officer of BCSA, or their respective delegates, for resolution.

9 Amendments and Termination

- 9-1 Amendments to the **MOU** must be made in writing and signed by the Commissioner of OGC and the President and Chief Executive Officer of BCSA.
- 9-2 Notwithstanding section 9-1, appendices, addenda, schedules or like documents intended to implement the **MOU** and form part of it can be made in writing and signed by the Commissioner, OGC and the Chief Operating Officer, BCSA or

their respective delegates. Without limiting the generality of this clause 9-2, this includes the documents referred to in clause 3-1.2 of the **MOU**.

- 9-3 This **MOU** shall remain in force until the Commissioner of OGC or the President and Chief Executive Officer for BCSA gives written notice to the other **Party** of its intention to terminate the **MOU** and 60 days elapse after the date of the notice.
- 9-4 The **Parties** will review this **MOU** within 60 days after every third anniversary of the date on which this **MOU** is signed.

10 Entire agreement

- 10-1 The **MOU** constitutes the entire **MOU** between the **Parties** and supersedes all previous agreements relating to the subject matter of this **MOU** unless the previous agreements are incorporated by reference in this **MOU**.
- 10-2 This **MOU** reflects the good faith and spirit of cooperation of the **Parties**, but is not legally binding on any of the **Parties** and is not to be used in legal proceedings or any other proceeding except those outlined in article 7-1.



Original signed by:

September 14, 2009

Alex Ferguson
Chief Executive Officer and Commissioner

Date



Original signed by:

September 14, 2009

Harry Diemer
President and Chief Executive Officer

Date