



Yukon's *Oil and Gas Act*
Draft Gas Processing Plant Regulation

FOR REVIEW AND CONSULTATION

Spring 2013

Proposed Text for a Gas Processing Plant Regulation

Interpretation

1(1) In this Regulation,

“abandonment”, in relation to a processing plant or LNG facility or part of a plant or facility, means the decommissioning of the plant or facility or the part in accordance with this Regulation;

“Act” means the Oil and Gas Act;

“authorized activity”, in relation to a processing plant or LNG facility, means the construction, operation, relocation, alteration, suspension of operation, deactivation, reactivation or abandonment of all or part of the plant or facility, as the case may be, or any other activity related to the plant or facility;

“CSA-Z276” means the standard published by the Canadian Standards Association, numbered Z276-11 and entitled *Liquefied Natural Gas (LNG) – Production, Storage and Handling*;

“deactivate”, in relation to a processing plant or LNG facility, means to discontinue all or part of the plant or facility from service in accordance with this Regulation and maintain it for later reactivation;

“environment” means

- (a) the air, land and water,
- (b) all organic and inorganic matter and living organisms, including biodiversity within and among species,
- (c) the ecosystem and ecological relationships,
- (d) buildings, structures, roads, facilities, works and artifacts,
- (e) all social and economic conditions affecting community life, and
- (f) the inter-relationships between or among any of the factors in paragraphs (a) to (e),

in Yukon;

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“escape”, in relation to a processing plant or LNG facility, means a discharge or emission of a fluid from the plant or facility, other than one authorized pursuant to this Regulation or directions of the Chief Operations Officer;

“incident”, in relation to a processing plant or LNG facility, means

(a) an event occurring in the course of a plant activity or facility activity that causes or results in

(i) the death of a person,

(ii) an injury to an employee that prevents that employee from reporting for work or from effectively performing all the duties connected with the employee’s regular work on any day subsequent to the day on which the injury occurred, whether or not that subsequent day was a working day for that employee,

(iii) a fire or explosion,

(iv) the escape of a fluid from the plant or facility,

(v) the impairment of any part of the plant or facility that is critical to environmental protection;

(b) an event occurring in the course of a plant activity or facility activity that results in a missing person;

“licence” means a licence for a processing plant or for an LNG facility, as the case requires;

“LNG” means liquefied natural gas;

“LNG facility” or “facility” means a facility for the liquefaction of marketable gas or the storage, transfer or vaporization of liquefied natural gas;

“marketable gas” means a gaseous mixture that consists mainly of methane and meets specifications for use as a domestic, commercial or industrial fuel or as a raw material in an industrial or manufacturing operation;

“near-miss” means an event described in paragraph (a) of the definition of “incident” that would likely have occurred in the absence of particular circumstances;

“operate” includes repair and maintain;

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“operation approval” means an approval issued by the Chief Operations Officer pursuant to subsection 22(1) in respect of a processing plant or LNG facility;

“prescribed program” means

(a) a system, plan, program or other document referred to in paragraphs 11(1)(d) to (i); or

(b) a plan or manual referred to in paragraphs 26(2)(b) to (e);

“processing plant” or “plant” means a plant, other than a well-head separator, treater or dehydrator, for the extraction from raw gas of hydrogen sulphide, helium, ethane, natural gas liquids or other substances;

“raw gas” means natural gas and solution gas;

“reactivate” means to return a deactivated processing plant or LNG facility to service;

“solution gas” means the gaseous component of petroleum and includes evolved gas.

(2) Directions of the Chief Operations Officer under this Regulation may apply

(a) generally to all processing plants or any class of processing plants; or

(b) generally to all LNG facilities or any class of LNG facilities; or

(c) to a particular processing plant or LNG facility.

Exemption

2 The processing plant in the Kotaneelee Field used for the processing of raw gas recovered from wells in that Field is exempted from paragraph 64(1)(d) of the Act until the date on which the exemption expires, as specified in a notice given by the Chief Operations Officer to the operator of the plant.

Computation of months and days

3(1) When any reference is made in a provision of this Regulation to a month, whether by its name or not, the reference shall be construed as the period beginning at 7:00 a.m. Pacific Standard Time on the first day of the month and ending immediately before 7:00 a.m. Pacific Standard Time on the first day of the next month.

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(2) When any reference in a provision of this Regulation is made to a day, whether specified or not, the reference shall be construed as the period beginning at 7:00 a.m. Pacific Standard Time on that day and ending immediately before 7:00 a.m. Pacific Standard Time on the next day.

(3) The Chief Operations Officer may, by special or general directions, direct a licensee to compute months or days in a manner different from the manner prescribed by subsections (1) and (2).

References to CSA-Z276

4(1) For the purposes of this Regulation, a reference to CSA-Z276 shall be read as a reference to

(a) CSA-Z276, as amended from time to time; or

(b) if a new edition of CSA-Z276 is published, that new edition, as amended from time to time.

(2) If an Annex to CSA-Z276 indicates that it is written in mandatory language to facilitate its adoption by regulatory authorities, then, for the purposes of this Regulation, the Annex is adopted as part of CSA-Z276 and as additional requirements to that standard.

(3) A reference in CSA-Z276 to an “operating company” or to a person or company operating an LNG facility shall, for the purposes of this Regulation, be read as a reference to the licensee of the LNG facility.

Compliance with CSA-Z276

5(1) Subject to this Regulation, the licensee of an LNG facility must comply with CSA-Z276 in all matters relating to the LNG facility.

(2) If there is a conflict or inconsistency between a provision of CSA-Z276 and a provision of this Regulation, the latter provision prevails.

(3) If CSA-Z276 is amended or replaced resulting in

(a) a new requirement; or

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(b) the replacement of a requirement with one more stringent,

the Chief Operations Officer may, by a special direction in a particular case or by a general direction, postpone the need for compliance with the new or replacement requirement for a specified period or until the occurrence of a specified event.

Compliance with Regulation and directions

6(1) If a provision of this Regulation or of directions of the Chief Operations Officer imposes a duty on the licensee of a processing plant or LNG facility to comply with a particular requirement, then, for the purposes of this Regulation, the licensee is responsible for the acts and omissions of its agents and contractors in relation to compliance with that requirement.

(2) If a provision of this Regulation or of directions of the Chief Operations Officer prescribes a requirement in relation to a processing plant or any LNG facility or any part of it without specifying the person responsible for complying with the requirement, then, for the purposes of this Regulation, the licensee is responsible for complying with the requirement.

(3) The licensee of a processing plant or LNG facility must comply with

(a) orders issued to the licensee pursuant to this Regulation by the Chief Operations Officer in respect of the plant or facility, and

(b) directions of the Chief Operations Officer that apply to the plant or facility.

(4) If any matter pertaining to a processing plant or LNG facility is not provided for in this Regulation, the directions of the Chief Operations Officer or CSA-Z276, the licensee must, in relation to that matter, follow the best prevailing industry practice for cold climate conditions.

Requirement variation or exemption

7 The Chief Operations Officer may

(a) in respect of all or any class of processing plants or of a particular processing plant, vary any of the requirements of this Regulation or any directions of the Chief Operations Officer;

(b) in respect of all or any class of LNG facilities or a particular LNG facility, vary any of the requirements of this Regulation, CSA-Z276 or any directions of the Chief Operations Officer;

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(c) exempt a licensee or any other person from compliance with any requirements referred to in paragraph (a) or (b),

if the Chief Operations Officer is satisfied that the variation or exemption is necessary or warranted in the circumstances, including, without limitation, circumstances related to safety, environmental protection or changes in technology or legislation.

Prescribed programs

8(1) The licensee of a processing plant or LNG facility must implement and comply with each of the licensee's prescribed programs for the plant or facility.

(2) The licensee of a plant or facility must, with respect to each of the prescribed programs for the plant or facility,

(a) regularly monitor the program to ensure it reflects current best industry practices and amend it as necessary to incorporate any changes relevant to the program,

(b) in the case of an LNG facility, amend it as necessary to have it reflect any changes made to any provisions of CSA-Z276 that are relevant to the program; and

(c) submit to the Chief Operations Officer each amendment to or replacement of the program, within 30 days after the amendment or replacement comes into effect.

(3) The licensee of a plant or facility must

(a) audit each of its prescribed programs for the plant or facility on a regular basis in accordance with the directions of the Chief Operations Officer;

(b) prepare a report respecting each audit in accordance with the directions of the Chief Operations Officer; and

(c) submit a copy of it to the Chief Operations Officer within 30 days after completion of the audit.

(4) The Chief Operations Officer, on being satisfied that it is necessary to do so because of concerns related to safety, the environment or resource conservation and after consultation with the licensee, may, by a notice to the licensee,

(a) amend a prescribed program of the licensee with respect to its plant or facility or any part of it; and

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(b) direct the licensee to

(i) incorporate the amendment in its prescribed program within the period specified in the notice, and

(ii) submit to the Chief Operations Officer, within the period specified in the notice, the prescribed program with the amendments incorporated in it.

(5) An amendment to a prescribed program made pursuant to subsection (4) is effective on the date the notice is given to the licensee and binds the licensee as of that date.

(6) Copies of the licensee's current versions of the following prescribed programs must be kept at its plant or facility in a location where they are readily accessible to all personnel engaged in the operation of the plant or facility:

(a) the safety plan, environmental protection plan and contingency plans referred to in paragraphs 11(1)(d), (e) and (f) respectively; and

(b) the operations and maintenance manual and emergency procedures manual referred to in paragraphs 26(2)(b) and (c) respectively.

Suspension or termination of activity

9(1) Subject to subsection (2), the Chief Operations Officer may by a notice order the licensee of a processing plant or LNG facility to suspend or terminate, in accordance with the order, any authorized activity related to the plant or facility.

(2) The Chief Operations Officer may make an order under subsection (1) only on being satisfied that

(a) the order is necessary to enable the Chief Operations Officer to exercise any powers under section 96 of the Act in relation to the plant or facility or the conduct of the authorized activity including, without limitation, powers exercised following an incident or near-miss;

(b) the licensee has ceased to be eligible to be the holder of a licence; or

(c) the licensee has failed to perform its obligations under the Act, this Regulation or its licence, as the case may be, by reason of insufficient financial resources or otherwise.

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(3) The Chief Operations Officer may revoke an order under subsection (1) on being satisfied that the grounds on which the order was based no longer exist or that the failure of compliance has been remedied.

PART 1 LICENCES

Application for licence

10 An application for a licence for a processing plant or LNG facility and the supporting documentation must be prepared and submitted to the Chief Operations Officer in accordance with the directions of the Chief Operations Officer.

Documents supporting application

11(1) An application for a licence for a processing plant or LNG facility must contain or be accompanied by the following:

- (a) a map showing the proposed location of the site for the plant or facility;
- (b) a report showing the information required by subsection 20(1) of the Oil and Gas Licence Administration Regulation;
- (c) a statement certifying that the applicant has in place a management system that meets the requirements of section 12;
- (d) a safety plan that meets the requirements of section 13;
- (e) an environmental protection plan that meets the requirements of section 14;
- (f) contingency plans, including emergency response procedures, to mitigate the effects of any reasonably foreseeable event that might compromise safety or environmental protection and to provide for coordination measures with any relevant municipal, territorial or federal emergency response plan;
- (g) a quality control and quality assurance program for the components of the plant or facility;
- (h) a program for non-destructive examination of welded joints that meets the requirements of section 23;
- (i) a plan for the eventual abandonment of the plant or facility and for reclaiming the site of the plant or facility after the abandonment;

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(j) in the case of a processing plant, a description of the processing facilities and control system, including the flow system, the flow calculation procedure and the flow allocation procedure that will be used for measurement purposes;

(k) information respecting any proposed flaring or venting of raw gas, marketable gas or other gaseous substances; and

(l) any other information or document required by the directions of the Chief Operations Officer.

(2) If a prescribed program contains a variation of its requirements, the application must contain an explanation of and justification for the variation.

(3) An application need not be accompanied by a prescribed program if

(a) the applicant had previously submitted the program to the Chief Operations Officer in support of an application for a different licence; and

(b) the program is still current and appropriate for the plant or facility.

(4) After receiving an application for a licence, the Chief Operations Officer may request the applicant to provide any additional information or documents relevant to the application.

Management system

12(1) The management system referred to in paragraph 11(1)(c) must be an effective system for the processing plant or LNG facility that integrates operations and technical systems with the management of financial and human resources to ensure compliance with the Act and this Regulation.

(2) The management system must include

(a) the policies on which the system is based;

(b) the processes for setting goals for the improvement of safety, environmental protection and waste prevention;

(c) the processes for identifying hazards and for evaluating and managing the associated risks;

(d) the processes for ensuring that personnel are trained and competent to perform their duties;

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(e) the processes for ensuring and maintaining the integrity of the plant or facility and equipment necessary to ensure safety, environmental protection and waste prevention;

(f) the processes for the internal reporting and analysis of hazards, minor injuries, incidents and near-misses and for taking corrective actions to prevent their recurrence;

(g) the documents describing all management system processes and the processes for making personnel aware of their roles and responsibilities with respect to them;

(h) the processes for ensuring that all documents associated with the system are current, valid and have been approved by the appropriate level of authority;

(i) the processes for conducting periodic reviews or audits of the system and for taking corrective actions if reviews or audits identify areas of non-conformance with the system and opportunities for improvement;

(j) the arrangements for coordinating the management and operations of the proposed activity among the licensee, the contractors, the subcontractors and others, as applicable; and

(k) the name and position of the person accountable for the establishment and maintenance of the system and of the person responsible for implementing it.

(3) The management system documentation must be controlled and set out in a logical and systematic fashion to allow for ease of understanding and efficient implementation.

(4) The management system must correspond to the size, nature and complexity of the plant or facility and the hazards and risks associated with the operations.

(5) A licensee must, on request, submit to the Chief Operations Officer evidence to substantiate that its management system is in compliance with this section.

Safety plan

13 The safety plan referred to in paragraph 11(1)(d) must set out the procedures, practices, resources and sequence of key safety-related activities and monitoring measures necessary to ensure the safety of the proposed processing plant or LNG facility and must include

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- (a) a summary of and references to the management system that demonstrate how it will be applied to the plant or facility and how the duties set out in this Regulation with regard to safety will be fulfilled;
- (b) a summary of the studies undertaken to identify hazards and to evaluate safety risks related to the plant or facility;
- (c) a description of the hazards that were identified and the results of the risk evaluation;
- (d) a summary of the measures to avoid, prevent, reduce and manage safety risks;
- (e) a list of all structures, equipment and systems critical to safety and a summary of the system in place for their inspection, testing and maintenance;
- (f) a description of the organizational structure for the plant or facility which shows the contact information and position of the person accountable for the safety plan and of the person responsible for implementing it; and
- (g) a description of the arrangements for monitoring compliance with the plan and for measuring performance in relation to its objectives.

Environmental protection plan

14 The environmental protection plan referred to in paragraph 11(1)(e) must set out the procedures, practices, resources and monitoring necessary to manage hazards to and protect the environment from the processing plant or LNG facility and must include

- (a) a summary of and references to the management system that demonstrate how it will be applied to the plant or facility and how the duties set out in this Regulation with regard to environmental protection will be fulfilled;
- (b) a summary of the studies undertaken to identify environmental hazards and to evaluate environmental risks relating to the plant or facility;
- (c) a description of the hazards that were identified and the results of the risk evaluation;
- (d) a summary of the measures to avoid, prevent, reduce and manage environmental risks;
- (e) a list of all structures, equipment and systems critical to environmental protection and a summary of the system in place for their inspection, testing and maintenance;

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- (f) a description of the organizational structure for the proposed plant or facility which shows the contact information and position of the person accountable for the environmental protection plan and of the person responsible for implementing it;
- (g) the procedures for the selection, evaluation and use of chemical substances including process chemicals;
- (h) a description of equipment and procedures for the treatment, handling and disposal of waste material;
- (i) a description of all discharge streams and limits for any discharge into the natural environment including any waste material;
- (j) a description of the system for monitoring compliance with the discharge limits identified in paragraph (i), including the sampling and analytical program to determine if those discharges are within the specified limits; and
- (k) a description of the arrangements for monitoring compliance with the plan and for measuring performance in relation to its objectives.

Issuance of licence

15(1) Subject to subsection (2), the Chief Operations Officer may approve or disapprove an application for a licence.

(2) Two or more LNG facilities on the same site may be included in the same licence.

(3) If the application is approved, the licence shall be issued by the Chief Operations Officer.

(4) Subject to this Regulation, a licence is authority to construct the plant or facility to which it relates.

(5) A licence shall

(a) contain or incorporate by reference a map showing the site of the plant or facility;

(b) in the case of a processing plant, state the type of processing to occur at the plant and the maximum throughput capacity of the plant.

Conditions of licence

16(1) A licence for a processing plant or LNG facility is subject to the following conditions:

- (a) construction of the plant or facility must be commenced and completed by the respective dates shown in the licence;
- (b) the contractor identified in the application for the licence must be used in the construction of the plant or facility unless otherwise approved by the Chief Operations Officer; and
- (c) the plant or facility must be constructed in accordance with the licence, any conditions imposed by the Chief Operations Officer in relation to the licence and any applicable directions of the Chief Operations Officer.

(2) The Chief Operations Officer may advance or extend either date referred to in paragraph (1)(a).

(3) If the Chief Operations Officer is satisfied that construction of a processing plant or LNG facility is not substantially commenced by the commencement date specified in the licence, or by any extension of that date granted pursuant to subsection (2), the Chief Operations Officer may, by a notice to the licensee, cancel the licence for the plant or facility.

(4) When a condition of a licence incorporates by reference any provisions of the application for the licence or of any other supporting document, those provisions are considered to be contained in the licence for the purposes of this Regulation.

Amendment of licence

17(1) The Chief Operations Officer may amend a licence

- (a) on application by the licensee; or
- (b) after consultation with the licensee, if the amendment is made
 - (i) for a reason related to safety or environmental protection or changes in legislation or technology, or
 - (ii) to correct an error or resolve an ambiguity.

(2) The Chief Operations Officer may, instead of amending a licence, reissue the licence with the amendments incorporated in it.

**PART 2
CONSTRUCTION**

Designs and specifications

18(1) A licensee must not commence construction of its processing plant or LNG facility unless

(a) it has submitted to the Chief Operations Officer detailed designs of the plant or facility and the specifications for its components;

(b) the Chief Operations Officer notifies the licensee that it may commence construction subject to any changes in the designs or specifications considered by the Chief Operations Officer to be necessary for reasons of safety or environmental protection or in the public interest; and

(c) any changes required pursuant to paragraph (b) have been submitted to the Chief Operations Officer.

(2) A plant or facility must be constructed in accordance with the designs and specifications submitted pursuant to paragraph (1)(a), as modified by any changes submitted pursuant to paragraph (1)(c).

Construction contract requirements

19(1) If the licensee contracts for the provision of services in respect of the construction of the processing plant or LNG facility, the contract must

(a) require the contractor and the contractor's subcontractors to be fully informed of and comply with the requirements of this Regulation applicable to the construction of the plant or facility and of the licensee's prescribed programs to the extent that they are applicable to the construction of the plant or facility; and

(b) impose on the licensee a duty to authorize a person to halt a construction activity in circumstances where, in the person's judgment, the construction activity is creating a hazard to the public, personnel at the construction site or the environment.

(2) The licensee must ensure that an authorized person referred to in paragraph (1)(b) has sufficient expertise, knowledge and training to carry out competently the obligations described in that paragraph.

Construction requirements

20 A licensee of a processing plant or LNG facility must construct it in accordance with the following:

(a) each tank, bullet, sphere or other container that contains any fluid, other than fresh water, is designed, constructed and maintained to restrict and contain fluids and to minimize the risk to the safety of persons and to the environment in the event of an unintentional escape of the fluid;

(b) equipment that has a source of ignition with which a gaseous fluid at explosive levels may come into contact is not located in the same building as any process vessel or other source of flammable fluid, unless

(i) air intake flues are located outside the building in an area where any flammable fluid is unlikely to be present;

(ii) relief valves, burst plates and other sources of flammable fluids are vented from the building or discharged to a flare header, or other location that is environmentally safe;

(iii) a specific risk analysis is conducted to determine what active, reactive or passive safety devices should be installed on that equipment and the licence holder installs those devices; and

(iv) the building is cross-ventilated;

(c) all process vessels and equipment from which any flammable fluid or toxic substance may escape are safely vented to a flare header or to other locations where the protection of the environment and the safety of persons are maintained;

(d) all flare headers are equipped with a means by which the flame from the flare header is prevented from entering into piping or vessels from which the flammable fluid is being released;

(e) hydrocarbon storage vessels or buildings used for the processing of raw gas are equipped with reliable fire suppression systems appropriate to the risk that the vessels or buildings pose to the safety of persons or to the environment if the vessels or buildings catch fire or come into contact with fire; and

(f) all pressure-relief piping and systems are designed and constructed so that an emergency pressure release does not create a detriment to property or to the environment or a hazard to the safety of persons.

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Safety

21 A licensee must equip its processing plant or LNG facility with

(a) a source of emergency power;

(b) systems that are appropriate to its buildings or structures and that are designed for the detection of

(i) explosive and flammable gases,

(ii) toxic or noxious gases, and

(iii) fire, the products of combustion or temperature rise; and

(c) alarm devices that are

(i) located where they can be heard or seen from all locations within the plant or facility, and

(ii) designed in a manner that will allow a timely warning of danger to be given to persons in the plant or facility or in the vicinity of the plant or facility in order to permit safe evacuation or actions to control the danger.

Construction responsibilities

22 A licensee must, during the construction of its processing plant or LNG facility, take all reasonable steps to ensure that

(a) the construction activities at its plant or facility do not create a detriment to property or to the environment or a hazard to the safety of persons greater than the detriment or hazard normally associated with similar activities carried on elsewhere;

(b) persons at the construction site are informed of the practices and procedures to be followed for their safety and for the protection of the environment; and

(c) persons on the construction site are made fully aware of any escalation of risk when, during the final phases of construction, equipment testing and acceptance procedures begin at the plant or facility.

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Non-destructive testing

23(1) Subject to subsection (2), the licensee's program for non-destructive examination referred to in paragraph 11(1)(h) must include a requirement for the mandatory non-destructive examination of the entire weld volume of all piping welds in the licensee's processing plant or LNG facility.

(2) The program may be modified to allow for examination of fewer than all piping welds if the program is based on a documented risk analysis.

(3) If a licensee proposes to implement a modified program referred to in subsection (2), the licensee must submit the modified program and the risk analysis on which it is based to the Chief Operations Officer prior to implementation.

(4) Visual examination is not an acceptable form of non-destructive examination for the purposes of this section.

Pressure testing

24(1) The licensee must notify the Chief Operations Officer of any pressure testing of all or any part of its processing plant or LNG facility, or any components of the plant or facility, at least seven days before the testing begins.

(2) Every pressure testing referred to in subsection (1) must be performed under the direct supervision of an agent engaged by the licensee for the purpose who is independent of

(a) any contractor who constructed the plant or facility or who participated in the fabrication of any of the components to be tested; and

(b) any contractor engaged to perform the testing.

(3) All logs, charts and other records of the test must be dated and signed by the person supervising the test.

PART 3
OPERATION AND MAINTENANCE

Approval to operate

25(1) The licensee of a processing plant or LNG facility must not commence the operation of the plant or facility unless the Chief Operations Officer has issued an approval authorizing the licensee to do so.

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- (2) No person shall operate a plant or facility other than
- (a) the licensee; or
 - (b) with the approval of the Chief Operations Officer, a corporation
 - (i) engaged by the licensee to operate the plant or facility on its behalf, or
 - (ii) to which the plant or facility is leased by the licensee.

Application for operation approval

26(1) An application for an operation approval and the supporting documentation must be prepared and submitted to the Chief Operations Officer in accordance with the directions of the Chief Operations Officer.

- (2) An application for an operation approval must contain or be accompanied by
- (a) a report containing the results of the pressure testing of the processing plant or LNG facility;
 - (b) an operations and maintenance manual that meets the requirements of 27;
 - (c) an emergency procedures manual that meets the requirements of section 28;
 - (d) a staffing plan that meets the requirements of subsection 29(1);
 - (e) a training program that meets the requirements of subsection 29(3); and
 - (f) any other information or document required by the directions of the Chief Operations Officer.
- (3) After receiving an application for an operation approval, the Chief Operations Officer may request the applicant to provide any additional information or documents relevant to the application.
- (4) When a condition of an operation approval incorporates by reference any provisions of the application for the approval or of any other supporting document, those provisions are considered to be contained in the approval for the purposes of this Regulation.

Operations and maintenance manual

27 An operations and maintenance manual referred to in paragraph 26(2)(b) must provide comprehensive operating information and procedures to ensure safety, environmental protection and prevention of waste in the operation of the licensee's processing plant or LNG facility, including

- (a) a list of all structures, facilities, equipment and systems critical to the operations, including
 - (i) drawings, plans, flow sheets and schematics,
 - (ii) measurements and technical specifications,
 - (iii) safety factors, operability limits and process control set points,
 - (iv) identification of all hazardous locations and their classifications, and
 - (v) locations of safety equipment and escape routes;
- (b) a summary of the systems and procedures for the inspection, testing and maintenance of all structures, facilities, equipment and systems critical to the operations; and
- (c) the organizational structure for the plant or facility which
 - (i) clearly explains the authority and reporting relationship within the structure, and
 - (ii) provides the contact information and position of the person accountable for the manual and of the person responsible for implementing it.

Emergency procedures manual

28(1) A licensee's emergency procedures manual referred to in paragraph 26(2)(c) must contain procedures for how to respond to and mitigate the effects of any reasonably foreseeable event that might compromise safety or environmental protection at the licensee's processing plant or LNG facility.

(2) An emergency procedures manual, in addition to providing for contingency plans, must include

- (a) a method of classifying incidents and response actions for specific incidents;
- (b) internal and external notification, communication and reporting procedures;

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- (c) procedures for accessing essential safety and environmental information;
 - (d) organizational structure and resources to manage the emergency, including trained personnel, equipment and facilities;
 - (e) duties, responsibilities and authorities of all personnel involved in the emergency response, including job descriptions and checklists;
 - (f) communication protocols and coordination and liaison measures with relevant governmental emergency response organizations;
 - (g) a process for periodic review and updates of emergency response plans and personnel evacuation plans;
 - (h) safety equipment and medical equipment, as required,
 - (i) communication systems designed and protected to enable operation in an emergency; and
 - (j) all reasonably practicable steps to ensure the safety of personnel, the public, the environment and the plant or facility.
- (3) The licensee of a plant or facility must
- (a) establish and maintain a liaison with the agencies that may be involved in an emergency response activity at its plant or facility and consult with them in developing and updating its emergency procedures manual;
 - (b) take all reasonable steps to inform persons who may be associated with an emergency response activity at its plant or facility of the practices and procedures to be followed and make available to them the relevant information from the emergency procedures manual; and
 - (c) develop and implement a continuing educational program for the police, fire departments, medical facilities, other appropriate organizations and agencies and the public residing in proximity to the plant or facility to inform them of its location, potential emergency situations involving the plant or facility and the safety procedures to be followed in the event of an emergency.

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Staffing plan and training program

29(1) A licensee's staffing plan referred to in paragraph 26(2)(d) must set out

(a) the number of persons necessary to operate its processing plant or LNG facility safely; and

(b) the competencies required for each position.

(2) The licensee must ensure that

(a) its plant or facility is at all times staffed with the full complement of personnel in accordance with the plan referred to in subsection (1);

(b) all personnel have, before assuming their duties, the necessary experience, training and qualifications and are able to conduct their duties safely, competently and in compliance with this Regulation; and

(c) records of the experience, training and qualifications of all personnel are kept and made available to the Chief Operations Officer on request.

(3) A licensee's training program referred to in paragraph 26(2)(e) must contain instructions for all personnel directly involved in the operation of its plant or facility respecting

(a) the safety regulations and procedures applicable to the operation of the plant or facility;

(b) responsible environmental practices and procedures in the operation of the plant or facility;

(c) the proper operating procedures for the equipment that they could reasonably be expected to use; and

(d) the emergency procedures set out in the manual referred to in section 28.

Visitors

30 The licensee of a processing plant or LNG facility must ensure that all visitors to its plant or facility

(a) are familiar with the components of the safety plan necessary for their personal safety before they enter the site for the plant or facility; and

(b) comply with the safety plan while they are on the site of the plant or facility.

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Operations

31(1) The licensee of a processing plant or LNG facility must take all reasonable steps to ensure that

(a) operating activities at its plant or facility do not create a detriment to the environment or a hazard to the safety of persons that is greater than the detriment or hazard normally associated with identical activities carried on elsewhere;

(b) no equipment is operated with a hazard-detection alarm or shutdown device bypassed or rendered inoperable, unless other means are used to achieve an equivalent level of safety; and

(c) data recorded at the plant or facility are retained for analysis in the event of an incident or near-miss.

(2) The licensee of a plant or facility must

(a) operate all hazard-detection devices as part of regular maintenance activities to test whether they are fully functional;

(b) document and maintain records of all testing, repairs and replacement of parts in the hazard-detection devices;

(c) if practical, clearly mark the open and closed positions of main emergency shutdown valves;

(d) post signs along the site boundaries of its plant or facility indicating the name of the licensee and the telephone number to call in the event of an emergency at the plant or facility; and

(e) post signs warning of potential hazards.

Inspections

32(1) The licensee of a processing plant or LNG facility must

(a) conduct a complete inspection of its plant or facility

(i) during the calendar year following the year in which the operations approval was issued for the plant or facility but not more than 16 months after the date of the approval, and

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(ii) during each subsequent calendar year but not more than 16 months after the completion of the inspection in the previous calendar year,

to determine whether the plant or facility is in compliance with this Regulation, the conditions of the licence and the directions of the Chief Operations Officer; and

(b) submit to the Chief Operations Officer, within 30 days after the completion of the inspection, a report respecting the results of the inspection.

(2) The Chief Operations Officer may

(a) by a notice direct the licensee of a plant or facility to test, inspect or perform an engineering assessment of all or any part of its plant or facility in accordance with the directions in the notice, if the Chief Operations Officer considers that the notice is warranted by concerns respecting the protection of property or the environment or the safety of personnel engaged in an authorized activity related to the plant or facility; and

(b) request the licensee to submit a report respecting the test, inspection or assessment by the deadline in the notice containing the request.

(3) An annual inspection under subsection (1) or a test, inspection or engineering assessment referred to in subsection (2) must be conducted by a person who

(a) has sufficient expertise, knowledge and training to perform it competently; and

(b) is independent of any contractor engaged by the licensee to perform any services pertaining to an authorized activity related to the plant or facility.

External audits

33(1) The Chief Operations Officer may, by a notice to the licensee of a processing plant or LNG facility, inform the licensee of an audit to be conducted under this section of

(a) records related to the plant or facility, including prescribed programs, to determine whether the licensee was, during the period covered by the audit, in compliance with the Act, this Regulation and the licence in relation to the plant or facility;

(b) the competency of personnel in supervisory or operational positions at its plant or facility.

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- (2) An audit contemplated by a notice given under subsection (1)
- (a) must be conducted by the Chief Operations Officer or by a person authorized by the Chief Operations Officer who is independent of the licensee and of any contractor engaged by the licensee to perform any services pertaining to an authorized activity related to the plant or facility; and
 - (b) shall be conducted during the period specified in the notice.
- (3) The licensee to whom a notice is given pursuant to subsection (1) must
- (a) make available to the auditor for inspection [and copying] any records required by the auditor;
 - (b) make every part of the plant or facility available for inspection by the auditor;
 - (c) make available for interviewing by the auditor any personnel having responsibility for preparing or monitoring any records related to the plant or facility or for operating the plant or facility; and
 - (d) ensure the co-operation of its employees and other personnel at the plant or facility with the performance of the audit.
- (4) The person conducting an audit under this section must prepare a report respecting the audit which must include all cases of non-compliance that have been noted.
- (5) On completion of an audit report, the Chief Operations Officer
- (a) shall provide a copy of the audit report to the licensee; and
 - (b) by a notice order the licensee to take any corrective action to remedy any case of non-compliance noted in the report.

PART 4

PHYSICAL AND OPERATIONAL CHANGES

Direction for operational changes

34 The Chief Operations Officer, on being satisfied that it is necessary or warranted in the circumstances, including circumstances related to safety, environmental protection or the occurrence of an incident or near-miss, may

- (a) order the licensee of a processing plant or LNG facility to make an alteration to the plant or facility as specified in the direction; or

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(b) order the licensee to make any change related to the operation of the plant or facility specified in the direction, for the period specified in the direction or until the occurrence of an event specified in the direction.

Alteration

35 The licensee of a processing plant or LNG facility must not alter the plant or facility to change its design or specifications unless a plan respecting the change is submitted to and approved by the Chief Operations Officer.

Suspension

36 The Chief Operations Officer may issue directions respecting

(a) the circumstances under which a licensee of a processing plant or LNG facility must notify the Chief Operations Officer of the suspension of the operation of the plant or facility; and

(b) requirements as to when the notification of the suspension must be made.

Deactivation

37(1) A licensee of a processing plant or LNG facility may deactivate all or part of the plant or facility but must notify the Chief Operations Officer before the commencement of the deactivation operations.

(2) The Chief Operations Officer may, by a notice, order the licensee of a plant or facility to deactivate all or part of it if

(a) the Chief Operations Officer is satisfied the deactivation is necessary for the protection of the public, the environment or personnel engaged in the operation of the plant or facility;

(b) the operation of the plant or facility is suspended because of a direction under section 9 of this Regulation or section 97 of the Act and the Chief Operations Officer is satisfied that there is no likelihood of the direction being revoked within a reasonable time; or

(c) the plant or facility has not been in active service for at least 12 months.

(3) The deactivation of a plant or facility must be carried out in accordance with

(a) this Regulation and any directions of the Chief Operations Officer; and

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(b) if the discontinuance is ordered pursuant to subsection (2), the provisions of the order.

(4) The licensee of a plant or facility must, within 30 days after the date of completion of its deactivation, notify the Chief Operations Officer of the completion date.

Reactivation

38(1) If all or part of a processing plant or LNG facility

(a) that has been deactivated; or

(b) that has not been in active service for at least 12 months,

the licensee must not commence any work to reactivate it except with the prior approval of the Chief Operations Officer.

(2) If the Chief Operations Officer approves the reactivation of all or part of the plant or facility,

(a) the reactivation must be performed in accordance with this Regulation and any applicable directions of the Chief Operations Officer; and

(b) the licensee of the plant or facility must notify the Chief Operations Officer of

(a) the completion of work leading to the reactivation within seven days after the completion date; and

(b) the commencement of the reactivation within seven days after the commencement date.

Abandonment

39(1) The Chief Operations Officer may by a notice order the licensee of a processing plant to LNG facility to abandon all or part of the plant or facility if

(a) the Chief Operations Officer is satisfied that the abandonment is necessary for the protection of the public, the environment or personnel engaged in the construction or operation of the plant or facility;

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(b) the construction or operation of the plant or facility has been suspended or terminated because of an order under section 9 of this Regulation or section 97 of the Act and the Chief Operations Officer is satisfied that there is no likelihood of the order being revoked within a reasonable time;

(c) the plant or facility or the part has been deactivated for at least 12 months and the Chief Operations Officer is satisfied that there is no likelihood of it being reactivated within a reasonable time; or

(d) the licensee has been ordered to deactivate the plant or facility or the part but has not complied with the order or has not conducted the deactivation in accordance with paragraph 37(3).

(2) The licensee of a plant or facility must notify the Chief Operations Officer

(a) before the commencement of the operations for the abandonment of all or any part of the plant or facility; and

(b) within 30 days after the abandonment operations have been completed,

whether the abandonment is initiated by the licensee or is ordered by the Chief Operations Officer.

(3) A licensee that abandons all or part of its plant or facility must do so in accordance with

(a) this Regulation and any applicable directions of the Chief Operations Officer; and

(b) if the abandonment is ordered pursuant to subsection (1), the provisions of the order.

(4) If the abandonment involves the whole of the plant or facility, the licensee must

(a) dismantle and remove the plant or facility from its site, and reclaim the surface of the site to put it in the same condition, as far as practicable, as it was prior to the construction of the plant or facility; and

(b) notify the Chief Operations Officer of the removal and reclamation within 14 days after the completion date.

(5) On receiving a notification pursuant to paragraph (4)(b) and on being satisfied that the reclamation operations have been completed, the Chief Operations Officer may cancel the licence for the plant or facility.

PART 5
RECORDS AND REPORTING

Retention of records

40 The requirements in CSA-Z276 respecting records retention are in addition to the requirements in section 17 of the Oil and Gas Licence Administration Regulations and this Part as they relate to LNG facilities.

Throughput records

41(1) The licensee of a processing plant or LNG facility must keep daily records of the following:

(a) particulars of the volumes and heat content of fluids delivered to the inlet of the plant or facility by the licensee and by each shipper, including the respective sources from which they were delivered;

(b) in the case of a processing plant, the volumes and heat content of residue gas, natural gas liquids and other products obtained by processing and delivered from the outlet of the plant by the licensee or on behalf of each shipper, including the intended delivery destination of those volumes;

(c) in the case of an LNG facility, the volumes and heat content of fluids delivered from the outlet of the facility by the licensee or on behalf of each shipper, including the intended delivery destination of those volumes;

(d) the volumes of any fluid flared, vented or used

(i) in the operation of the plant or facility, or

(ii) as a result of an emergency condition; and

(e) any other information required by the directions of the Chief Operations Officer.

(2) The records referred to in subsection (1) must be kept for a period of one year following the month in which the records were initially required to be kept.

(3) A licensee must, in the manner and frequency required by the directions of the Chief Operations Officer, conduct a balance analysis measuring input quantities and product and emission quantities for its plant or facility.

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Monthly throughput reports

42(1) The licensee of a processing plant must submit to the Chief Operations Officer in respect of each month a report containing information specified in the directions of the Chief Operations Officer, based on the daily records for that month that are required to be kept by section 41.

(2) A report referred to in subsection (1) for any month may be submitted by a representative of the licensee authorized for the purpose.

(3) A report under subsection (1) must be submitted to the Chief Operations Officer by the 25th day of the month following the month to which the report relates.

(4) The Chief Operations Officer may authorize a later deadline than the one in subsection (3) for the submission of reports in respect of any specified month or months.

Measurement standards

43(1) In this section,

“cubic metre”, in relation to gas, means the volume of gas which, at standard temperature and under standard pressure, will fill a space of one cubic metre;

“gas” means raw gas, marketable gas and ethane in gaseous form;

“gas liquids” means ethane in liquid form, propane, butanes or pentanes plus or any combination of them;

“heat content” means

(a) in relation to a volume or quantity of gas, the total amount of energy contained in the gas, including the sensible heat and latent heat of condensation, based on the gas being free of water vapour; or

(b) in relation to a volume of gas liquids, the total amount of energy contained in the gas liquids, expressed as their gaseous equivalent free of water vapour, including the sensible heat and latent heat of condensation but excluding heat loss due to the heat of vaporization of the gas liquids;

“standard pressure” means the absolute pressure of 101.325 kilopascals;

“standard temperature” means 15 degrees Celsius.

(2) For the purposes of this Regulation,

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(a) volumes of gas shall be expressed in thousands of cubic metres to the nearest tenth of a thousand cubic metres;

(b) the heating value of gas shall be expressed in megajoules per cubic metre to the nearest hundredth of a megajoule per cubic metre;

(c) quantities of gas shall be expressed as heat content in gigajoules to the nearest whole gigajoule;

(d) volumes of gas liquids shall be expressed in cubic metres to the nearest tenth of a cubic metre;

(e) quantities of gas liquids shall be expressed as heat content in gigajoules to the nearest whole gigajoule;

(3) For the purposes of this Regulation, volumes of gas shall be converted to their heat content in gigajoules by multiplying the volumes by the gross heating value of the gas.

(4) For the purposes of this Regulation, the gross heating value used to convert volumes of gas to their heat content in gigajoules shall be calculated in accordance with Calculation of Gross Heating Value, Relative Density and Compressibility Factor for Natural Gas Mixtures from Compositional Analysis (GPA Standard 2172) published by the Gas Processors Association.

(5) If it is necessary for any purpose under this Regulation to determine volumes or quantities of in-stream components of gas,

(a) the respective volumes of the in-stream components of the gas shall be determined from a compositional analysis of the gas;

(b) the respective volumes of the in-stream components of the gas shall be converted to their heat content in gigajoules by multiplying those volumes by the gross heating value of the respective in-stream components as shown in the Table of Physical Constants for Hydrocarbons and Other Compounds of Interest to the Natural Gas Industry (GPA Standard 2145) published by the Gas Processors Association; and

(c) the quantities of the in-stream components calculated under paragraph (b) shall be normalized so that the aggregate quantities of those in-stream components equal the aggregate quantities of the gas.

(6) For the purposes of this Regulation, volumes of gas liquids shall be converted to their heat content in gigajoules in accordance with directions issued by the

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Division Head and the Table of Physical Constants for Hydrocarbons and Other Compounds of Interest to the Natural Gas Industry (GPA Standard 2145) published by the Gas Processors Association.

(7) The conditions of measurement of volumes and heating value when not otherwise specified in this section shall be

- (a) in accordance with the Electricity and Gas Inspection Act (Canada); and
- (b) corrected for actual atmospheric pressure to the nearest two kilopascals.

(8) A reference in this section to a publication of the Gas Processors Association shall be read as a reference to

- (a) that publication, as amended from time to time; or
- (b) if a new edition or revision of that publication is published, the new edition or the revised publication, as amended from time to time.

(9) Volumes or quantities of gas or gas products shown in a document submitted to the Chief Operations Officer under this Regulation are subject to adjustment to

- (a) correct errors in measurement or in the recording or furnishing of data; or
- (b) reflect reconciliations of those volumes or quantities resulting from downstream measurements or recalculations;

and any decision by the Chief Operations Officer respecting the measurement of those volumes or quantities shall be final.

Incidents and near-misses

44(1) In the event of the occurrence of an incident or near-miss in the course of an authorized activity related to its processing plant or LNG facility, the licensee of the plant or facility must

- (a) forthwith notify the Chief Operations Officer of the incident or near-miss;
- (b) submit to the Chief Operations Officer a preliminary report regarding the incident or near-miss within seven days after the incident or near-miss; and
- (c) submit to the Chief Operations Officer a detailed report regarding the incident within 45 days after the incident or near-miss occurred.

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(2) After being initially notified of an incident or near-miss, the Chief Operations Officer may

- (a) waive the requirement to submit a preliminary report or detailed report or both; or
- (b) extend the deadline to submit a preliminary report or detailed report or both.

Press releases and press conferences

45 The licensee of a processing plant or LNG facility must notify the Chief Operations Officer at least 24 hours in advance of its intention to issue a press release or hold a press conference respecting an incident or near-miss occurring in the course of an authorized activity related to the plant or facility, except that in an emergency situation the notification must be made as much as possible in advance of the issuance of the press release or the holding of the press conference.

PART 6
PENALTIES

Penalties owing to Government

46 Penalties imposed pursuant to this Part are payable to the Government.

Division 1
Reporting-related Penalties

Definitions for Division 1

47 In this Division,

“report” includes a notice, statement, record, plan of survey, drawing, log or other document; «rapport»

“reporting requirement” means

- (a) a provision of this Regulation that requires a person to submit a report to the Chief Operations Officer,
- (b) a provision of this Regulation that requires a person to notify the Chief Operations Officer of any specific information or of a past or future event within a specified period or by a specified deadline, or
- (c) a request made by the Chief Operations Officer pursuant to this Regulation

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- (i) for the submission of a report to the Chief Operations Officer, or
- (ii) to notify the Chief Operations Officer of any specific information or of a past or future event,

if the notice containing the request specifies the period within which or the deadline by which the report must be submitted or the notification given;

“submission deadline” means

- (a) in relation to a reporting requirement that provides for the submission of a report within a specified period, the expiration of the last day of the period,
- (b) in relation to a reporting requirement that provides for the submission of a report by a specified deadline, the occurrence of that deadline,
- (c) in relation to a reporting requirement described in paragraph (b) of the definition of “reporting requirement”, the expiration of the period within which or the occurrence of the deadline by which the notification must be given, or
- (d) in relation to a reporting requirement described in paragraph (c) of the definition of “reporting requirement”, the expiration of the period or the occurrence of the deadline in the notice containing the request.

Report or notification on request

48 When a provision of this Regulation or a licence requires a licensee to submit a report to the Chief Operations Officer on request or to notify the Chief Operations Officer on request of any specified information or of any past or future event,

- (a) the request must be contained in a notice given by the Chief Operations Officer to the licensee; and
- (b) the notice must specify the period within which or the deadline by which the report must be submitted or the notification must be given.

Penalties for late submission or notification

49(1) If a person has a duty to comply with a reporting requirement but fails to do so by the submission deadline provided for in the relevant reporting requirement, the Chief Operations Officer may impose on that person a penalty not exceeding \$10,000 and an additional penalty not exceeding \$10,000 for each subsequent month during which the failure to comply continues.

(2) The Chief Operations Officer may impose on a person

(a) a penalty not exceeding \$500,000, in the case of ♦ a failure by that person to comply with paragraph 44(1)(a) in respect of an incident or near-miss; or

(b) a penalty not exceeding \$10,000 in the case of a failure by that person to notify the Chief Operating Officer of an intended press release or press conference in accordance with section 45.

Penalties related to non-compliant reporting

50(1) When a person submits a report pursuant to a reporting requirement, whether before or after the submission deadline for the report, the Chief Operations Officer may impose on that person

(a) a penalty not exceeding \$500,000 in respect of the report if

(i) the report contains false or misleading statements, or

(ii) the report contains information that is inaccurate;

(iii) the information required to be contained in the report is incomplete; or

(b) a penalty not exceeding \$25,000 in respect of the report if

(i) the report is not in the format or medium provided for in the directions of the Chief Operations Officer,

(ii) the report is not completed in accordance with the directions of the Chief Operations Officer,

(iii) the report is not verified in the manner provided for in the directions of the Chief Operations Officer applicable to the report, or

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(iv) the reporting requirement is based on a request of the Chief Operations Officer and the report

(i) is not completed in accordance with instructions contained in the request, or

(ii) is not verified in the manner provided for in the request.

(2) The Chief Operations Officer may impose on a person a penalty not exceeding \$500,000 if that person, in notifying the Chief Operations Officer pursuant to this Regulation of any specific information or of a past or future event,

(a) makes a false or misleading statement;

(b) provides information that is inaccurate; or

(c) fails to provide any relevant information.

(3) The Chief Operations Officer may reduce or revoke a penalty imposed pursuant to this section on the basis of new evidence which, if it had been known to the Chief Operations Officer when the decision was made to impose the penalty, would have affected that decision.

Penalty invoice

51 When a penalty is imposed on a person pursuant to this Division, the Chief Operations Officer shall send to that person an invoice for the penalty and inform that person of the reason for its imposition and the due date by which payment of the penalty must be received by the Chief Operations Officer.

Appeals respecting penalties

52(1) Subject to this section, a person on whom a penalty is imposed by or pursuant to this Regulation may file with the Minister a notice of appeal respecting

(a) that person's liability for the penalty; or

(b) the amount of the penalty.

(2) On considering an appeal under this section, the Minister may, as the case requires,

(a) confirm the penalty;

(b) revoke the penalty on the ground that the appellant was not liable for it; or

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(c) reduce the amount of the penalty.

(3) The Minister may establish general directions respecting the commencement of appeals under this section and the procedures for the conduct of those appeals.

Division 2 Administrative Penalties

Definitions for Division 2

53 In this Division,

“administrative penalty” means a pecuniary penalty imposed pursuant to this Division;

“contravention” means a contravention of

- (a) a provision of this Regulation enumerated in the Schedule, or
- (b) a condition of a licence,

but does not include a contravention of a reporting requirement as defined in section 47.

Penalties for Schedule contraventions

54(1) A contravention of any of the provisions of this Regulation enumerated in the Schedule is subject to the imposition of a pecuniary penalty by the Chief Operations Officer in accordance with this Division.

(2) The maximum penalty that may be imposed by the Chief Operations Officer under subsection (1) is, in relation to a contravention of any provision of this Regulation enumerated in the Schedule, the amount shown opposite the number of the provision.

Penalties for contraventions of licence conditions

55(1) If a licensee contravenes a condition of a licence held by that licensee, whether the condition is contained in the licence or is a condition of the licence by reason of a provision of this Regulation, the Chief Operations Officer may impose on that licensee a pecuniary penalty in respect of that contravention in accordance with this Division.

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(2) The maximum penalty that may be imposed by the Chief Operations Officer under subsection (1) in respect of a contravention of a licence condition is \$500,000.

Procedures related to findings

56(1) If the Chief Operations Officer has reasonable grounds to believe that a contravention has occurred, the Chief Operations Officer may give to the person alleged to have committed the contravention a notice

(a) containing a description of the alleged contravention and of the evidence relied on as proof of the contravention;

(b) stating the maximum penalty that may be imposed for the alleged contravention if proven to the satisfaction of the Chief Operations Officer; and

(c) stating the rights of the person under subsection (2) and specifying a period of not less than 30 days within which the person must exercise a right under that subsection.

(2) A person to whom a notice is given under subsection (1) may, within the period specified in the notice,

(a) notify the Chief Operations Officer of the person's request for a hearing before the Chief Operations Officer at which the person may make representations and produce evidence related to the alleged contravention; or

(b) submit written representations and supporting evidence related to the alleged contravention to the Chief Operations Officer without a request for a hearing.

(3) Subject to subsection (4), the Chief Operations Officer may

(a) after conducting a hearing or considering representations and evidence submitted pursuant to paragraph (2)(b), make a finding that the person has or has not committed the contravention or that there is insufficient proof of the contravention; or

(b) after the period specified in the notice pursuant to paragraph (1)(c) has expired without any response received from the person to whom the notice was given, may make a finding that the person has committed the contravention.

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(4) The Chief Operations Officer may not make a finding that the person has committed a contravention pursuant to subsection (3) if the Chief Operations Officer is satisfied that

- (a) the person exercised due diligence to prevent the contravention;
- (b) the person reasonably believed in the existence of facts that if true would establish that the person did not commit the contravention; or
- (c) the person's actions relevant to the contravention were the result of an officially induced error.

Imposition of administrative penalty

57(1) If the Chief Operations Officer makes a finding of a contravention by a person pursuant to section 56, the Chief Operations Officer may impose an administrative penalty on that person not exceeding the maximum penalty specified for that contravention provided for in subsection 54(2) or 55(2), whichever applies.

(2) In determining the amount of an administrative penalty to be imposed on a person, the Chief Operations Officer shall consider the following:

- (a) previous administrative penalties imposed on that person;
- (b) the gravity and magnitude of the contravention;
- (c) the extent of the harm to others resulting from the contravention;
- (d) whether the contravention was repeated or continuous;
- (e) whether the contravention was deliberate;
- (f) any economic benefit derived by the person from the contravention; and
- (g) the person's efforts to prevent and correct the contravention.

Notice of administrative penalty

58 If the Chief Operations Officer imposes an administrative penalty on a person pursuant to section 57, the Chief Operations Officer shall give to the person a notice containing at least the following:

- (a) the Chief Operations Officer's finding respecting the contravention giving rise to the administrative penalty;

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- (b) the amount of the administrative penalty;
- (c) a statement that the administrative penalty must be paid to the Government within 30 days after the notice is given to the person;
- (d) the text of section 113 of the Act.

PART 7
CONSEQUENTIAL AMENDMENTS

Consequential amendments

59 Subsection 1(2) of the *Oil and Gas Licence Administration Regulations* is amended

- (a) by repealing “and” at the end of the paragraph (c); and
- (b) by replacing paragraph (d) with the following:
 - “(d) the Gas Processing Plant Regulation, and
 - (e) any other regulations under Part 3 of the Act.”

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SCHEDULE
GAS PROCESSING PLANT REGULATION

(Section 54)

**CONTRAVENTIONS AND MAXIMUM
ADMINISTRATIVE PENALTIES**

NOTE: The text in brackets following the numbered provisions is intended to indicate the content of those provisions for the convenience of the reader and shall not be construed to limit the scope of the respective provisions.

\$500,000 maximum

1 The maximum penalty that may be imposed pursuant to this Regulation for a contravention of any of the following provisions is \$500,000:

- section 5 [Compliance with CSA-Z276]
- subsection 6(3) [Compliance with orders and directions]
- section 18 [Design and specifications]
- section 20 [Construction requirements]
- subsection 25(1) [No commencement of operation without approval]
- subsection 33(5) [Co-operation with audit]
- subsection 37(3) [Deactivation]
- subsections 38(1) and (2) [Reactivation]
- subsection 39(3) [Abandonment]

\$250,000 maximum

2 The maximum penalty that may be imposed pursuant to this Regulation for a contravention of any of the following provisions is \$250,000:

- section 8 [Prescribed programs]
- section 21 [Safety]
- section 22 [Construction responsibilities]
- subsections 24(2) and (3) [Pressure testing]
- subsection 25(2) [Unauthorized operator]
- section 30 [Visitors]
- section 31 [Operations]
- section 32 [Inspections]
- section 35 [Alteration]
- section 41 [Throughput records]

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\$25,000 maximum

3 The maximum penalty that may be imposed pursuant to this Regulation for a contravention of any of the following provisions is \$25,000:

- section 19 [Construction contract requirements]

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