

Announcement of Amended Methane Regulation in Oil and Gas

Regulations Amending the Regulations Respecting Reduction in the Release of Methane and Certain Volatile Organic Compounds

These proposed Amendments targets key emissions from the upstream oil and gas sector by implementing facility and equipment level requirements:

- Comprehensive Inspection – Required once per quarter
- Screening Inspection – Required once per month

Record of inspections must be kept with the required details.

Repair must happen within a determined timeframe as a function of the leak flow rate:

- If the leak is < 1 kg/h, the repair must happen within 90 days
- If the leak is > 1 kg/h & < 10 kg/h, the repair must happen within 30 days
- If the leak is > 10 kg/h & < 100 kg/h, the repair must happen within 7 days
- If the leak is > 100 kg/h, the repair must happen within 24 hours

January 1, 2027 for all facilities

Hydrocarbon Gas Destruction Equipment – Equipment that is used at an upstream oil and gas facility.

Must have:

- Pilot flame
- Automatic ignition system
- Automatic flame failure detection system
- Must have a carbon conversion efficiency of at least 98%

*Exception for systems equipped with catalytic oxidation systems (for < 60m³/day of gas only)





January 1, 2027 for facilities increasing their gas production

2030 for all facilities

Flaring – Allowed to avoid serious risk to human health or safety arising from an emergency situation.

- o Otherwise, must be supported by an engineering study concluding that the use of the hydrocarbon gas to produce useful heat is NOT feasible.

January 1, 2027 for facilities increasing their gas production

2030 for all facilities

Venting Emissions – Hydrocarbon gas must NOT be vented from an upstream oil and gas facility.

All pressurized equipment: pneumatic devices, product tanks, separators, dehydrators and compressors must be connected to conservation or destruction equipment.

*Exceptions:

- o Planned equipment maintenance or temporary depressurization
- o To avoid serious risk to human health or safety arising from an emergency
- o Heating value of the hydrocarbon gas or its flow rate are insufficient for stable combustion
- o The use of hydrocarbon gas destruction/conservation equipment would prolong an interruption of gas supply to the public

January 1, 2027 for facilities increasing their gas production

2030 for all facilities





Continuous Monitoring System – A system of one or more sensors with equipment that is designed to continuously monitor hydrocarbon gas emissions at an upstream oil and gas facility.

When a continuous monitoring system is used, it must have:

- a 90% or greater probability of detecting hydrocarbon gas emissions at the facility that have a total flow rate of 1 kg/h or more
- its sensors provide readings within the frequency depending on the facility type
- it is equipped with an alarm that is triggered when the total flow rate of hydrocarbon gas emissions detected at the facility is 1 kg/h or more
- The calibration must ensure measurements with a maximum margin error of +/- 20%

Please do not hesitate to reach out to Crimson for assistance in navigating the new regulation. Crimson has comprehensive knowledge of regulatory compliance in these areas.

Proposed regulatory framework for methane emissions (Federal)

The Government of Canada is proposing to amend the existing federal regulations for methane emissions from the oil and gas sector in order to achieve at least a 75% reduction in oil and gas methane by 2030 relative to 2012.

The proposed amendments would achieve this goal by expanding the scope of the existing regulations to apply to a wider set of sources, eliminating exclusions, and driving as many individual sources as possible toward zero emissions:

- *Expanding application of the regulatory measures to apply to virtually all facilities potentially handling natural gas;*
- *Minimizing compliance through combustion, while ensuring that all combustion systems operate at maximum efficiency to address potential methane emissions;*
- *Expanding the application and intensity of inspection programs, including non-producing assets;*
- *Requiring non-emitting equipment when feasible;*
- *Including temporary activities in facility emission ceilings, and lowering these limits to absolute minimum levels; and*
- *Developing a comprehensive, nationally consistent emission monitoring and reporting system.*



A detailed source-by-source approach is available online, for the following:

- *Hydrocarbon Gas Conservation and Destruction Equipment*
- *Flaring*
- *General Facility Venting and Flaring*
- *Pneumatic Devices*
- *Fugitive Emissions*
- *Compressor Engine Exhaust*
- *Distribution Pipelines*
- *Planned Blowdowns*
- *Non-Producing Wells*
- *Glycol Dehydrators*
- *Liquids Unloading*

Canada Energy Regulator (CER)

Pipelines that cross provincial boundaries or the Canada-U.S. border are regulated federally by CER. The CER assesses applications for pipeline projects to determine whether the project is in the Canadian public interest. In determining whether a pipeline project should proceed, the Commission assesses, among other things, its economic, technical and financial feasibility, and the environmental and socio-economic impact of the project, as well as any impacts on Indigenous peoples.

CER regulates the complete life cycle of a pipeline or power line project. Regulations made under the National Energy Board Act (NEB) remain in force under the Canadian Energy Regulatory Act. The CER ensures energy is safely and efficiently transmitted through our country's pipelines and powerlines.

Crimson can assist with CER application to operate as well as application abandonment and post abandonment projects.





The Canada Energy Regulator's mandate, responsibilities and powers are established under the following acts and regulations:

- *Canadian Energy Regulatory Act*
- *Canada Oil and Gas Operations Act*
- *Canada Petroleum Resources Act (sections 28 and 35)*
- *Oil and Gas Operations Act*
- *Petroleum Resources Act*

Other Acts:

- *Access to Information Act*
- *Canada Labour Code (Part II Occupational Health and Safety)*
- *Canada-Newfoundland Atlantic Accord Implementation Act*
- *Canada-Nova Scotia Offshore Petroleum Resources Accord Implementation Act*
- *Canadian Environmental Assessment Act, 2012 (repealed)*
- *Canadian Environmental Protection Act, 1999*
- *Energy Administration Act*
- *Impact Assessment Act*
- *Mackenzie Valley Resource Management Act*
- *Northern Pipeline Act*
- *Official Languages Act*
- *Privacy Act*
- *Species at Risk Act*

