

October 1st, 2009

Chair Karen Goodings and Board of Directors
Peace River Regional District
Box 810
1981 Alaska Avenue
Dawson Creek, BC V1G 4H8

RE: 2008/2009 Commission Annual Site Restoration Report Release

Dear Chair Goodings and Board:

The BC Oil and Gas Commission (Commission) is pleased to present you and your contemporaries with the 2008/2009 Annual Site Restoration Report. The Commission, as regulatory authority, oversees oil and gas site restoration process through the application of regulations and rules, compliance and enforcement, and as a last resort the management of the Orphan Site Reclamation Fund.

This report details environmental and financial risks, reports performance targets, and provides professional assurance that the objectives and mandates of the Commission are being attained and reported to the public.

Some key highlights are as follows:

- From the inception of the Oil and Gas Commission in 1998 the difference between plugged to restored as a percentage of cumulative wells drilled in the province has been consistently managed to less than 10%.
- The vast majority of wells awaiting the final stage of restoration are linked to companies that have active operations in B.C. with adequate assets to cover potential liabilities.
- The Province, taxpayers and landowners (where there are assets on private land) are protected from environmental liability through;
 - Broad and retroactive provisions for responsibility of contamination clearly laid out in the *Environmental Management Act*,

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- Existing financial assessments against operators in the form of drilling deposits. This soon to be enhanced with a new Licensee Liability Rating assessment, and
- Established Orphan site tax collected from industry to be applied against sites where no owner exists.

The Site Restoration Report demonstrates the Commission's ongoing commitment to provide transparency in reporting on oil and gas process and activity in the province of British Columbia. Managing and reporting out on these activities promotes timely recovery of wellsite and facility locations by assuring land is returned to a productive state. The Commission continues to foster positive working relationships with the Ministry of Environment and partner agencies to assure the interests of the people of British Columbia are protected and the oil and gas industry is managed in a sustainable, accountable manner.

Yours truly,

Original signed by

Alex Ferguson
Commissioner and CEO
BC Oil & Gas Commission

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