

November 26, 2009

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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 Field Inspection Annual Report

Dear Colleague:

The BC Oil and Gas Commission (Commission) is pleased to present the 2008/2009 Field Inspection Annual Report (Report). The Commission, as regulatory authority, oversees industry compliance in regards to oil and gas activity by way of legislative, regulatory and permit-specific requirements. Compliance is enforced in part through inspections and other monitoring and enforcement activities.

The Report summarizes the 4,359 inspections performed, compliance and enforcement actions undertaken by Commission staff, and an overview of reported incidents and complaints received between April 1, 2008 and March 31, 2009. The Report 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:

- Incident reports received from industry allow for a cumulative awareness of operational and equipment needs, ensuring all necessary safety processes are in place to continually improve industry requirements.
- The Commission observes a 74.1% satisfactory site inspection rate compared to the ERCB at 76.5%. The Commission reported a 3.4% rate of serious overdue deficiencies while the ERCB overall percentage of high risk non-compliances was 2.0% in 2008.
- Over the 2008/09 fiscal year the Commission experienced a 5% decrease of reported incidents compared to 2007/2008. Additionally, there was a reduction in both level 2 and 3 incidents in the 2008/09 fiscal year compared to the previous year.

- The report details processes surrounding the new *Oil and Gas Activities Act* (OGAA), including risk rating systems. The enhanced enforcement framework will bolster regulatory authority and level consistency between provinces.

Compliance starts when the Commission receives an oil and gas application. The Commission oversees projects throughout their entire lifecycle to ensure public safety, protection of the environment, efficiency of operations and safe processes are upheld in the Province's oil and gas sector.

Yours truly,

Original signed by

Alex Ferguson
Commissioner and CEO
BC Oil & Gas Commission