

# **Auditor-general blasts oil and gas commission**

## **Government must ‘improve its oversight’: report**

By Scott Simpson, Vancouver Sun

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The British Columbia government is failing to meet its responsibilities to manage human health, environmental and financial risks associated with oil and gas resource development, according to a new report from B.C. Auditor-General John Doyle.

Doyle said the B.C. oil and gas commission must “improve its oversight” of oil and gas sites in order to adequately manage the risks of contamination during drilling, production and final site restoration.

Contaminants found at the sites include “various types of hydrocarbons, naturally occurring radioactive substances, trace metals, salts, various process chemicals and herbicides.”

Doyle said total corporate liability for site restoration at B.C.’s approximately 20,000 past and present wells exceeds \$1 billion.

Doyle noted that a junior exploration company pays only a single, onetime restoration deposit of \$7,500 -- although the minimum cost to restore just one individual well site is \$100,000.

Most companies clean up after themselves, but Doyle warned that the government has collected only a fraction of the money that would be needed to protect taxpayers in the event of a larger rate of default.

The auditor-general’s office first reviewed the government’s oversight of oil and gas contamination risks in 2002-03 -- and Doyle said he “had expected more progress.”

Doyle also said the oil and gas commission isn’t providing enough information on its oversight of the industry to allow either the B.C. legislature or the general public to determine if the industry is being properly managed.

However, in a phone interview, he said the commission has been working with his office to address issues he’s raising and expects to see more progress in the near future.

Oil and gas commissioner Alex Ferguson praised Doyle’s work and said the commission welcomed the criticism.

He noted that a new government act updating the commission’s mandate is expected to be introduced in a few months and said he is confident the act would address the concerns Doyle noted.

Some critics, however, said they found the report disturbing.

“It’s like the wild west up there,” Pembina Institute staff counsel Karen Campbell said in an interview. “I’m disturbed to see the results of the auditor-general’s report but I’m pretty pleased to see, and I’m grateful, that they are actually looking at this issue and trying to shine light on oil and gas practices.”

New Democratic Party energy critic John Horgan said he was concerned that the oil and gas commission doesn’t have the resources to protect the public’s interest.

“What I find most discouraging about this is that there doesn’t appear to be sanctions or consequences, or the capacity for the oil and gas commission to enforce the regulations that are [already] in place,” Horgan said.  
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