



February 12, 2009

INFORMATION LETTER # OGC 09-05

Subject: Reporting and Process Changes for Gas Well Testing with Associated Flaring

To: Industry Clients

Effective Date: March 1, 2009

Background:

The BC Oil and Gas Commission (Commission) requires all flaring associated with deliverability-type flow tests, clean-up flows and underbalanced drilling operations to be submitted utilizing the OGC Well Deliverability Test Report form (OGC_062_AOF) as per section 84(3) of the Drilling and Production Regulation. Additionally, the Ministry of Finance (Mineral, Oil and Gas Revenue Branch) requires well test volumes to be reported on BC-S1 Monthly Production Statements and BC-S2 Monthly Disposition Statements. The Commission assigns test facility codes to well test sites to enable reporting on the BC-S1 and BC-S2 reports. This process results in duplicate reporting and wastes valuable resources in assigning and tracking test facility codes.

Requirement:

- As of March 1, 2009, volumes flared during well tests should no longer be reported on BC-S1 and BC-S2 reports. Appropriate flaring and test data must continue to be reported utilizing only the OGC Well Deliverability Test Report form.
- The Commission will no longer assign test facility codes for gas well tests. However, test facility codes will continue to be used for underbalanced drilling operations when natural gas is used in the drilling process (Gas While Drilling). In this case, deliveries and receipts of gas between the underbalanced drilling test facility and the reporting facility should be reported on S2 reports. All under-balance drilling operations with associated flaring must also submit net-gas volumes and appropriate data via the OGC Well Deliverability Test Report form.
- BC11 Notices of Commencement or Suspension of Operations will continue to be required for test phases. Currently the facility code is a mandatory field on all BC11 notices. A field will be added to the BC11 to indicate whether the BC11 is for a Gas While Drilling operation. If the BC11 reports test status for a well, the facility code will only be mandatory if it also indicates Gas While Drilling.
- Condensate obtained during gas well tests must be reported to the Ministry of Finance (Mineral, Oil & Gas Revenue Branch) on the BC 08 Marketable Gas and By-Product Owner Allocations Reports in the Field Condensate Volume and Field Condensate Value fields. If a well has not been connected to a reporting facility during the month, no plant or facility codes are required. Allocated raw gas volume should be reported as zero.

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- In the event that gas from a well test is conserved through an existing or temporary pipeline, the volumes delivered will be reported at the existing reporting facility downstream of the well.

For more information regarding test facility codes please contact:

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For more information regarding well testing requirements and reporting procedures please contact:

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For more information regarding BC-S1 and BC-S2 reporting please contact:

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Original signed by:

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BC Oil and Gas Commission