



INLINE TESTING DIRECTIVE 2010-03

April 8, 2010



INLINE TESTING OF WELLS FLARE REDUCTION REQUIREMENTS

TO: INDUSTRY CLIENTS

EFFECTIVE DATE: IMMEDIATE

REQUIREMENT:

Effective immediately, inline testing is mandatory for all new wells located within 1.25 km of a residence and 3.0 km or less from pipeline infrastructure. Both distance conditions must be met in order for inline testing to be mandatory. Exemptions must be authorized by the Oil and Gas Commission (Commission) in writing.

New well permits will include this requirement as a condition of approval.

Factors to be considered by the Commission in requests for exemption shall include:

- a) Outcomes of consultation with adjacent residents within a 1.25 km radius of the well;
- b) Any safety issues or concerns identified by the Commission;
- c) Proximity of suitable infrastructure for well testing;
- d) Stratigraphic or pilot wells;
- e) Well classification (exploratory wildcat or exploratory outpost);
- f) Other factors or evidence deemed appropriate by the Commission.

This requirement is for inline testing only. The Commission recognizes that emergency flaring and periodic clean-up flares are still required.

BACKGROUND:

The BC Energy Plan established targets for the reduction and eventual elimination of routine flaring at oil and gas producing wells and production facilities. To meet these targets, the Commission developed the Flaring, Incinerating and Venting Reduction Guideline (Guideline), first published in early February 2008. Further development of this Guideline is expected this year.

Routine flaring is just one application for flaring; it is also used to manage and dispose of gas produced during well testing and well clean-up operations. While this Directive will lead to an overall reduction of flaring and

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incineration during well testing, it will not immediately reduce flaring or incineration associated with well clean-up operations.

Well completion clean-up flaring continues to be critical for the long-term, safe operation of wells and gathering systems. Well clean-up flaring is vital for removing components introduced during stimulation operations that are not suitable for introduction into a pipeline.

These activities may utilize considerable associated volumes of water, energy assist (i.e. CO₂ or N₂) and sand. Proper clean-up minimizes potential consequences, such as piping erosion from sand and processing plant upsets. Processing plants are not typically designed to adequately receive completion fluids, and plant upsets result in additional flaring at the plant as well as lost production.

The Commission notes that inline testing of wells provides one opportunity to effectively reduce flaring, specifically for well tests. It should be used in areas where the flow of gas during well testing can be directed into existing infrastructure via new or temporary pipelines, while meeting safety, product quality and economic objectives. Inline testing also meets the Commission's goal of resource conservation and can reduce the duration and extent of flaring for new wells.

The Commission's intent with this Directive is to address resource conservation issues and public concerns of air quality and visual impacts, without jeopardizing the safety of operations and the public.

Should you have any questions regarding this Directive, please contact:

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