

Speaking Notes for Betty Pirs

PIASS 2005

Thank you for those kind words of introduction.

This is the third year in a row that I have had the opportunity to participate in your conference and I now regard it as a welcome rite of spring.

Usually I start my presentations with a setting of the big picture of what is going on at the Board – or with some commentary about the state of your industry. And I will get to some of that shortly.

This time I want cut to the chase by focusing on something very specific. I'm going to do that by means of a very short flash video of an accident investigation concerning an incident with Hydrogen Sulfide. As I said last year on this very same topic, when it comes to any accident regarding H₂S, incident is far too benign a word to use.

Take a look and see what I mean.....

[Betty plays presentation]

This audio slideshow is a new technique the WCB of BC is prototyping for use on our website, to better communicate and share information about accidents, and how to prevent them. You are one of the first audiences to see this new approach.

You can see why we find these types of accidents so frustrating and so frightening.

Not to belabour the point too much but the fact is - you can't belabour these points enough – it is essential that your workers – your contractors and subcontractors - are properly trained. Properly trained in matters of venting, in proper use of equipment, in emergency procedures and in the use of personal protective equipment and alarms. BC's

Regulation is very clear on these matters. It is the producer's responsibility to see that all the training and equipment are in place.

Before I leave the subject there is one other matter to bring to your attention. Since so many oil and gas workers move freely between BC and Alberta, they may not be aware that where the parts per million limit of H₂S is 20 here in Alberta, in BC it's 10. I raise this only because it is critical that their alarms are calibrated properly. Of course, the real limit we would like to see all the time is 0 exposure.

This is our H₂S Hazard Bulletin. It is a good educational tool for your workers and supervisors. There is a whole stack of them in our booth – feel free to take away as many as you like. You can also download the bulletin from our website.

A few months ago, we had two high profile fatalities in the sector – both of which point to crew inexperience and lack of proper risk assessments being performed on each of the sites. Both incidents had significant training components that needed attention.

The first fatality occurred while a rig was drilling a surface hole. At about 165 meters workers encountered a large volume of high pressure shallow gas. This resulted in an uncontrolled release of gas to the surface culminating in a blow-out and well fire. All workers - except for the derrick man - were able to evacuate the burning rig. Since he was unable to access the escape system, the derrick man tried to leave the rig by means of a climb assist cable. During this process he fell onto the tubular and then to the ground - succumbing to his injuries.

The producer's obligation is to do a risk assessment prior to conducting drilling operations. An assessment that outlines the potential risks and hazards associated with the operation. This includes a responsibility to ensure that appropriate safe work procedures are developed and implemented. These procedures must include such factors as the number of workers needed, safe guards to follow and equipment required.

In the matter of blowout prevention, prior to setting of surface casing when the BOP

system is installed, the producer needs to consider two key safe guards.

The first is the use of diverter systems as recommended by the PITS well control training manual. The second concerns the use of gas detection systems that will allow the drilling rig crew to be warned of the presence of methane gas and accordingly take appropriate actions. Geology is not an exact science, so the best defence is to prepare for and expect the unexpected.

The second fatality occurred when two derrick men were in the process of moving new and used down-hole drilling tools back onto a cat walk. They were using a forklift with a telescoping boom. On attempting a third lift, as the derrick man who was helping with the rigging process was about to remove a chain from the drilling tool, the forklift tilted forward dropping the grapple onto the worker. This worker later died as a result of his crushing injuries.

Neither of these workers had received adequate training for the operation of the forklift or for their rigging activities. There is an applicable CSA Standard [B335-94] that outlines the base level of training for Industrial Lift Truck Operators, however, more specific training may be required for the type of equipment being used. As well, any workers involved in rigging operations must be properly instructed in the use of the rigging and proper signals.

This past winter season in BC has been one of the busiest seasons on record with a large influx of new workers; workers without experience. The obligation of the employer to provide adequate training, education and supervision of workers is quite clear.

Of course, what is so frustrating about all these accidents is that they were all so preventable – so easily preventable - with a little training, forethought, and attention to detail.

Now let me turn to the bigger – and somewhat better picture for your sector.

To say that you are a growing industry for BC is an understatement.

Our numbers show that as of late February we had over 2,000 [2,059] active employers in your sector on our books. Your numbers show that in 2003/2004 a record \$4 billion dollars was invested in northeastern B.C. in the hunt for new gas reserves. This represented an increase of 112% from two years earlier. Last year 1277 wells were drilled in the region, [including 893 successful gas wells] with production exceeding a trillion cubic feet annually¹

Even with this huge increase in activity the health and safety news for Oil and Gas remain pretty good. Your overall injury rate has consistently been better than the provincial average.

Your fatalities remain a concern. We regard one fatality as one too many and there have already been two this year.

On the other hand your short term disability duration measured in days remains consistently and substantially above the provincial average. More than double in fact.

Your serious injury claims are also moving in the wrong direction in absolute numbers. Now it would be easy to explain the increased numbers by virtue of increased activity. And from a statistical perspective perhaps that is a factor. That said, fatalities and serious injuries are not just numbers on a page. They are the very real flesh and bone of bodies being burnt, crushed or killed.

And they are costing you money.

¹ Oilweek Magazine February 7, 2005 Land of Promise The Near Frontier in Northeastern B.C. Filling In the Gas Gap. Page 31

Average claim costs paid to date between 2000 and 2004 for serious injuries are about five times higher than other claims in the industry.

One of the other areas we continue to have a major concern with - is vehicle accidents. Inexperienced drivers – mostly male -- mostly young – are driving too fast on narrow dangerous roads. By definition they represent disaster waiting to happen.

I want to encourage you to go to hear a colleague of mine, Bert O'Brien, who is sharing the stage with Corporal Steven Wiles of the RCMP. This afternoon, they'll discuss Project INFORM, which is a component of BC's TruckSafe initiative. The project was launched by Fort St. John RCMP. The Board became involved soon thereafter. It is a program that reacts to alleged violations involving "any" work related motor vehicle. It reports its findings to the motor vehicle owners and the employer as the case may be. Not to steal their thunder, let me just make two observations that have specific impact on you as employers. First you will be surprised at the contributing factors to an accident in the north as compared to the factors measured province-wide. And secondly, you should be aware of the potential negative impact on a company's COR status that can result from consistent bad driving practices that result in accidents. I urge you to go and listen to their eye opening presentation.

Now I can turn to some very good news for you on a number of fronts. Last year the WCB's Board of Directors accepted a new strategic plan which will take us through the next few years. The first of the five strategic initiatives is entitled "Keeping the Health and Safety Promise".

This means that preventing accidents, illness and injury by having the safest workplaces will be at the core of everything we, as a Board, do.

Two initiatives, one new - one ongoing, will have an impact at those worksites.

First, the new one. In late April [April 28] our Senior Executive Committee approved industry funding to support PITS to deliver the evaluation and certification program for existing oil and gas fallers.

BC's OHS *Regulation* [Section 26.22 (1) and Section 26.22 (2)] requires workers who fall or buck trees to be qualified by meeting standards acceptable to the Board. It allows experienced fallers to receive certification without completing formalized training provided they demonstrate their competence. Also, any new worker falling trees greater than six inches in diameter must be trained to the same standard. These standards are outlined in the BC Faller Training Standard.

The petroleum industry will structure its faller certification process with industry evaluators with the goal of having all existing petroleum industry fallers certified or having made application for certification by July 31, 2006. It is believed there are at least 2000 fallers in the petroleum industry who will apply to be evaluated in this program. So if you are an experienced faller, you may want to visit the WCB or PITS booths for more information and to pick up an application form.

The ongoing initiative is the Certificate of Recognition program.

We know that more than 175 Oil and Gas employers have achieved BC COR status with total rebates now exceeding \$171,000 dollars.

And it has been extended and is now a five year program with annual renewals for budget processes. That is good news in and of itself of course. My heartiest congratulations goes to PITS who administers the program and to all those who worked so hard to gain COR status.

It has been so gratifying to see the take-up rate on COR and not just by companies in the sector who are eligible for rebates - but also by those companies who serve the sector and see that just having COR status is a good thing for business. It gives them the basic preparation and ensures due diligence around safety performance.

So successful has been the oil and gas COR - and our initial COR program for the road builders in BC - that we are now looking at expanding the concept into other sectors. In fact, we have just recently approved another COR for general construction.

The great success of the COR program has coincided with a broader suite of incentive considerations the WCB of BC is now examining. But in the meantime the Board of Directors has said -- continue bringing pilot proposals forward -- we don't want to stop. We think this is good news for the province when sectors take ownership of their own health and safety.

We will look to broaden industry driven programs via the current COR mechanism. We are looking at successful models like the Oil and Gas COR and asking ourselves how we might apply similar models to other areas of industry and activity. All with the end goal of reducing accidents and injuries, not to mention your assessment rates.

Incidentally, we also continue to be very supportive of the IRP process and the industry standards that you are setting. You are to be congratulated for your initiatives with IRPs and we are pleased to be your partner in their development.

So all that said, with your involvement in COR, your successful IRP process, and many other initiatives, you can take great pride in providing such a leadership role for other sectors. For our part we are undertaking broad consultations throughout the province. Over this past month we have been meeting with hundreds of industry representatives to discuss the very options I have been alluding to. So stay tuned.

Before I conclude, I want to mention one key person.

Your industry has long told us you want an Account Manager up here in the northeast to work with your firms, particularly at the worksite level to assist with any claims or assessment specific issues your firms might have. We listened to you and we think you are right. We have an Account Manager already working from our Prince George office

and available to you. Some of you may have already met him – his name is Rick Denault. Rick where are you? Why don't you stand up so our oil and gas friends can associate a name with a face? --- I'm thinking your phone will be ringing a little after today Rick!

Let me just conclude with the acknowledgement that your sector is growing by leaps and bounds - with no sign of letting up – there is going to be a tremendous ripple affect to the northeastern economy and social structure. With so much money and so many workers pouring into the area, there are going to be growing pains. We who are concerned with health and safety – both at the Board and those of you who play a similar role in your sector - will have to pay close attention to what is going on.

To a large extent we can take our cue from this year's conference theme – “It's all about attitude.” And it really is. We get complacent at our peril. But I know that collectively we are not going to let complacency cloud our attitudes at all and we will continue to be vigilant about the health and safety of the workers who support this great industry.

Thank you very much.