PROVINCE OF BRITISH COLUMBIA

ORDER OF THE LIEUTENANT GOVERNOR IN COUNCIL

Order in Council No. 571 *, Approved and Ordered* August 30, 2024

Lieutenant Governor

Executive Council Chambers, Victoria

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and consent of the Executive Council, orders that, effective September 1, 2024, the Petroleum and Natural Gas Royalty and Freehold Production Tax Regulation, B.C. Reg. 495/92, is amended as set out in the attached Appendix 1.

Minister of Energy, Mines and Low Carbon Innovation

Presiding Member of the Executive Council

(This part is for administrative purposes only and is not part of the Order.)

Authority under which Order is made:

Act and section: *Petroleum and Natural Gas Act*, R.S.B.C. 1996, c. 361, ss. 73, 81 and 133

Other: OIC 1854/92

R20674516

APPENDIX 1

1 ***Section 1 (1) of the Petroleum and Natural Gas Royalty and Freehold Production Tax Regulation, B.C. Reg. 495/92, is amended***

(a) by repealing the definition of **"initial production period"** ***and substituting the following:***

"initial production period" means,

(a) in relation to a gas well event, the period that

(i) begins on the first day of the first producing month, and

(ii) ends on the last day of the producing month in which the gas well event reaches 8 760 production hours, and

(b) in relation to an oil well event, the period that

(i) begins on the first day of the first producing month, and

(ii) ends on the last day of the producing month in which the oil well event reaches 4 380 production hours;***, and***

(b) in the definition of **"production hour"** ***by striking out "***gas well event***" in both places and substituting "***well event***".***

2 ***Section 1 (7) is repealed and the following substituted:***

(7) Despite the definition of "producer cost of service allowance" in subsection (1),

(a) in the case of a gas well event in a well that has a spud date of or after September 1, 2022, the producer cost of service allowance for the gas well event is zero for the initial production period,

(b) in the case of a gas well event described in section 6 (1.9), following the initial production period, the producer cost of service allowance for the gas well event is zero for the subsequent period referred to in section 6 (1.8) (a), and

(c) in the case of an oil well event in a well that has a spud date of or after September 1, 2024, the producer cost of service allowance for the oil well event is zero for the initial production period.

3 ***Section 5 is amended by adding the following subsection:***

(1.2) In the case of an oil well event in a well that has a spud date of or after September 1, 2024, despite subsection (1.1), the royalty or tax percentage rate for oil produced from the oil well event, other than oil in a class of oil specified in Column 1 for item 7, is 5% for the initial production period.

4 ***Section 6 is amended***

(a) in subsection (1.7) (b) by adding "subject to subsection (1.8) (b),***" before "***subsection (1.3) (a) does not apply***",***

(b) by adding the following subsections:

(1.71) In the case of an oil well event in a well that has a spud date of or after September 1, 2024,

(a) despite subsection (1), the royalty or tax percentage rate for natural gas and natural gas by-products produced from the oil well event is 5% for the initial production period, and

(b) subsection (1.3) (a) does not apply in relation to the oil well event until the initial production period has ended.

(1.8) In the case of a gas well event described in subsection (1.9),

(a) following the initial production period and despite subsection (1), the royalty or tax percentage rate for natural gas and natural gas by-products produced from the gas well event is 5% for a subsequent period that

(i) begins on the first day of the producing month immediately following the initial production period, and

(ii) ends on the last day of the producing month in which the gas well event reaches 3 647 production hours, and

(b) subsection (1.3) (a) does not apply in relation to the gas well event until that subsequent period has ended.

(1.9) For the purposes of subsection (1.8), a gas well event must be a gas well event in relation to which all of the following apply:

(a) the gas well event is in a well that has a spud date of or after September 1, 2024;

(b) natural gas has been produced from the gas well event during the initial production period;

(c) the amount determined in relation to the gas well event by applying the following formula is less than 0.05618:

$$\text{amount} = \frac{\text{condensate volume}}{\text{natural gas volume}}$$

where

condensate volume	=	the total volume of pentanes plus and other condensates recovered from natural gas produced from the gas well event in the initial production period, expressed in m^3;
natural gas volume	=	the total volume of natural gas produced from the gas well event in the initial production period, measured after field separation but before processing and expressed in 1 000 m^3

, and

(c) in subsection (6) by striking out "subsection (1), (1.4) or (1.7)***" and substituting "***subsection (1), (1.4), (1.7), (1.71) or (1.8)***".***