**IMPORTANT INFORMATION**

B.C. Reg. 363/98 Deposited October 23, 1998

O.C. 1348/98 effective October 23, 1998

# Oil and Gas Commission Act

# Oil and Gas Commission Levy and Orphan Site Reclamation Fund Tax Regulation

[includes amendments up to B.C. Reg. 285/2009, February 1, 2010]

***Contents***



### Definitions and interpretation

**1** (1) In this regulation:

**"Act"** means the *Oil and Gas Commission Act*;

**"billing month"**, in relation to an invoice issued by the collector under section 4 (1), means the calendar month in which the invoice is issued;

**"collector"** means the collector under section 2;

**"cubic metre"** means cubic metre as defined in section 1 of the *Petroleum and Natural Gas Act*;

**"levy rates"** means the rates calculated in accordance with section 3;

**"marketable gas"** means natural gas that is available for sale for direct consumption as a domestic, commercial or industrial fuel, or as an industrial raw material, or is delivered to a storage facility, whether it occurs naturally or results from the processing of natural gas;

**"natural gas"** means natural gas as defined in section 1 of the *Petroleum and Natural Gas Act*;

**"petroleum"** means petroleum as defined in section 1 of the *Petroleum and Natural Gas Act*;

**"producer"** means producer as defined in section 22 (1) of the Act;

**"tax"** means the tax imposed under section 6.4 of the Act.

(2) In the Act and in this regulation:

**"operator"** means

(a) a person entitled to produce and dispose of petroleum and natural gas from a well under the *Petroleum and Natural Gas Act*,

(b) the owner responsible to the commission for the drilling, completion, production and abandonment of a well or test hole or the general construction, operation and reclamation of any production facility or plant covered by the *Petroleum and Natural Gas Act*, or

(c) in relation to a pipeline, a person or corporation having authority under the *Pipeline Act* or a special Act to construct or operate pipelines to transport oil, gas or solids;

**"production month"**, in relation to a billing month, means the calendar month listed in Column 2 opposite that billing month listed in Column 1 of the following table:

| COLUMN 1<br>(*Billing Month*) | COLUMN 2<br>(*Production Month*) |
|---|---|
| October | August |
| November | September |
| December | October |
| January | November |
| February | December |
| March | January |
| April | February |
| May | March |
| June | April |
| July | May |
| August | June |
| September | July |

[en. B.C. Reg. 184/2003, s. 2; am. B.C. Regs. 184/2003, s. 1; 3/2006, s. 2.]

**Collector designated**

**2** The royalty administrator appointed under section 73 (3) of the *Petroleum and Natural Gas Act* is designated as the collector of the levies and taxes payable under this regulation.

[am. B.C. Regs. 3/2006, s. 3; 71/2006.]

**Levy rates**

**3** For the purposes of section 22 (5) of the Act, each producer must pay the following levy:

(a) $1.42 per cubic metre of petroleum;

(b) $0.71 per 1 000 cubic metres of marketable gas.

[am. B.C. Regs. 194/2004; 188/2005; 71/2006; 79/2007; 114/2009; 285/2009.]

**Levy payment**

**4** (1) The collector must invoice, on a monthly basis, each producer for an amount equal to the aggregate of the following calculations:

(a) the marketable gas levy rate applicable in the billing month multiplied by the volume of marketable gas produced by that producer in the preceding production month;

(b) the petroleum levy rate applicable in the billing month multiplied by the volume of petroleum produced by that producer in the preceding production month.

(2) The period of time to be considered by the collector for purposes of determining production volume under subsection (1) (a) or (b) is the period beginning at 12:00 a.m., Mountain Standard Time, on the first day of the production month referred to in the applicable provision and ending at the same time on the first day of the next calendar month.

(3) A producer who receives an invoice from the collector must, within 15 business days of receiving the invoice, pay to the collector, at the address that the collector may from time to time specify, the amount stated in the invoice.

(4) If a producer is not in agreement with the amount invoiced by the collector, the collector must review the invoice if, within 90 days of the date the collector delivered or faxed the invoice to the producer, the producer delivers or faxes to the collector a request for a review with reasons for the disagreement and any supporting documentation.

(5) A producer who requests a review under subsection (4) is not exempted from the requirement to pay under subsection (3).

(6) If the collector reviews an invoice under subsection (4) and determines that the position of the producer is correct, the collector must

(a) invoice the producer for any additional levy owing, or

(b) credit the producer, on the next invoice, for any overpayment.

(7) If a levy payment is not made within the time period set out in subsection (3), the collector may impose on the producer a penalty of $50 or 5% of the unpaid invoice amount, whichever is greater.

(8) If a penalty is assessed under subsection (7), the collector must give notice of that penalty to the producer at the earliest opportunity.

(9) If the production volumes used to invoice a producer under subsection (1) are adjusted after the invoice has been sent, the collector must

(a) invoice the producer for any additional levy owing, or

(b) credit the producer, on the next invoice, for any overpayment.

(10) If a producer fails to pay an invoice from the collector within 45 days after receiving the invoice, any permit, licence or lease granted to the producer under the *Petroleum and Natural Gas Act* may be suspended or cancelled on 60 days' notice to the producer.

**Manner of payment of orphan site reclamation fund tax**

**5** (1) Words and expressions used in this section and sections 6 and 7 but not defined in those sections have the same meaning as in the *Petroleum and Natural Gas Act*.

(2) For the purposes of sections 6.2 and 6.3 of the Act, each producer must pay the tax at the appropriate tax rate under section 6.4 (2) of the Act in the manner set by this regulation.

[en. B.C. Reg. 3/2006, s. 4.]

### Applications for compensation by landowners

**6** (1) An application for compensation must be submitted to the commission by the landowner in the form and including the information required by the commission.

(2) The application must be accompanied by the following:

(a) a copy of the surface lease agreement or order of the board that imposed a surface lease agreement;

(b) evidence of when the last payment under the surface lease agreement was made to the landowner;

(c) a claim for the overdue payments owed under the surface lease agreement by the operator to the landowner;

(d) evidence showing the efforts made by the landowner to obtain payment of outstanding amounts owed under the surface lease agreement.

(3) In respect of a site designated under section 6.2 (5) of the Act, compensation must be paid in the amount of the sum of the amounts calculated under the following paragraphs:

(a) in respect of the period before the designation of a site under section 6.2 (5) of the Act, the lesser of

(i) the overdue payments under the surface lease agreement, and

(ii) $50 000;

(b) in respect of the period from the designation of a site under section 6.2 (5) of the Act to the date of a certificate of restoration issued for the site, the annual payments under the surface lease agreement.

[en. B.C. Reg. 3/2006, s. 4.]

### Application of section 4 to sections 5 and 6

**7** For the purposes of sections 5 and 6,

(a) section 4 (1) applies as if the references to "marketable gas levy rate" and "petroleum levy rate" were references to the tax rates set under section 6.4 (2) (a) and (b) of the Act respectively,

(b) section 4 (2) to (5), (8) and (10) applies, and

(c) section 4 (6), (7) and (9) applies as if the references to "levy" were references to "tax".

[en. B.C. Reg. 3/2006, s. 4.]

[Provisions of the *Oil and Gas Commission Act*, S.B.C. 1998, c. 39, relevant to the enactment of this regulation: sections 6.5 and 22]