

**PROVINCE OF BRITISH COLUMBIA
ORDER OF THE LIEUTENANT GOVERNOR IN COUNCIL**

Order in Council No.

282


, Approved and Ordered **MAY - 8 2008**




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 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.



Minister of Energy, Mines and Petroleum Resources

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, s. 73

Other (specify):- order in council 1854/92

March 28, 2008

R/285/2008/88

APPENDIX

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 definitions of “discovery oil” and “discovery well” and substituting the following:

“discovery oil” means oil produced from an oil well event that is completed in a new pool discovery well after June 30, 1974;

“discovery well” means an oil well event within a discovery well as defined in the Drilling and Production Regulation; ,

(b) in the definition of “gas cost allowance” by striking out “sales line that” and substituting “sales line that is not within a net profit royalty project ring fence,”

(c) by repealing the definition of “gas well event” and substituting the following:

“gas well event” means

(a) all completions in a zone that are not within a net profit royalty project, for a well that has a primary product of natural gas, or

(b) all completions in zones that are not within a net profit royalty project in a well that has a primary product of natural gas and is subject to a commingling approval from the Oil and Gas Commission under section 41 (2) of the Drilling and Production Regulation; ,

(d) in the definition of “natural gas by-products” by adding “that has been produced from a well event” after “raw natural gas”,

(e) in the definition of “natural gas liquids” by adding “that has been produced from a well event” at the end,

(f) by adding the following definitions:

“net profit royalty project” has the meaning given to it in the Net Profit Royalty Regulation;

“project ring fence” has the meaning given to it in the Net Profit Royalty Regulation;

“net profit royalty well event” has the meaning given to it in the Net Profit Royalty Regulation; ,

(g) in the definition of “new oil”

(i) in paragraph (a) by adding “produced” after “third tier oil,”

(ii) in paragraph (b) by striking out “incremental oil other than” and substituting “incremental oil produced from an oil well event other than”, and

(iii) in paragraphs (c) and (d) by adding “produced” before “from an oil well event”,

(h) in the definition of “non-conservation gas” by adding “produced from a well event” after “natural gas”,

- (i) *in the definition of “oil well event” by adding “other than completions in a zone that are within a net profit royalty project” at the end,*
- (j) *in the definition of “old oil” by adding “produced from an oil well event” after “means oil”,*
- (k) *by repealing the definition of “posted minimum price” and substituting the following:*

“posted minimum price” means, for each calendar month, a price, set by the administrator in relation to a group of natural gas processing plants, dry gas sources and net profit royalty projects under the authority of section 2 (4), for marketable gas that becomes available for disposition during that month from that group of natural gas processing plants, dry gas sources and net profit royalty projects; ,
- (l) *in the definition of “producer price” by striking out “at each natural gas producing plant or dry gas source”,*
- (m) *by repealing the definition of “revenue sharing gas” and substituting the following:*

“revenue sharing gas” means natural gas produced from a well event the royalties from which are to be shared under the terms of the revenue sharing agreement applicable to that natural gas; ,
- (n) *in the definition of “revenue sharing oil” by adding “produced from an oil well event” after “means oil”,*
- (o) *in the definition of “sulphur” by adding “that has been produced from a well event” at the end,*
- (p) *in paragraph (a) of the definition of “tax share” by striking out “production volume” and substituting “volume of oil produced from the oil well event”, and*
- (q) *in paragraph (b) of the definition of “third tier oil” by adding “oil produced from an oil well event that is” before “incremental oil”.*

2 Section 2 (4) is repealed and the following substituted:

- (4) For the purpose of determining posted minimum prices, the administrator may, by order,
 - (a) designate one or more groups of natural gas processing plants, dry gas sources and net profit royalty projects, and
 - (b) include as members of any group designated under paragraph (a) any one or more of natural gas processing plants, dry gas sources and net profit royalty projects.

3 Section 4 is amended

(a) in subsection (1)

- (i) *in paragraph (a) by adding “from an oil well event” after “oil produced”,*

- (ii) *in paragraph (b) by adding “produced from a well event and” after “marketable gas”, and*
 - (iii) *in paragraph (c) by adding “produced from a well event and” after “by-products”, and*
- (b) *in subsection (4) by striking out “and” at the end of paragraph (c) and by adding the following paragraph:*
 - (c.1) the well does not have a completion in a zone that is within a net profit royalty project, and.
- 4 *Item 2 of section 5 (2) is amended in Column 1 by adding “produced from an oil well event” after “Oil”.*
- 5 *Item 1.2 of section 6 (1) is amended in Column 1 by striking out “, and marginal gas” at the end.*
- 6 *Section 8 (1) is amended*
 - (a) *by striking out paragraphs (f) and (g) and substituting the following:*
 - (f) every operator of a facility to which a well event is connected must, on or before the 20th day of the calendar month after the calendar month in which the well event is connected to the facility or in which a change in producers’ interests in the well event is effective, file a report indicating the producers’ interests or the change in producers’ interests in the natural gas and oil produced from the well event;
 - (g) every operator of a unitized operation for which there is a unitization agreement under which royalty is determined in relation to a tract according to production volumes allocated to that tract under the agreement, must, on or before the 20th day of the second calendar month after the calendar month in which there is a change in producers’ interests in the natural gas or oil allocated to a tract, file a report indicating the change in producers’ interests in the tract; , and
 - (b) *in paragraph (h) by adding “that is not located within a project ring fence” after “producer-owned sales line”.*
- 7 *Section 8 (4) is amended by adding “, in the form and manner and for the times requested” after “provide”.*
- 8 *Section 8 (5) is amended by adding “working” after “10th”.*
- 9 *Section 9 (3) (b) is repealed and the following is substituted:*
 - (b) in any other case, not more than 72 months after the last day of the producing month to which the assessment or reassessment relates.