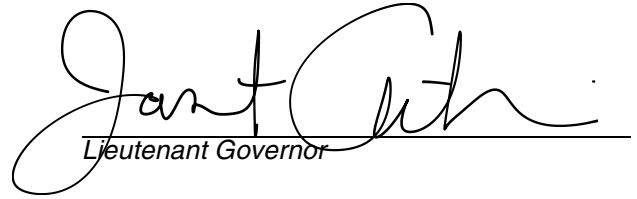


PROVINCE OF BRITISH COLUMBIA
ORDER OF THE LIEUTENANT GOVERNOR IN COUNCIL

Order in Council No. 263

, Approved and Ordered May 19, 2022


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, 2022, the Petroleum and Natural Gas Royalty and Freehold Production Tax Regulation, B.C. Reg. 495/92, is amended as set out in the attached Schedule.



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, 80 and 81*

Other: *OC 1854/92*

R10602018

SCHEDULE

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

- (a) in paragraph (a) of the definition of “deep re-entry well event” by striking out “alteration application” and substituting “amendment application approved by the commission before September 1, 2022”,**
- (b) by adding the following definition:**
 - “initial production period”,** in relation to a gas well event, means the period that
 - (a) begins on the first day of the first producing month, and
 - (b) ends on the last day of the producing month in which the gas well event reaches 8 760 production hours; ,
- (c) in the definition of “pay” by striking out “Oil and Gas Commission” and substituting “commission”,**
- (d) by adding the following definition:**
 - “production hour”,** in relation to a gas well event, means an hour in which any quantity of oil or natural gas is produced from the gas well event; , **and**
- (e) in the definitions of “re-entry date” and “spud date” by striking out “Oil and Gas Commission” and substituting “commission”.**

2 Section 1 is amended

- (a) in subsections (4) (d) and (6) (e) (i) by adding “and before September 1, 2022” after “May 31, 1998”,**
- (b) in subsection (5.2) (a) by striking out “and” at the end of subparagraph (iv), by adding “and” at the end of subparagraph (v) and by adding the following subparagraph:**
 - (vi) the well event is in a well that has a spud date before September 1, 2022; ,
- (c) in subsection (5.2) (b) by striking out “and” at the end of subparagraph (ii) (B), by adding “and” at the end of subparagraph (iii) and by adding the following subparagraph:**
 - (iv) the well event is in a well that has a spud date before September 1, 2022. ,
- (d) in subsection (6) (e) (ii) by adding “and before September 1, 2022” after “December 31, 2005”, and**
- (e) by adding the following subsection:**
 - (7) Despite the definition of “producer cost of service allowance” in subsection (1), 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.

3 Section 6 is amended

(a) in subsection (1) by striking out “(1.4), (1.5) and (1.6)” and substituting “(1.21) and (1.3)”;

(b) in subsection (1.2) by striking out “that is not a marginal well event or an ultramarginal well event and that is not part of a coalbed methane project,” and substituting “described in subsection (1.21)”;

(c) by adding the following subsection:

(1.21) For the purposes of subsection (1.2), a well event must be a well event that

- (a) is in a well that has a spud date before September 1, 2022,
- (b) is not a marginal well event or an ultramarginal well event, and
- (c) is not part of a coalbed methane project. ,

(d) in subsection (1.4) by striking out “If natural gas” and substituting “Despite subsection (1), if natural gas”;

(e) by adding the following subsection:

(1.7) In the case of a gas well event in a well that has a spud date of or after September 1, 2022,

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

(f) in subsection (2) in Column 1 of Item 3 by adding “and before September 1, 2022” after “November 30, 2003”, and

(g) in subsection (6) by striking out “The royalty rate and tax rate, or the exemption from royalty and tax payable, as specified in subsections (1) and (2) respectively” and substituting “The royalty or tax percentage rate specified in subsection (1), (1.4) or (1.7), as the case may be, and the exemption from royalty and tax payable specified in subsection (2)”.