

March 18, 2009

INFORMATION LETTER # OGC 09-10

Subject: Amendments to Application Fees and the Petroleum and Natural Gas Levy Rates

To: Industry Clients

Requirement:

Effective April 1, 2009 the fees as established in section 2 of the Petroleum and Natural Gas General Regulation are changed as follows:

- a) for an application for a well authorization under section 15 (6) of the Drilling and Production Regulation: \$10,300, plus an additional \$8,000 if the applicant has not previously applied for a well authorization;
- b) for an application for a project approval under section 3 (1) of the Geophysical Exploration Regulation: \$1,650; for a revised application for a project approval: \$700;
- c) for an application to change a well name under section 13 (3) of the Drilling and Production Regulation: \$200;
- d) for an application to transfer a well authorization under section 16 of the Drilling and Production Regulation: \$200;
- e) the fees for an application for a test hole or a geophysical licence are discontinued.

Effective April 1, 2009 the fees as established in section 20 of the Pipeline Regulation are changed as follows:

- a) for an application to construct a pipeline under section 11 of the *Pipeline Act*:
 - i.) for pipelines with an outside diameter of less than 152 millimetres, \$900 plus \$200 per kilometre of pipeline;
 - ii.) for pipelines with an outside diameter of 152 millimetres or greater, \$1200 plus \$400 per kilometre of pipeline;
- b) for an amendment of an application to construct a pipeline: \$700;
- c) for an approval to sell, assign, transfer, convey or lease a pipeline, or to amalgamate its pipeline with that of another company or to contract the operation of its pipeline to another company: \$200;
- d) an annual fee of:
 - i.) \$50 per kilometre of pipeline registered by a company, if the outside diameter of the pipeline is less than 152 millimetres;
 - ii.) \$60 per kilometre of pipeline registered by a company, if the outside diameter of the pipeline is 152 millimetres or greater.

Effective July 1, 2009 levy rates for petroleum and marketable gas production, as established in the Oil and Gas Commission Levy and Orphan Site Reclamation Fund Tax Regulation are changed as follows:

- a) \$1.09 per cubic metre of petroleum, and
- b) \$0.55 per 1000 cubic metres of marketable gas.

The changes to the fees and levies in 2009 respond to increases in the Commission's expenses over the past two years since the last adjustments to the fees and levies. In particular, the numbers of employees, compensation and cost of support services have all increased.

New facilities have been opened in Fort Nelson and Dawson Creek to improve the Commission's ability to serve activities associated with the Horn River and Montney developments. Changes to fees under the *Pipeline Act* will better balance the Commission's revenues and costs associated with that sector.

With the agreement of industry, payments to the Science and Community Environmental Knowledge fund will be suspended for fiscal 2009 – 2010.

If you have any questions regarding the above, please contact:

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Commissioner

BC Oil and Gas Commission

Attachment: Table 1

Table 1

Fee	Proposed Rate
Geophysical Project Application	\$1650
Geophysical Project Amendment	\$700
Annual geophysical licence	No fee
Well Authorization Application	\$10,300 Additional \$8000 for first time licensee (SCEK funding suspended)
Well Application Transfer or Name Change	\$200
Test hole authorization	No Fee
Pipeline application (< 152 mm diameter)	\$900 + \$200/km
Pipeline application (\geq 152 mm diameter)	\$1200 + \$400/km
Pipeline application amendment	\$700
Pipeline annual fee, inspection & integrity (< 152 mm (6 inch) diameter)	\$50/km
Pipeline annual fee, inspection & integrity (\geq 152 mm (6 inch) diameter)	\$60/km
Pipeline transfer	\$200
Levy on oil production per cubic metre	\$1.09 (SCEK funding suspended)
Levy on gas production per thousand cubic metres	\$0.55 (SCEK funding suspended)