



Levy Rate Increases to Fund Orphan Site Restoration

The BC Oil and Gas Commission (Commission) will be implementing an industry gas production levy increase from \$0.71 per 1,000 m³ of marketable gas produced, to \$0.85 to raise funds for orphan site restoration. The oil levy will also increase from \$1.30 to \$1.58 per m³ petroleum produced. The new rates take effect beginning with October 2018 production.

Beginning April 1, 2019, a new liability levy will replace the existing orphan tax (\$0.03 per 1,000 m³ marketable gas and \$.06 per m³ petroleum). The production levy increase will also continue to support the orphan site restoration fund over a three year period, while the liability levy is phased in. By 2021/22, the liability levy will provide the entire estimated \$15 million per year required to sustain the orphan fund.

Oil and gas well sites, test holes, production facilities and pipelines may be deemed as orphan sites when the operator is insolvent or cannot be located. Recent amendments to the [Oil and Gas Activities Act \(Bill 15\)](#) enable the Commission to develop regulations, policies and tools to ensure industry is retiring inactive assets in a timely and responsible manner. The Commission has been consulting with industry regarding orphan site funding and asset retirement and those discussions will continue.

Due to an increase in orphan sites in recent years, spending on orphan treatment has tripled to almost \$15 million in 2018/19.

The [Fee, Levy and Security Regulation](#) (FLSR) under the [Oil and Gas Activities Act](#) is the tool by which the Commission acquires funds to meet its regulatory obligations and recover expenses. Current fees, levies and securities are noted in the FLSR.

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