



April 4, 2006

INFORMATION LETTER #OGC 06-07

SUBJECT: Well Authorization Fee, Petroleum and Marketable Gas Levies and Orphan Site Reclamation Fund Tax

To Industry Clients:

The well authorization fee and levies on petroleum and marketable gas which contribute the major portion of the Oil and Gas Commission’s (Commission) revenues to fund its operations, were changed on April 1, 2006 (Information Letter #OGC 06-06). The orphan site reclamation fund tax was also introduced on April 1, 2006 (Information Letter #OGC 06-03) to provide revenues for the Orphan Site Reclamation Fund.

Well Authorization Fee

The revenues from the well authorization fee (Petroleum and Natural Gas General Regulation under the *Petroleum and Natural Gas Act*) will be expended entirely to fund the Commission’s operations. No part of the revenues from this fee will be paid to the Orphan Site Reclamation Fund. The fee is payable upon application for a well authorization.

Well authorization fee for the first well on a surface lease (per application)	\$8,700
Well authorization fee for the second and subsequent wells on a surface lease (per application)	\$8,100

Petroleum And Marketable Gas Levies

The revenues from the petroleum and marketable gas levies (under the Oil and Gas Commission Levy and Orphan Site Regulation, *Oil and Gas Commission Act*) will be expended entirely to fund the Commission’s operations. No part of the levy revenues will be paid to the Orphan Site Reclamation Fund. The Ministry of Small Business and Revenue will invoice producers on a monthly basis as specified in the Regulation.

Petroleum levy (per cubic metre of petroleum)	\$0.92
Marketable gas levy (per 1000 cubic metres of marketable gas)	\$0.46

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Orphan Site Reclamation Fund Tax

The revenues from the orphan site reclamation fund tax on petroleum and marketable gas (under the *Oil and Gas Commission Act*) will be expended entirely to fund the Orphan Site Reclamation Fund. No part of the revenues from the tax will be expended to support the operations of the Commission, except for those costs arising directly from the administration of the Fund. The Ministry of Small Business and Revenue will invoice producers on a monthly basis, in a manner similar to the invoicing process for levies.

Orphan fund tax on petroleum (per cubic metre of petroleum)	\$0.06
Orphan fund tax on marketable gas (per 1000 cubic metres of marketable gas)	\$0.03

For additional information, please contact:

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