



CHANGE TO ORPHAN LIABILITY LEVY

EFFECTIVE DATE: Apr. 1, 2019

The BC Oil and Gas Commission (Commission) is changing how funds are collected for the Orphan Site Reclamation Fund. Beginning Apr. 1, 2019, the existing orphan tax will be eliminated and replaced by a new liability levy. This new levy will ensure the Commission has adequate funds to restore all orphan sites in the province in a timely manner. The change is supported in legislation by amendments to section 47 of the Oil and Gas Activities Act authorized by Bill 15 in 2018.

The liability levy will be phased in over three years. The 2019/20 fiscal year will see 50 per cent of orphan funding come from the new liability levy, increasing by 25 per cent in each subsequent year. The remaining funding in these years will come from the Commission's operating production levy as per [Industry Bulletin 2018-20](#). By 2021/22, the liability levy will provide 100 per cent of the annual levy required to fund restoration treatment of orphan sites.

The proportion of the liability levy paid by permit holders is based on their share of the total deemed liability for wells and facilities under the [Liability Management Rating \(LMR\) Program](#), established on the following calculation:

$$\text{Permit Holder Liability Levy} = \frac{\text{Permit Holder Liability}}{\text{Total Liability}} \times \text{amount to be raised by the levy}$$

The Permit Holder Liability is equal to the deemed liability for each permit holder's wells and facilities. The Total Liability is the sum of the deemed liability for wells and facilities of all permit holders in B.C. The resulting fraction is then multiplied by the amount to be raised by the liability levy, which is based on the projected orphan budget in each fiscal year.

Should you have any questions regarding this Industry Bulletin, please contact:

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