Provincial of British Columbia

Order of the Lieutenant Governor in Council

Order in Council No. 505, Approved and Ordered October 1, 2018

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 November 1, 2018,

(a) 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 1, and

(b) the Net Profit Royalty Regulation, B.C. Reg. 98/2008, is amended as set out in the attached Schedule 2.

Minister of Finance and Deputy Premier

Presiding Member of the Executive Council

Authority under which Order is made:

Act and section: Petroleum and Natural Gas Act, R.S.B.C. 1996, c. 361, ss. 73, 74 and 133

Other: O.C. 1854/92 and O.C. 281/2008
SCHEDULE 1

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

(a) by repealing the definition of “Crown invoice” and substituting the following:
“Crown invoice” means an invoice issued under section 9;,

(b) by repealing the definition of “reporting facility” and substituting the following:
“reporting facility” means a building, structure, installation, equipment or appurtenance that is connected to or associated with the recovery, development, production, storage, handling, processing, treatment or disposal of oil, natural gas, natural gas by-products, water or other substances that are produced from or injected into a well and, for certainty, includes a battery, gathering system, natural gas processing plant, meter station, pipeline, injection facility, terminal and treating plant;,

(c) in paragraph (c) of the definitions of “royalty share” and “tax share” by striking
out “sold in the producing month”,

(d) in paragraphs (b) and (c) of the definition of “weighted average royalty or tax
rate” by striking out “and sold in that month,”, and

(e) by adding the following definitions:
“operator of a reporting facility” means the person who is identified as the
operator of a reporting facility in information provided to the collector;
“royalty for an unaccounted quantity” means royalty payable to the government
in respect of an unaccounted quantity of oil, marketable gas or natural gas
by-products, the amount of which royalty is calculated under section 7.2;.

2 Section 4 is amended

(a) by repealing subsections (1) to (2.1) and (2.3) and substituting the following:

(1) A person to whom Crown invoices are issued must, by the end of the calendar
month in which the Crown invoices are issued, pay to the government the total of
the invoiced amounts in one of the following manners:
(a) by an electronic method specified by the collector;
(b) by a money order or cheque mailed to the government at an address
specified by the collector.

(2) A payment of an amount to the government under subsection (1) is deemed not
to be paid to the government until,
(a) if the payment is made directly to the government by an electronic method,
the day of receipt by the government,
(b) if the payment is made to a savings institution by an electronic method, the
day recorded as the day of receipt by the savings institution, or
(c) if the payment is mailed to the government, the day of receipt by the
government. , and
(b) in subsection (4) (d) by striking out “8 (1) (i)” and substituting “8 (1) (r)”.

Section 7 is amended

(a) in paragraphs (b) and (c) of the definition of “minimum royalty amount” in subsection (0.1) by striking out “sold” and substituting “produced”,

(b) in subsection (2) by striking out “of the royalty” and substituting “for the royalty”, and

(c) in subsection (7) by striking out “section 7 (5)” and substituting “subsection (5)”.

The following section is added:

Royalty for unaccounted quantities

7.2 (1) If the operator of a reporting facility does not account for a quantity of oil in information that the operator is required to provide under section 8 (1) (a) and if, under section 73.1 (1) of the Act, the collector treats the unaccounted quantity as having been sold, the collector may, in accordance with subsection (3) of this section, calculate the amount of royalty payable to the government by the operator in respect of that quantity.

(2) If the operator of a reporting facility does not account for a quantity of marketable gas or natural gas by-products in information that the operator is required to provide under any of section 8 (1) (b) to (e), indicating how the volumes of marketable gas and natural gas by-products are allocated, and if, under section 73.1 (1) of the Act, the collector treats the unaccounted quantity as having been sold, the collector may, in accordance with subsection (5) or (7) of this section, calculate the amount of royalty payable to the government by the operator in respect of that quantity.

(3) The total amount of royalty payable for an unaccounted quantity of oil is the quantity of oil referred to in subsection (1) multiplied by the unit selling price of oil fixed under subsection (4) multiplied by the royalty percentage rate for oil of 40%.

(4) The collector must fix a unit selling price of oil at a level not exceeding the highest unit selling price received by any producer during the month in which the unaccounted quantity of oil is treated as having been sold.

(5) The total amount of royalty payable for an unaccounted quantity of marketable gas is the quantity of marketable gas referred to in subsection (2) multiplied by the price of marketable gas fixed under subsection (6) multiplied by the royalty percentage rate for marketable gas of 27%.

(6) The collector must fix a price of marketable gas at a level not exceeding the highest reference price for marketable gas determined for any producer during the month in which the unaccounted quantity of marketable gas is treated as having been sold.

(7) The total amount of royalty payable for an unaccounted quantity of natural gas by-products is the quantity of natural gas by-products referred to in subsection (2)
multiplied by the unit selling price of natural gas by-products fixed under subsection (8) multiplied by the following applicable royalty percentage rate:

(a) 20% for natural gas liquids;
(b) 16.667% for sulphur.

(8) The collector must fix a unit selling price for natural gas by-products at a level not exceeding the highest unit selling price received by any producer during the month in which the unaccounted quantity of natural gas by-products is treated as having been sold.

5 Section 8 is amended
(a) by repealing subsections (1) to (2.1) and substituting the following:

(1) The following persons must provide the following information to the collector in the form and manner required by the collector:

(a) the operator of a reporting facility must, on or before the 21st day of the calendar month after each producing month, provide information indicating the production, receipt, disposition, use and storage in that producing month of oil, natural gas, natural gas by-products and water obtained at the reporting facility, and any other information specified by the collector;

(b) the operator of a reporting facility must, on or before the 25th day of the calendar month after each producing month, provide information indicating, for the volumes of marketable gas that the reporting facility delivers during that producing month to be sold or stored and in respect of which royalty or tax has not previously been paid, how those volumes are allocated

(i) to a producer’s share of a well event or unitized operation, or
(ii) if the operator is unable to allocate to a producer’s share of a well event or unitized operation, to the reporting facility from which the volumes were received;

(c) the operator of a reporting facility to which volumes of marketable gas are allocated under paragraph (b) (ii) must, on or before the 25th day of the calendar month after each producing month, provide information indicating how those volumes are allocated under paragraph (b) (i) or (ii);

(d) the operator of a reporting facility must, on or before the 25th day of the calendar month after each producing month, provide information indicating, for the volumes of natural gas by-products that the reporting facility produces during that producing month, how those volumes are allocated

(i) to a producer’s share of a well event or unitized operation, or
(ii) if the operator is unable to allocate to a producer’s share of a well event or unitized operation, to the reporting facility from which the volumes were received;

(e) the operator of a reporting facility to which volumes of natural gas by-products are allocated under paragraph (d) (ii) must, on or before the 25th day of the calendar month after each producing month, provide
information indicating how those volumes are allocated under paragraph (d) (i) or (ii);

(f) the operator of a reporting facility that delivers natural gas to a natural gas processing plant and the operator of a dry gas source must, on or before the 25th day of the calendar month after each producing month, provide information indicating, for the volumes of natural gas that the reporting facility delivers or that the dry gas source disposes of during that producing month, how those volumes are allocated

(i) to a producer’s share of a well event or unitized operation, or

(ii) if the operator is unable to allocate to a producer’s share of a well event or unitized operation, to the reporting facility from which the volumes were received;

(g) the operator of a reporting facility to which volumes of natural gas are allocated under paragraph (f) (ii) must, on or before the 25th day of the calendar month after each producing month, provide information indicating how those volumes are allocated under paragraph (f) (i) or (ii);

(h) the operator of a reporting facility must, on or before the 25th day of the calendar month after each producing month, provide information indicating, for the volumes of marketable gas that are returned to the reporting facility from a natural gas processing plant or meter station during that producing month, how those volumes are allocated

(i) to a producer’s share of a well event or unitized operation, or

(ii) if the operator is unable to allocate to a producer’s share of a well event or unitized operation, to the reporting facility from which the volumes were originally received;

(i) the operator of a reporting facility to which volumes of marketable gas are allocated under paragraph (h) (ii) must, on or before the 25th day of the calendar month after each producing month, provide information indicating how those volumes are allocated under paragraph (h) (i) or (ii);

(j) the operator of a reporting facility that delivers oil or condensate for sale must, on or before the 21st day of the calendar month after each producing month, provide information indicating, for that producing month, the producer, the purchaser and the shipper of the oil or condensate and any other information specified by the collector about the delivery and sale;

(k) a person who purchases, at a reporting facility, oil or condensate produced in British Columbia must, on or before the 10th day of the second calendar month after the calendar month in which the purchase occurred, provide information identifying the seller and indicating the volume, price, value, density and sulphur content of the oil or condensate and any other information specified by the collector about the oil or condensate;

(l) a producer of oil must, on or before the 10th day of the second calendar month after each producing month, provide information indicating, for each reporting facility or unitized operation at which the producer had sales of oil in that producing month,
(i) the volume of oil sold by the producer at that reporting facility or unitized operation in that producing month,
(ii) the sales value of oil sold by the producer at that reporting facility or unitized operation in that producing month,
(iii) the transportation and tariff costs that under section 7 (3) (a) may be deducted for that producing month, and
(iv) any other information specified by the collector;
(m) a producer of natural gas by-products must, on or before the 10th day of the second calendar month after each producing month, provide information indicating, for that producing month, the sales volumes and values of natural gas by-products produced from each well event in which the producer has an interest and any other information specified by the collector;
(n) the operator of a well event must, on or before the 15th day of the calendar month after the calendar month in which operations at the well event began or were suspended, provide information indicating the commencement or suspension of operations and any other information specified by the collector;
(o) the operator of a well event must, on or before the 15th day of the calendar month after the calendar month in which the well event is connected to a reporting facility or in which a change in producers' interests in the well event is effective, provide information indicating the producers' interests or the change in producers' interests in the natural gas and oil produced from the well event and any other information specified by the collector;
(p) the operator of a unitized operation for which there is a unitization agreement, under which royalty is determined in relation to a tract according to production volumes allocated to that tract under the agreement, must, on or before the 15th day of the calendar month after the calendar month in which there is a change in producers' interests in the tract, provide information indicating the change in producers' interests in the tract and any other information specified by the collector;
(q) for the purpose of section 2 (8), the operator of a producer-owned plant or a producer-owned sales line that is not located within a project ring fence must, on or before March 10 of the year after the calendar year in which the plant processed gas or the pipeline transported gas, provide information indicating the capital and operating costs of the plant or sales line and any other information specified by the collector;
(r) a producer who has drilled a well that qualifies for a summer drilling credit under section 4 (4) must, on or before June 30 of the year after the calendar year in which the well was drilled, provide information indicating
   (i) the amount of goods and service costs incurred to drill the well, and
   (ii) each producer's proportionate interest in the well.
(2) Subject to subsection (2.1), a person may amend information provided by that person under subsection (1) by providing the amended information to the collector.

(2.01) Subject to subsection (2.1), if a person who provides information under subsection (1) (a), (n), (o) or (p) becomes aware that the information is no longer accurate or complete, the person must provide to the collector amended information that is accurate and complete as follows:

(a) in the case of information provided under subsection (1) (a), on or before the next 21st day of a calendar month;

(b) in the case of information provided under subsection (1) (n), (o) or (p), on or before the next 15th day of a calendar month.

(2.1) A person must not provide amended information under subsection (2) or (2.01)

(a) more than 72 months after the month in relation to which the amended information is being provided,

(b) in respect of an amount assessed or reassessed under section 9 (2) and invoiced under section 9 (5), or

(c) in respect of an amount about which the collector has made a decision under section 11 (1), the administrator has made a decision under section 11 (2) or the Minister of Finance has made a decision under section 12 (4).

(b) in subsection (4) by striking out “60 days” and substituting “30 days”, and

(c) by striking out the portion of subsection (5) before paragraph (a) and substituting the following:

(5) On or before the 9th day of the second calendar month after the month in which a producer produces marketable gas, the producer must, in the form and manner required by the administrator, provide to the administrator copies of all invoices for the following:

6 Section 9 is amended

(a) by repealing subsections (1) to (2) and substituting the following:

(1) After receiving information provided in respect of a producer under section 8 (1) for a producing month, the collector must, on or about the 23rd day of the second calendar month after the producing month,

(a) issue a Crown invoice to the producer showing, for the producing month, the amount of royalty and tax that is payable to the government in respect of the oil, marketable gas or natural gas by-products to which the information applies, and

(b) if royalty for an unaccounted quantity is payable as a result of the information provided by the operator of a reporting facility, issue a Crown invoice to the operator showing the amount of that royalty.

(1.2) After receiving amended information provided in respect of a producer under section 8 (2) or (2.01), the collector must
(a) issue an amended Crown invoice to the producer showing, for the producing month, the amount of royalty, tax, interest and penalty that is payable to the government in respect of the oil, marketable gas or natural gas by-products to which the amended information applies, and

(b) if royalty for an unaccounted quantity and interest are payable as a result of the information provided by the operator of a reporting facility, issue a Crown invoice to the operator showing the amount of that royalty and interest.

(2) If the collector, on examining information or amended information provided under section 8, disagrees with it or calculations in it, the collector may do either or both of the following:

(a) request the person who provided the information or amended information to provide, on or before a date specified by the collector or, if no date is specified, within 30 days after the date of the request, information that the collector believes is correct;

(b) assess or reassess royalty, tax, interest and penalty payable to the government based on the information that the collector believes is correct.

(b) **in subsection (3) (b) by striking out “72 months” and substituting “84 months”,**

(c) **in subsection (4) by striking out “tax and interest” and substituting “tax, interest and penalty”, and**

(d) **by repealing subsections (5) to (7) and substituting the following:**

(5) On assessing or reassessing the royalty, tax, interest or penalty payable by a producer who has not provided information or has provided information or calculations with which the collector disagrees, the collector must issue to the producer a Crown invoice containing a notice of assessment.

(5.1) On assessing or reassessing the royalty for an unaccounted quantity, interest or penalty payable by the operator of a reporting facility who has not provided information or has provided information or calculations with which the collector disagrees, the collector must issue to the operator a Crown invoice containing a notice of assessment.

(6) Evidence that a Crown invoice has been issued under this section is proof, in the absence of evidence to the contrary, that the amount assessed is due and owing, and the onus of proving otherwise is on the person liable to pay the amount assessed.

(7) In the case of an overpayment by a producer, the producer may deduct from royalty or tax payments due after the date of the notice of assessment the amount of the overpayment indicated in the notice of assessment.

(7.1) In the case of an overpayment by the operator of a reporting facility, the operator may deduct from the royalty for an unaccounted quantity due after the date of the notice of assessment the amount of the overpayment indicated in the notice of assessment.

7 **Section 10 is amended**
(a) in subsection (1) by striking out “producer’s” and substituting “person’s”, and

(b) by adding the following subsection:

(3) Subject to being amended, changed or varied on appeal or by reassessment, a Crown invoice issued or a penalty imposed under this regulation is valid and binding despite any error, defect or omission in the Crown invoice or penalty or in procedure.

8 Section 11 (1) is repealed and the following substituted:

(1) The collector may reconsider or vary a Crown invoice for royalty, tax or penalty on the request of a producer or the operator of a reporting facility who objects in writing to the invoiced amount.

9 Section 12 is repealed and the following substituted:

Appeals

12 (1) An appeal to the Minister of Finance lies from a decision of the collector under section 3 (1) or 11 (1) or a decision of the administrator under section 11 (2).

(2) Written notice of the appeal must be served on the Minister of Finance within 90 days after the date of the decision.

(3) The appellant must set out in the notice of appeal a statement of all material facts and the reasons in support of the appeal.

(4) On receiving the notice of appeal, the Minister of Finance must

(a) consider the matter,

(b) affirm, amend or reverse the decision of the collector or the administrator,

and

(c) promptly notify the appellant in writing of the result of the appeal.

10 Section 13 is amended

(a) in subsection (1) by striking out “royalties” and substituting “royalties, taxes”,

(b) in subsection (1.1) by striking out “the prime lending rate” and substituting “2.0% below the prime lending rate”, and

(c) by repealing subsections (1.2) to (5) and substituting the following:

(2) Interest payable must be

(a) compounded monthly, and

(b) calculated on the number of days since the last compounding of interest or, if no compounding has yet occurred, from the date that interest is payable.

(3) At the end of a calendar month, interest must be calculated in accordance with subsection (2) on an amount owing

(a) by a producer for royalty, tax, unpaid interest or penalty,

(b) by the operator of a reporting facility for royalty for an unaccounted quantity, unpaid interest or penalty.
(4) If full payment of an account is not made by the due date shown on a Crown invoice, but is made within 30 days after a subsequent written request for payment is issued, the payment of the amount set out in the written request, without the interest accrued since the date of the written request, must be accepted in settlement of the account.

(5) If a producer overpays royalties or taxes, interest on the overpayment
   (a) must be calculated in accordance with subsection (2) from the 61st day after the day the overpayment is received, and
   (b) stops accruing
      (i) on the day that payment of the amount owed is mailed to the producer or, if delivered to the producer without mailing, the day of delivery, or
      (ii) on the day that the amount owed is applied to royalties, taxes, unpaid interest or penalties owing by the producer.

(6) If the operator of a reporting facility overpays a royalty for an unaccounted quantity and the overpayment is subsequently reversed,
   (a) no interest is payable on the reversed amount before the day of the reversal, and
   (b) interest on the reversed amount
      (i) must be calculated in accordance with subsection (2) from the 61st day after the day the amount is reversed, and
      (ii) stops accruing
         (A) on the day that payment of the amount owed is mailed to the operator or, if delivered to the operator without mailing, the day of delivery, or
         (B) on the day that the amount owed is applied to royalties, unpaid interest or penalties owing by the operator.

(7) This section does not operate to require the payment of an amount of interest less than $5.

(8) The collector may assess at any time interest, calculated in accordance with this section, on an amount owing for royalty or tax until the day that a Crown invoice is issued in relation to the amount owing.

(9) The collector may assess at any time interest, calculated in accordance with this section, on an amount owing for royalty, tax, unpaid interest or penalty from the day that a Crown invoice for the amount owing is due or the day that a notice of assessment is issued in relation to the amount owing.

(10) If a person does not, within the required time and in the required form and manner, provide information required under section 8 (1), (2.01), (4) or (5) or 9 (2) (a), the person may be assessed a penalty of $500 for each month or part of a month that the failure to provide the information continues, or for any lesser number of months that the collector considers appropriate.

(11) If a person provides information under section 8 (1), (2.01), (4) or (5) or 9 (2) (a) that contains any of the following data discrepancies and the discrepancies are not corrected by the date the person is required to provide the information, the
person may be assessed a penalty of $100 in respect of each discrepancy for each month or part of a month that the failure to correct the discrepancy continues, or for any lesser number of months that the collector considers appropriate:

(a) an imbalance error;
(b) incomplete or invalid information;
(c) a metering difference error.

11 The following section is added:

Transitional provisions

14 (1) Section 13 (1) to (5) applies to interest calculated for the first time on or after November 1, 2018 in respect of an amount, whether or not the amount was payable before that day.

(2) Section 13 (4) and (5), as it read immediately before November 1, 2018, applies to failures to file that began before that day and continue on or after that day.

SCHEDULE 2

1 Section 1 (1) of the Net Profit Royalty Regulation, B.C. Reg. 98/2008, is amended

(a) by repealing the definition of “reporting facility” and substituting the following:

“reporting facility” means a building, structure, installation, equipment or appurtenance that is connected to or associated with the recovery, development, production, storage, handling, processing, treatment or disposal of oil, natural gas, natural gas by-products, water or other substances that are produced from or injected into a well and, for certainty, includes a battery, gathering system, natural gas processing plant, meter station, pipeline, injection facility, terminal and treating plant;

(b) by adding the following definitions:

“invoice” means an invoice issued under section 16;

“operator of a reporting facility” means the person who is identified as the operator of a reporting facility in information provided to the collector.

2 Section 5 (2) is repealed and the following substituted:

(2) Sales value amounts referred to in subsection (1) (a) must be calculated,

(a) for marketable gas, as the sales volumes multiplied by the appropriate producer price, and

(b) for oil and natural gas by-products, as the produced volumes multiplied by the appropriate producer price.

3 Section 8 (2) to (3.1) is repealed and the following substituted:

(2) A person to whom invoices are issued must, by the end of the calendar month in which the invoices are issued, pay to the government the total of the invoiced amounts in one of the following manners:
(a) by an electronic method specified by the Collector;
(b) by a money order or cheque mailed to the government at an address specified by the Collector.

3 A payment of an amount to the government under subsection (2) is deemed not to be paid to the government until,
(a) if the payment is made directly to the government by an electronic method, the day of receipt by the government,
(b) if the payment is made to a saving institution by an electronic method, the day recorded as the day of receipt by the saving institution, or
(c) if the payment is mailed to the government, the day of receipt by the government.

4  Section 9 is repealed and the following substituted:

**Reporting**

9  (1) The information required under subsections (2) to (19) must be provided to the Collector in the form and manner required by the Collector.

(2) The operator of a reporting facility must, on or before the 21st day of the calendar month after each production month, provide information indicating the production, receipt, disposition, use and storage in that production month of oil, natural gas, natural gas by-products and water obtained at the reporting facility and, any other information specified by the Collector.

(3) The operator of a reporting facility must, on or before the 25th day of the calendar month after each production month, provide information indicating, for the volumes of marketable gas that the reporting facility delivers during that production month to be sold or stored and in respect of which net profit royalty has not previously been paid, how those volumes are allocated
(a) to a producer’s share of a net profit royalty well event or unitized operation,
or
(b) if the operator is unable to allocate to a producer’s share of a net profit royalty well event or unitized operation, to the reporting facility from which the volumes were received.

(4) The operator of a reporting facility to which volumes of marketable gas are allocated under subsection (3) (b) must, on or before the 25th day of the calendar month after each production month, provide information indicating how those volumes are allocated under subsection (3) (a) or (b).

(5) The operator of a reporting facility must, on or before the 25th day of the calendar month after each production month, provide information indicating, for the volumes of natural gas by-products that the reporting facility produces during that production month, how those volumes are allocated
(a) to a producer’s share of a net profit royalty well event or unitized operation,
or
(b) if the operator is unable to allocate to a producer’s share of a net profit royalty well event or unitized operation, to the reporting facility from which the volumes were received.

(6) The operator of a reporting facility to which volumes of natural gas by-products are allocated under subsection (5) (b) must, on or before the 25th day of the calendar month after each production month, provide information indicating how those volumes are allocated under subsection (5) (a) or (b).

(7) The operator of a reporting facility that delivers natural gas to a natural gas processing plant and the operator of a dry gas source must, on or before the 25th day of the calendar month after each production month, provide information indicating, for the volumes of natural gas that the reporting facility delivers or that the dry gas source disposes of during that production month, how those volumes are allocated
   (a) to a producer’s share of a net profit royalty well event or unitized operation, or
   (b) if the operator is unable to allocate to a producer’s share of a net profit royalty well event or unitized operation, to the reporting facility from which the volumes were received.

(8) The operator of a reporting facility to which volumes of natural gas are allocated under subsection (7) (b) must, on or before the 25th day of the calendar month after each production month, provide information indicating how those volumes are allocated under subsection (7) (a) or (b).

(9) The operator of a reporting facility must, on or before the 25th day of the calendar month after each production month, provide information indicating, for the volumes of marketable gas that are returned to the reporting facility from a natural gas processing plant or meter station during that production month, how those volumes are allocated
   (a) to a producer’s share of a net profit royalty well event or unitized operation, or
   (b) if the operator is unable to allocate to a producer’s share of a net profit royalty well event or unitized operation, to the reporting facility from which the volumes were originally received.

(10) The operator of a reporting facility to which volumes of marketable gas are allocated under subsection (9) (b) must, on or before the 25th day of the calendar month after each production month, provide information indicating how those volumes are allocated under subsection (9) (a) or (b).

(11) The operator of a reporting facility that delivers oil or condensate for sale must, on or before the 21st day of the calendar month after each production month, provide information indicating, for that production month, the producer, the purchaser and the shipper of the oil or condensate and any other information specified by the collector about the delivery and sale.

(12) A person who purchases, at a reporting facility, oil or condensate produced in British Columbia must, on or before the 10th day of the second calendar month after the calendar month in which the purchase occurred, provide information
identifying the seller and indicating the volume, price, value, density and sulphur
content of the oil or condensate and any other information specified by the
collector about the oil or condensate.

(13) A producer of oil from a net profit royalty well event must, on or before the 10th
day of the second calendar month after each production month, provide
information indicating, for each reporting facility at which the producer had sales
of oil produced from a net profit royalty well event in that production month,

(a) the volume of oil sold by the producer at that reporting facility in that
production month,

(b) the sales value of oil sold by the producer at that reporting facility in that
production month,

(c) the eligible costs that, under section 7 (3), may be deducted for that
production month, and

(d) any other information specified by the collector.

(14) A producer of natural gas by-products from a net profit royalty well event must,
on or before the 10th day of the second calendar month after each production
month, provide information indicating, for that production month, the sales
volumes and values of natural gas by-products produced from each net profit
royalty well event in which the producer has an interest and any other information
specified by the collector.

(15) The operator of a net profit royalty well event must, on or before the 15th day of
the calendar month after the calendar month in which operations at the net profit
royalty well event began or were suspended, provide information indicating the
commencement or suspension of operations and any other information specified
by the collector.

(16) The operator of a net profit royalty well event must, on or before the 15th day of
the calendar month after the calendar month in which the net profit royalty well
event is connected to a reporting facility or in which a change in producers’
interests in the net profit royalty well event is effective, provide information
indicating the producers’ interests or the change in producers’ interests in the
natural gas and oil produced from the net profit royalty well event and any other
information specified by the collector.

(17) The operator of a unitized operation for which there is a unitization agreement,
under which net profit royalty is determined in relation to a tract according to
production volumes allocated to that tract under the agreement must, on or before
the 15th day of the calendar month after the calendar month in which there is a
change in producers’ interests in the natural gas or oil allocated to a tract, provide
information indicating the change in producers’ interests in the tract and any
other information specified by the collector.

(18) The operator of a project must, on or before the last day of the second calendar
month after the project approval month, provide information indicating the
allowed historical cost incurred by each producer in respect of the project and any
other information specified by the collector.
The operator of a project must, on or before the 10th day of the second calendar month after each production month, provide information indicating the allowed capital costs and the allowed operating costs incurred by each producer in respect of the project during the production month and any other information specified by the collector.

Subject to subsection (22), a person may amend information provided by that person under any of subsections (2) to (19) by providing the amended information to the collector.

Subject to subsection (22), if a person who provides information under subsection (2), (15), (16) or (17) becomes aware that the information is no longer accurate or complete, the person must provide to the collector amended information that is accurate and complete as follows:

(a) in the case of information provided under subsection (2), on or before the next 21st day of a calendar month, or
(b) in the case of information provided under subsection (15), (16) or (17), on or before the next 15th day of a calendar month.

A person must not provide amended information under subsection (20) or (21) (a) more than 72 months after the month in relation to which the amended information is being provided,
(b) in respect of an amount assessed or reassessed under section 16 (2) and invoiced under section 16 (5), or
(c) in respect of an amount about which the collector has made a decision under section 18 (1), the administrator has made a decision under section 18 (2) or the Minister of Finance has made a decision under section 19 (4).

Section 11 is amended

(a) in subsection (2) by striking out “the prime lending rate” and substituting “2.0% below the prime lending rate”, and
(b) by repealing subsections (3) to (5) and substituting the following:

(3) Interest payable must be
(a) compounded monthly, and
(b) calculated on the number of days since the last compounding of interest or, if no compounding has yet occurred, from the date that interest is payable.

(4) At the end of a calendar month, interest must be calculated in accordance with subsection (3) on an amount owing by a producer for royalty, unpaid interest or penalty.

(5) If full payment of an account is not made by the due date shown on an invoice, but is made within 30 days after a subsequent written request for payment is issued, the payment of the amount set out in the written request, without the interest accrued since the date of the written request, must be accepted in settlement of the account.

(6) If a producer overpays royalties, interest on the overpayment
(a) must be calculated in accordance with subsection (3) from the 61st day after
the day the overpayment is received, and
(b) stops accruing
   (i) on the day that payment of the amount owed is mailed to the producer
   or, if delivered to the producer without mailing, the day of delivery, or
   (ii) on the day that the amount owed is applied to penalties, royalties or
       unpaid interest owing by the producer.

(7) This section does not operate to require the payment of an amount of interest less
than $5.

(8) The collector may assess at any time interest, calculated in accordance with this
section, on an amount owing for royalty until the day that an invoice is issued in
relation to the amount owing.

(9) The collector may assess at any time interest, calculated in accordance with this
section, on an amount owing for royalty, unpaid interest or penalty from the day
that an invoice for the amount owing is due or the day that a notice of assessment
is issued in relation to the amount owing.

6 Section 13 is repealed and the following substituted:

Penalties
13 (1) If a person does not, within the required time and in the required form and
manner, provide information required under section 9, 12 or 16 (2) (a), the person
may be assessed a penalty of $500 for each month or part of a month that the
failure to provide the information continues, or for any lesser number of months
that the collector considers appropriate.

(2) If a person provides information under section 9, 12 or 16 (2) (a) that contains
any of the following data discrepancies and the discrepancies are not corrected
by the date the person is required to provide the information, the person may be
assessed a penalty of $100 in respect of each discrepancy for each month or part
of a month that the failure to correct the discrepancy continues, or for any lesser
number of months that the collector considers appropriate:
   (a) an imbalance error;
   (b) incomplete or invalid information;
   (c) a metering difference error.

7 Section 16 is amended

(a) by repealing subsections (1) to (2) and substituting the following:

   (1) After receiving information provided in respect of a producer under section 9 (2)
to (19) for a production month, the collector must, on or about the 23rd day of the
second calendar month after the production month, issue an invoice to the
producer showing, for the production month, the amount of net profit royalty that
is payable to the government in respect of the oil, marketable gas or natural gas
by-products to which the information applies.
(1.1) After receiving amended information provided in respect of a producer under section 9 (20) or (21), the collector must issue an amended invoice to the producer showing, for the production month, the amount of net profit royalty, interest and penalty that is payable to the government in respect of the oil, marketable gas or natural gas by-products to which the amended information applies.

(2) If the collector, on examining information or amended information provided under section 9, disagrees with it or calculations in it, the collector may do either or both of the following:

(a) request the person who provided the information or amended information to provide, on or before a date specified by the collector or, if no date is specified, within 30 days after the date of the request, information that the collector believes is correct;

(b) assess or reassess net profit royalty, interest and penalty payable to the government based on the information that the collector believes is correct.

(b) in subsection (3) (b) by striking out “72 months” and substituting “84 months”,

(c) in subsection (4) by striking out “net profit royalty and interest” and substituting “net profit royalty, interest and penalty”, and

(d) by repealing subsections (5) and (6) and substituting the following:

(5) On assessing or reassessing the net profit royalty, interest or penalty payable by a producer who has not provided information or has provided information or calculations with which the collector disagrees, the collector must issue to the producer an invoice containing a notice of assessment.

(6) Evidence that an invoice has been issued under this section is proof, in the absence of evidence to the contrary, that the amount assessed is due and owing, and the onus of proving otherwise is on the person liable to pay the amount assessed.

8 Section 17.1 is amended by adding the following subsection:

(3) Subject to being amended, changed or varied on appeal or by reassessment, an invoice issued or a penalty imposed under this regulation is valid and binding despite any error, defect or omission in the invoice or penalty or in procedure.

9 Section 18 (1) is repealed and the following substituted:

(1) The collector may reconsider or vary an invoice for net profit royalty or penalty on the request of a producer who objects in writing to the invoiced amount.

10 Section 19 is repealed and the following substituted:

Appeals

19 (1) An appeal to the Minister of Finance lies from a decision of the collector under section 18 (1) or a decision of the administrator under section 18 (2).
(2) Written notice of the appeal must be served on the Minister of Finance within 90 days after the date of the decision.

(3) The appellant must set out in the notice of appeal a statement of all material facts and the reasons in support of the appeal.

(4) On receiving the notice of appeal, the Minister of Finance must
   (a) consider the matter,
   (b) affirm, amend or reverse the decision of the collector or the administrator, and
   (c) promptly notify the appellant in writing of the result of the appeal.

11 The following section is added:

   Transitional provisions

21 (1) Section 11 (2) to (6) applies to interest calculated for the first time on or after November 1, 2018 in respect of an amount, whether or not the amount was payable before that day.

(2) Section 13, as it read immediately before November 1, 2018, applies to failures to file that began before that day and continue on or after that day.