

The
Low Productivity and
Reactivation Oil Well
Program Regulations

being

[Chapter C-50.2 Reg 38](#) (effective April 1, 2025).

NOTE:

This consolidation is not official. Amendments have been incorporated for convenience of reference and the original statutes and regulations should be consulted for all purposes of interpretation and application of the law. In order to preserve the integrity of the original statutes and regulations, errors that may have appeared are reproduced in this consolidation.

Table of Contents

1	Title	6	Transfer of remaining incentive volumes
2	Definitions and interpretation	7	Calculation of royalties and production tax
3	Program established	8	Reduction of low productivity and reactivation incentive volume
4	Application for low productivity and reactivation oil well incentive	9	Publication of policies
5	Approval of low productivity and reactivation oil well incentive	10	Coming into force

CHAPTER C-50.2 REG 38

The Crown Minerals Act

Title

1 These regulations may be cited as *The Low Productivity and Reactivation Oil Well Program Regulations*.

Definitions and interpretation

2(1) In these regulations:

“**applicant**” means:

- (a) a person who is a licensee, as defined in section 2 of *The Oil and Gas Conservation Act*, of a horizontal oil well; or
- (b) any other person approved by the minister;

“**approved**” means approved by the minister for the purposes of these regulations;

“**length of subsequent lateral**” means the lesser of:

- (a) the length from the subsequent kick-off point of the new lateral to the termination point of the new lateral in the productive zone; and
- (b) the length from the initial point of penetration into the productive zone of the new lateral to the termination point of the new lateral in the productive zone;

“**program**” means the Low Productivity and Reactivation Oil Well Program established pursuant to section 3;

“**qualifying oil well**” means an existing horizontal oil well that, at the time the subsequent drilling activity is completed, is active or suspended and is not part of an EOR project or waterflood project or is not a qualifying high water-cut oil well as defined in *The High Water-Cut Oil Well Program Regulations* and:

- (a) subject to subsection (2), has produced on average less than 50.0 cubic metres per month over the previous 24 consecutive months, where applicable, before the completion date of the drilling activity; or
- (b) is approved by the minister as a qualifying oil well;

“**subsequent kick-off point**” means the point at which new drilling activity was initiated for a subsequent lateral;

“**subsequent lateral**” means an additional horizontal section, drilled within an existing horizontal oil well, with a lateral length of 500 metres or more.

(2) For the purposes of determining the average production mentioned in clause (a) of the definition of “qualifying oil well” in subsection (1), the earliest month that may be included is March, 2024.

**LOW PRODUCTIVITY AND
REACTIVATION OIL WELL PROGRAM**

C-50.2 REG 38

(3) For the purposes of these regulations, unless otherwise defined in these regulations, the definitions in sections 2 and 12 of *The Crown Oil and Gas Royalty Regulations, 2012* and sections 2, 6 and 11 of *The Freehold Oil and Gas Production Tax Regulations, 2012* apply, with any necessary modification.

16 May 2025 cC-50.2 Reg 38 s2.

Program established

- 3(1) The Low Productivity and Reactivation Oil Well Program is established.
- (2) The minister shall administer the program in accordance with these regulations.

16 May 2025 cC-50.2 Reg 38 s3.

Application for low productivity and reactivation oil well incentive

- 4(1) An applicant may apply for an incentive volume pursuant to the program by submitting an application to the minister that is in a form specified by the minister and that contains any information that the minister may require.
- (2) A qualifying oil well with respect to which an application is made must have one or more subsequent laterals for which the completion date of the new drilling activity is on or after April 1, 2025 and before April 1, 2029.
- (3) On receipt of an application made pursuant to subsection (1), the minister:
- (a) may approve the application if the minister is satisfied that the applicant meets the requirements of these regulations and that it is in the public interest to do so; or
 - (b) may refuse the application.
- (4) The minister shall notify the applicant of the minister's decision pursuant to subsection (3) and, in the case of a decision pursuant to clause (3)(b), provide written reasons for the decision.
- (5) The minister may impose any terms and conditions on an approval pursuant to clause (3)(a) that the minister considers reasonable.
- (6) The minister may waive the requirement for an application and, in that case, the minister may approve or deny any qualifying oil well for an incentive volume pursuant to the program.

16 May 2025 cC-50.2 Reg 38 s4.

Approval of low productivity and reactivation oil well incentive

- 5(1) If the minister approves an application pursuant to section 4, the minister shall provide the approved qualifying oil well with an incentive volume pursuant to subsection (2).
- (2) An incentive volume of 3,000 cubic metres per approved subsequent lateral is to be added to the qualifying oil well to a maximum of 6,000 cubic metres per qualifying oil well.

16 May 2025 cC-50.2 Reg 38 s5.

Transfer of remaining incentive volumes

6 Any remaining incentive volume associated with the qualifying oil well is to be transferred and added to the most recent incentive volume approved pursuant to section 5 as of the completion date of the subsequent drilling activity.

16 May 2025 cC-50.2 Reg 38 s6.

Calculation of royalties and production tax

7(1) With respect to oil produced from an oil well allocated to any Crown land for which the minister has approved a low productivity and reactivation incentive pursuant to section 5:

- (a) the royalties are to be determined and paid in accordance with *The Crown Oil and Gas Royalty Regulations, 2012*;
- (b) the oil is deemed to be fourth tier oil; and
- (c) the Crown royalty rate is the lesser of the fourth tier oil Crown royalty rate calculated pursuant to clause 10(a) of *The Crown Oil and Gas Royalty Regulations, 2012* and 2.5%, with respect to the portion of oil produced from or allocated to Crown lands that is included in the incentive volume approved pursuant to the program.

(2) With respect to oil produced from an oil well allocated to any freehold lands for which the minister has approved a low productivity and reactivation incentive pursuant to section 5:

- (a) the taxes are to be determined and paid in accordance with *The Freehold Oil and Gas Production Tax Regulations, 2012*;
- (b) the oil is deemed to be fourth tier oil; and
- (c) the tax rate is the lesser of the fourth tier oil tax rate calculated pursuant to clause 9(a) of *The Freehold Oil and Gas Production Tax Regulations, 2012* and the amount, if any, by which 2.5% exceeds the PTF, with respect to the portion of oil produced from or allocated to freehold lands that is included in the incentive volume approved pursuant to the program.

16 May 2025 cC-50.2 Reg 38 s7.

Reduction of low productivity and reactivation incentive volume

8 If an approved qualifying oil well becomes part of an EOR project, the volume of oil that is applicable to the approved qualifying oil well for the purposes of section 5, together with any other volume of oil that has already been assigned to the well as an incentive, are to be reduced by the minister in the same proportion as the total investment, as the case may be, within the meaning of:

- (a) clauses 30(2)(j) and (3)(f) of *The Crown Oil and Gas Royalty Regulations, 2012* related to the portion of drilling activity associated with the oil well that received an incentive and is included in calculating the royalty rate pursuant to clause 32(a) of those regulations; and
- (b) clauses 29(2)(j) and (3)(f) of *The Freehold Production Tax Regulations, 2012* related to the portion of drilling activity associated with the oil well that received an incentive and is included in calculating the freehold production tax rate pursuant to clause 31(a) of those regulations.

16 May 2025 cC-50.2 Reg 38 s8.

C-50.2 REG 38 **LOW PRODUCTIVITY AND
REACTIVATION OIL WELL PROGRAM**

Publication of policies

9 If the minister establishes policies for the purposes of these regulations, the minister shall cause those policies to be made public in any manner that the minister considers appropriate, including by publishing them on the ministry's website.

16 May 2025 cC-50.2 Reg 38 s9.

Coming into force

10 These regulations come into force on the day on which they are filed with the Registrar of Regulations, but are retroactive and are deemed to have been in force on and from April 1, 2025.

16 May 2025 cC-50.2 Reg 38 s10.