



Request for Applications

**BC Energy Plan 2007
 Infrastructure Royalty Credit Program
 Road, Pipeline and Facilities Initiative
 Ministry of Energy, Mines and Petroleum Resources
 Request for Applications (RFA) Number: 2007-01
 Issue date: March 28, 2007 Amended date: April 16, 2007**

Closing date, time and location:

Applications must be received:
Prior to 2:00 PM Pacific Time on May 15, 2007
 as follows:

COURIER or BY HAND delivery
 Two (2) complete copies plus 1 electronic copy on diskette or CD to:
 Ministry of Energy, Mines and Petroleum Resources
 Business Development Branch
 5th floor – 1810 Blanshard Street
 Victoria, BC V8W 9N3
 Attention: Kathy Thomson

An Applicants' meeting will not be held.

Government Contact Person:

All enquiries related to this Request for Applications are to be directed, in writing, to the following person who will respond if time permits. Information obtained from any other source is not official and should not be relied upon. Enquiries and any responses will be recorded and may be distributed to all Applicants at the Province's option:

Kathy Thomson, Project Manager e-mail: Kathy.Thomson@gov.bc.ca
 Facsimile: (250) 952-0255

Applicant Section - RFA Cover Page - complete and attach this page to all applications

A person authorized to sign on behalf of the Applicant, and to bind the Applicant to statements made in response to this Request for Applications, must complete and sign this Applicant Section, leaving the rest otherwise unaltered, and return one original with the first copy of the application.

The enclosed application is submitted in response to the above-referenced Request for Applications, including any amendments. We have carefully read and examined the Request for Applications, including the Administrative Section, and have conducted such other investigations as were prudent and reasonable in preparing the application. We agree to be bound by statements and representations made in our application and further agree that any inconsistencies in our application will be as if not written and do not exist.

<i>Signature:</i>	<i>Legal Name of Applicant, and Doing Business As Name if applicable:</i>
<i>Printed Name:</i>	<i>Address:</i>
<i>Title:</i>	
<i>Date:</i>	
<i>Contact Number:</i>	

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Notes: RFA cover page, RFA and related documents are also available from Ministry of Energy, Mines and Petroleum Resources internet site.

http://www.em.gov.bc.ca/Publicinfo/OilGasStrategySupport_Materials/oil_and_gas_strategy_default.htm

A Definitions and Administrative Requirements

1 Definitions

Throughout this Request for Applications, the following definitions apply:

- a) “Applicant” means a Producer that submits or intends to submit an application in response to this Request for Applications;
- b) “BDB” (or “Branch”) means the Business Development Branch in the Oil and Gas Division of the Ministry of Energy, Mines and Petroleum Resources;
- c) “Agreement” means a written agreement resulting from this Request for Applications executed by the Province and a Successful Applicant;
- d) “Successful Applicant” means a Producer with whom the BDB intends to enter into negotiations for an Agreement;
- e) “Ministry” means the Ministry of Energy, Mines and Petroleum Resources;
- f) “must”, or “mandatory” means a requirement that must be met in order for an application to receive consideration;
- g) “Producer” means “producer” as defined in the *Petroleum and Natural Gas Royalty and Freehold Production Tax Regulation*;
- h) “Province” means Her Majesty the Queen in Right of the Province of British Columbia and includes the BDB and the Ministry; and
- i) “should” or “desirable” means a requirement having a significant degree of importance to the objectives of the Request for Applications.

2. Application Requirements

The following application requirements will apply to this Request for Applications. Submission of an application in response to this Request for Applications indicates acceptance of all the terms that follow and that are included in any addenda issued by the Province. Provisions in applications that contradict any of the terms of this Request for Applications will be as if not written and do not exist.

3. Eligibility

Applications will only be accepted from Producers having the meaning “producer” as defined in the *Petroleum and Natural Gas Royalty and Freehold Production Tax Regulation*.

4. Changes to Applications

By submission of a clear and detailed written notice, an Applicant may amend or withdraw its application prior to the closing date and time. Applicants will not change the wording of their applications after closing and no words or comments will be added to the application unless requested by the Province for purposes of clarification.

5. Late Applications

Late applications will not be accepted and will be returned to the Applicant un-read.

6. Ownership of Applications

All applications submitted to the Royalty Credit Program – Road, Pipeline and Facilities Initiative are under the custody and control of the Province and are subject to the provisions of the *Freedom of Information and Protection of Privacy Act*. The applications will be used to assess projects that are eligible under the Program. For more information regarding this Program, refer to the Government Contact Person on page one.

7. Acceptance of Applications

- a) This Request for Applications should not be construed as an agreement to purchase goods, services or construction. The Province is not bound to enter into an Agreement with any

Applicant. Applications will be assessed in light of the stated review criteria. The Province will be under no obligation to receive further information, whether written or oral, from any Applicant.

- b) Neither acceptance of an application nor execution of an Agreement will constitute approval of any activity or development contemplated in any application that requires any approval, permit or license pursuant to any federal, provincial, regional district or municipal statute, regulation or by-law.

8. Evaluation of Applications

Evaluation of applications will be by a committee formed by the Province and may include employees and contractors of the Province. Applications will be checked against the mandatory criteria. Applications not meeting all the mandatory criteria will be rejected without further consideration. Applications that do meet the mandatory criteria will then be further evaluated against the stated desirable criteria and ranked. The Province’s intent is to enter into Agreement negotiations with Successful Applicants subject to their applications having, in the Province’s sole opinion, attained an acceptable ranking and subject to the approval of the Province’s Treasury Board.

9. Results Notification to Applicants

At the conclusion of the Request for Applications process, all Applicants will be notified of the results. Notice in writing to an Applicant that its application has, in the Province’s sole opinion, received an acceptable ranking will not constitute an Agreement.

10. Negotiation Delay

If an Agreement cannot be negotiated within thirty days of notification of a Successful Applicant, the Province may, at its sole discretion at any time thereafter, terminate negotiations with that Successful Applicant.

11. Applicants’ Expenses

Applicants are solely responsible for their own expenses in preparing an application and for subsequent negotiations with the Province, if any. If the Province elects to reject all applications, the Province will not be liable to any Applicant for any claims, whether for costs or damages incurred by the Proponent in preparing the application, loss of anticipated profit in connection with any final Agreement, or any other matter whatsoever.

12. Limitation of Damages

Further to the preceding paragraph, the Applicant, by submitting an application, agrees that it will not claim damages, for whatever reason, relating to an Agreement, if any, or in respect of the Request for Applications process, in excess of an amount equivalent to the reasonable costs incurred by the Applicant in preparing its application and the Applicant, by submitting an application, waives any claim for loss of profits if no Agreement is made with the Applicant.

13. Currency and Taxes

Prices are to be submitted:

- a) in Canadian dollars;
- b) inclusive of duty, where applicable; FOB destination, delivery charges included where applicable; and
- c) exclusive of Goods and Services Tax and inclusive of Provincial Sales Tax where applicable and any other applicable taxes, permits and fees.

14. Completeness of Applications

By submission of an application the Applicant warrants that all labour, materials and components necessary to design and construct the project described have been identified in its application or will be provided under an Agreement at no additional cost to the Province.

15. Joint Venture Applications

- a) Using a joint venture partner (who should be clearly identified in the application) is acceptable. This includes a joint submission by two Applicants having no formal corporate links. Joint venture partnerships between a Producer and non-producer will also be accepted to enable non-producers to submit an application. However, in these cases, a Producer must be prepared to take overall responsibility for successful performance of the Agreement, if any, and this should be clearly defined in the application.
- b) Using a joint venture partner whose current or past corporate or other interests may, in the Province's opinion, give rise to a conflict of interest in connection with the project or program described in this Request for Applications will not be permitted. If an Applicant is in doubt as to whether a proposed joint venture partner gives rise to a conflict of interest, the Applicant should consult with the Government Contact Person listed on page 1 prior to submitting an application.
- c) FOR ROAD PROJECTS, the named approved joint venture partner or partners listed in the application will each execute a separate Agreement with the Ministry. No additional partners will be allowed to be added, nor other changes made, to this list without the written consent of the Province.
- d) FOR PIPELINE AND RELATED FACILITIES PROJECTS, where applicable, the names of approved joint venture partners listed in the application will be included in the Agreement. No additional partners will be allowed to be added, nor other changes made, to the list without the written consent of the Province.

16. Agreement

Any Agreement will substantially similar to the terms and conditions of the sample agreement set out in Appendix B and may include reporting requirements as outlined in the Request for Applications.

17. Liability for Errors

While the Province has used considerable efforts to ensure information in this Request for Applications is accurate, the information contained in this Request for Applications is supplied solely as a guideline for Applicants. The information is not guaranteed or warranted to be accurate by the Province, nor is it necessarily comprehensive or exhaustive. Nothing in this Request for Applications is intended to relieve Applicants from forming their own opinions and conclusions with respect to the matters addressed in this Request for Applications.

18. Modification of Request for Applications

The Province reserves the right to modify this Request for Applications at any time in its sole discretion. This includes the right to cancel this Request for Applications at any time prior to entering into any Agreement.

19. Use of Request for Applications

Any portion of this document, or any information supplied by the Province in relation to this Request for Applications may not be used or disclosed, for any purpose other than for the submission of applications.

B Infrastructure Royalty Credit Program

1 Summary of Program

The Business Development Branch (BDB) of the Ministry of Energy, Mines and Petroleum Resources (Ministry), Oil and Gas Division, invites applicants within British Columbia's oil and gas industry to submit applications under its the Infrastructure Royalty Credit Program – Road, Pipeline and Facilities Initiative (the “Program”) to construct and/or upgrade roads or construct pipelines, that support oil and gas exploration and development activity in British Columbia. The Program is an initiative of the **BC Energy Plan**, released in February 2007.

To date, the Province of British Columbia (Province) has committed over \$106 million in royalty credits under previous road-based and pipeline-based royalty credit programs. The road program has successfully encouraged increased oil and gas exploration and development. To date, three instalments of road-based royalty credits have resulted in the implementation of 57 road-based projects, with the Province participating with approximately \$80 million in royalty credits. Building on the success of the road-based program, a pilot pipeline program was initiated and 17 pipeline projects were approved with a royalty credit allotment of \$36.5 million. This new initiative further builds upon the past success of the road-based and pipeline-based programs.

Through the BC Energy Plan 2007, the new Program encourages road, pipeline and related facilities construction that would develop and/or sustain new oil and gas exploration and production in British Columbia. This is accomplished through a provincial royalty credit of up to 50 percent for Eligible Projects, as approved by the BDB. The Program is governed in part by section 4 of the *Petroleum and Natural Gas Royalty and Freehold Production Tax Regulation*.

Applicants will be required to fund the entire cost of an approved Eligible Project and may receive up to 50 percent of the entire approved Eligible Project costs paid in the form of royalty credits. An approved project, once completed, can receive up to half of the estimated or actual costs in the form of royalty credits, whichever is the lesser value.

One of the primary goals of the **BC Energy Plan 2007** and this initiative is to provide access for future oil and gas development. Special consideration will be given to applications that provide access and/or increase knowledge to enable or increase production in under-explored and/or under-developed areas of the Province. Strong consideration will also be given to proposed projects that demonstrate that they would not be economically feasible without the Program.

Given past success with the road and pipeline programs, the Province has made available a new allocation of \$65 million in infrastructure royalty credits which are available to support a combination of new road, pipeline and related facilities projects.

2 Additional Definitions

2.1 Road Definitions

- A) “Eligible Project” means one of the following types of projects for which an application may be submitted in response to this Request for Applications:
- i. construction of a new all-season road that will be eligible for permitting as a Petroleum Development Road (PDR);
 - ii. upgrade of an existing resource road to all-season standard, and that will be eligible for permitting as a PDR;
 - iii. upgrade of an existing Forest Service Road or Mining Access Road to all-season standard provided legislative requirements are upheld, and that will be eligible for permitting as a PDR.
- B) “Forest Service Road” means a road constructed and operated in accordance with the *Forest and Range Practices Act*.
- C) “Petroleum Development Road” means a road constructed and operated in accordance with the *Petroleum Development Road Regulation*.
- D) “all-season” as applied to a road in this Request for Applications shall mean a road that will support vehicle and equipment weights associated with industrial (oil and gas) activity performed outside of the traditional winter drilling season that typically runs from December 1 to March 31. An all-season resource road will be open in adverse weather with reasonable maintenance; however it may be affected by rain, snow or thaw and subject to seasonal weight restrictions.

2.2 Pipeline Definitions

- A) “Eligible Project” means the project(s) for which an application may be submitted in response to this Request for Applications:
- (i) construction of a new pipeline, the construction of the pipeline must be authorized by the Oil and Gas Commission/*National Energy Board*.
- B) “Pipeline” means a continuous conduit between two geographical locations through which oil, gas, water, any combination of oil, gas or water, or solids is transported under pressure, that a company is or is eligible to be authorized to construct or operate, and includes:
- (a) all property, works and appurtenances used in connection with or incidental to the ownership, construction or operation of the pipeline but does not include;
 - i. a pipeline situated wholly within the property of a refinery, marketing plant or manufacturing plant
 - ii. a pipeline transporting oil for use as fuel from a tank that is situated wholly within the property of a consumer,
 - iii. a wellhead as defined by the *Petroleum and Natural Gas Act*
 - (b) flow lines and gathering lines,
 - (c) oil transmission lines,

- (d) gas transmission lines, including lines transmitting fuel gas to a well or production facility, and those lines in a distribution system of a public utility used to transmit gas at working pressures in excess of 700 kPa, gauge,
- (e) all lines used to transmit water or other substances produced from, injected into or used at oil or gas wells,
- (f) all lines used to transmit fresh water in connection with a scheme to recover oil or gas in oil and gas fields, and
- (g) all property, works and appurtenances connected with a pipeline including, but not limited to, production facilities, gas processing plants, storage facilities, pumps, compressors, pumping station, compressor station, treater, separator loading and unloading facilities, branches, extensions, tank, tank batteries, reservoirs and racks;
- h) for greater certainty a pipeline includes all pipe, piping and **facilities** that are required or incidental to the processing or transportation of oil, gas, water, any combination of oil, gas or water, or solids.

3 Program Requirements

Successful Applicants must enter into a Partnership Agreement with the Province. Successful Applicants must carry out all of the following requirements:

- a) Submission of Eligible Project Application for evaluation and ranking;
- b) For Application(s) approved, Applicant must sign Agreement(s) between Producer(s) and Partner(s) and Royalty Administrator;
- c) Applicant must advise of any changes to the Project which may require an Amendment to the Agreement or cancellation of the project's approval under the Program;
- d) Applicant must supply a sign for identification of a road/pipeline project to the specifications provided by the Province. Upon completion, the sign is to be installed at a visible site at the start of the Project;
- e) Applicant completes the Project as outlined in the Agreement – Schedule A;
- f) Applicant's allowance for BDB to conduct road inspections as outline in the Agreement;
- g) Applicant make request to BDB for Royalty Credits as outlined in the Agreement;
- h) On approval by the BDB, Applicant's must request release of Royalty Credit through the Ministry of Small, Business and Revenue;
- i) Applicant's should notify BDB that Royalty Credits have been applied and received;
- j) Applicant's allowance for BDB representative to conduct a review audit of Project as outlined in the Agreement;
- k) Applicant to provide annual incremental well information to BDB for a period of 60 calendar months following completion of the Project. BDB will notify the Applicant annually for updated well information required and provide a template to submit the information.

4 Application Requirements and Response

The following section headings for Project Details (4.1 and 4.2) must be addressed in your application as required information for completion of an Eligible Project application. Failure to include information specified under all headings below will result in an incomplete application and the application will not proceed to the evaluation stage of the RFA.

4.1 Project Details

Applicants must provide the details of the proposed project as outlined in 4.1.1 below:

4.1.1 Proposed Design and Construction

Applications must include the following:

For Road Projects:

- a) Description of route as outlined in Section 9, attachment Appendix A - Schedule A, including a location plan at a scale between 1:50,000 to 1:250,000 with reference grid (ie: PNG, NTS) and a route plan on a map or airphoto at a scale between 1:5000 to 1:20,000 with reference grid and clearly identifying the location of the road, all bridges, culverts, pull-outs, borrow pits and right of ways.
- b) Design elements – new and/or improved road, bridges, drainage, all-season surface material;
- c) Design Criteria – road width, cross-section, maximum/minimum gradients, minimum horizontal bend radii. Please fill in the Design and Layout Form as outlined in Section 9, attachment Appendix A – Schedule C.
- d) Design methodology (per Transportation Association of Canada or other suitable reference);
- e) If applicable and required, description of approval requirements:
 - Technical;
 - Environmental/Impact Assessment;
 - Current Status of Oil and Gas Commission approval process, if applicable.
- f) Description of the intended form and scope of community consultation:
 - First Nations;
 - Others;
 - Current Status/Issues.
- g) Commentary on road safety features;
- h) Confirmation that the road project will use the best available technology that is currently proven and economically feasible;
- i) Confirmation that the road project will use the best construction practices.

Nothing in this section authorizes or should be construed as the authorization to construct or upgrade a road. The construction of all roads must be authorized by the Oil and Gas Commission or other appropriate jurisdictional authority.

For Pipeline Projects:

Applications must include the following:

- a) Description of route, including location plan and route plan and map;
- b) Design elements – Pipeline;
- c) Design Criteria – substance to be transported, pipe size and capacity;
- d) Pipelines and any processing facilities must be designed, constructed, tested, operated, and maintained as required by the Oil and Gas Commission/**National Energy Board**.
- e) If applicable and required, description of approval requirements:
 - Technical;
 - Environmental/Impact Assessment;
 - Current Status.
- f) Description of the intended form and scope of community consultation:
 - First Nations;
 - Others;
 - Current Status/Issues.
- g) Commentary on pipeline safety features if substance to be transported is sour, as defined by the *Pipeline Act, Sour Pipeline Regulation*;
- h) Confirmation that the project will use the best available technology that is currently proven and economically feasible;
- i) Confirmation that the project will use construction best practices if appropriate.
- j) Assurance that pipeline will have access to market for oil or gas and the degree of uninterrupted flow of product to market.

Nothing in this section authorizes or should be construed as the authorization to construct a pipeline. The construction of all pipelines must be authorized by the Oil and Gas Commission/National Energy Board.

4.1.2 Estimated Project Cost and Schedule

Applications must include the following:

- a) An itemized cost estimate breakdown for the proposed project, including all design, construction, engineering, financing, approvals, materials and installation, and any other applicable costs; an example of the level of detail required has been included in Appendix A.
- b) A project schedule for the design and construction in Gant chart format. Please use Construction Schedule attached in Appendix A or equivalent.

4.1.3 Potential Spin-off Benefits

Applications need to provide details of the potential spin-off benefits they expect would result from their proposed project. Examples of such benefits include:

- a) Potential benefits to other Oil and Gas Producers (e.g., additional drilling and production by other Producers who would be provided access to the road or pipeline, increased value of existing and future land tenures, increased exploration, increased production and development);
- b) Potential benefits to other industries (increased production and efficiencies in forestry, trapping, tourism and mining);
- c) Evaluation of improved safety due to proposed development;
- d) Other potential benefits (e.g., increased value of future land sales in proximity to the project and pushing out from the project).

4.2 Project Business Case

Applications must provide sufficient project detail to clearly demonstrate that the proposed project:

- Will “open up” areas of British Columbia to petroleum exploration and development through the construction of new/upgraded roads providing all season access, or pipeline and related facilities infrastructure which enables new oil and gas production take away from accelerated oil and gas drilling; and/or
- Has the potential to generate a competitive return on investment to the Province based on estimates of new royalty revenue for new production made possible as a result of additional drilling activity and production enabled by an all season road (e.g. wells enabled by the longer drilling season) or pipeline and related facilities (e.g. incremental or accelerated production).

Applicants must also provide details of the proposed project as outlined in the following sections.

4.2.1 Royalty Revenue Generated

Royalty Revenue Generated provides a key measurement of the Program’s success and a key variable of comparison between competing applications under this RFA. This will be determined by the number of wells produced and their production characteristics and timing which will generate royalty revenue attributable to the project.

Please refer to the Drilling, Production and Royalty Estimates Table in Appendix A and ensure you provide the following information to demonstrate the timing of production and Royalty Revenue generated for the expected life of the project. Applications must include the following:

- a) Location and description of all wells to be drilled and put onto production as a result of the project. Provide actual or expected spud date, well authorization number and true vertical depth of all wells. If the well information is not available or uncertain, provide the number of wells, and both per well and total production estimated and its timing as a result of the project. Provide information and commentary on the quality of expected oil or natural gas, and content and volumes of any natural gas liquids.

- b) Populate the Drilling, Production and Royalty Estimates table with projected monthly production and royalty payable from each of the wells or representative well(s) as a result of the project. Royalty per well (royalty should be shown both in gross terms and in net terms once all other applicable royalty credit programs are applied (e.g. deep and summer programs; royalties payable should also be adjusted to applicable royalty rates from the marginal or ultra-marginal royalty programs, if applicable, based on estimated monthly production));
- c) With the production estimates for all wells or representative well(s), provide applicable assumed production decline curves, the zone or zones of production, estimate of producing pool(s) size, the geological chance of success factor, and the range of chance of success on the assumed production curve (risked production);
- d) Provide production and royalty estimates from the project on an annual fiscal year basis (April-March) for the life of the project.

4.2.2 Benefits Attributable to the Province

To demonstrate the benefits attributable to the Province's potential investment in the project, the application must include the following:

- a) Please clearly explain how the project fits within the capital plan of your company, please include in the explanation the relevant benchmarks of hurdle rate, the internal rate of return of the project and payback period for the project. Please clearly indicate the likelihood of the project and its timing in the event the project was awarded an infrastructure royalty credit versus not being awarded an infrastructure royalty credit. Applicant to provide clear indication of their internal economic hurdle rate, and where the project fits within that and its other investment criteria, to demonstrate the degree and timing of whether or when project would or would not be built without the Program;
- b) A statement from the Applicant indicating, to the best of its knowledge, the likelihood that a road/pipeline with facilities in the immediate area will be constructed by another company in the near future. If another road/pipeline in the immediate area is being planned or constructed by another company, the Applicant needs to indicate why their proposed project is still required.

4.2.3 Risks, Significant Issues and Capabilities

Applications need to include the following:

- a) Identification of project risks and steps that will be taken to control and mitigate them; (e.g., insurance, poor drilling outcomes, changes in corporate focus and capital budgets, scope revision, construction cost increases)
- b) Identification of significant issues and how they will be resolved; (e.g., permit requirements (OGC/*NEB*); rights-of-way, access rights, First Nations consultations, Trapper issues)
- c) Details of experience in undertaking similar projects as the one proposed; (e.g. past experience in constructing all-weather roads, pipelines or facilities)
- d) Financial capabilities to carry out the project; (e.g., corporate financial strength, project financing arrangements, etc.)
- e) Details of experience in drilling wells. (e.g., number of wells drilled including production details, etc.).

5 Application Timing

It is expected that RFA process will be completed according to the following schedule:

Anticipated Date	Milestone Event
March 28, 2007	Request for Applications issued.
May 15, 2007	Request for Applications closes.
June 14, 2007	Applicants notified of decision.
June 15, 2007	Commencement of execution of Agreements with Successful Applicants.
July 6, 2007	All Agreement(s) executed.

6 Evaluation, Ranking and Selection

This section details all of the criteria against which applications will be evaluated and ranked. Applicants should ensure that they fully respond to all criteria in order to receive full consideration during evaluation.

6.1 Criteria

Applications not clearly demonstrating that they meet the following mandatory criteria will be excluded from further consideration during the evaluation process.

Mandatory Criteria
a) Applications must be received at the closing location by the specified closing date and time.
b) Applications must be in English and must not be sent by facsimile or e-mail.
c) Cover Letter (see Section 7)
d) Courier or By Hand delivery: <ol style="list-style-type: none">1. Two (2) complete hard copies must be submitted; and,2. One (1) electronic copy must be submitted on diskette or CD; and,3. An unaltered, completed and <u>signed</u> Request for Application cover page including Applicant Section must be submitted with the application.

6.2 Evaluation Criteria

Applications meeting all of the mandatory criteria (ref. section 6.1) will be further assessed against the following desirable criteria.

Evaluation Criteria	Points	
	Total Available	Minimum Required
1. Project Details (See Section 4.1) <ul style="list-style-type: none"> • Proposed Design and Construction. • Estimated Project Cost and Schedule. • Potential Spin-off Benefits 	50	35
2. Project Business Case (See Section 4.2) <ul style="list-style-type: none"> • Business Case • Royalty Revenue Generation. • Benefits Attributable to the Province. • Risks, Significant Issues and Capabilities 	50	35
TOTAL	100	70

6.3 Evaluation Process

The Ministry will evaluate applications as follows:

1. Applications will be checked for compliance with the Section 6.1. Applications that do not meet the mandatory requirements of Section 6.1 will receive no further consideration.
2. The Ministry will check each Applicant's record of royalty payments through the Ministry of Small Business and Revenue. The Ministry will reject applications from Applicants that have, in the Ministry's sole opinion, an unsatisfactory record of making royalty payments to the Province.
3. Applications will be evaluated and scored against the criteria in Section 6.2. Applicants who have achieved the minimum scores for criteria 1 and 2 may be contacted to further confirm their commitment, costs and timelines for the project.
4. Applicants who have achieved the minimum scores for the criteria in Section 6.2 will advance to the next stage: **Ranking and Selection.**

6.4 Ranking and Selection

The Ministry will then use the following factors in ranking and selecting projects, which qualified based on evaluations in 6.3 above:

1. Calculate the benefit cost ratio to the province for each project based on a royalty credit of 50 percent of estimated project costs. The benefit cost ratio for each project is to be calculated by dividing the estimated incremental royalty payments over a standardized time period (to be determined) by the estimated royalty credit (i.e. half of project cost) as shown below:

$$\text{Benefit cost ratio} = \frac{\text{Royalty Payments}}{\text{Estimated royalty credit}}$$

Consideration will be given to where the project fits within Applicant's economic hurdle rate. Information must be provided by the Applicant concerning the degree and timing of whether or when the project would or would not be built without the Program.

2. Calculate the net present value to the Province for each project in terms of royalties attributable to the project over its lifetime against a project's royalty credit under the Program.
3. Calculate the payback period to the Province as to when incremental royalty revenue attributable to the project exceeds the level of the royalty credit.
4. Consider the leverage impact of each project in terms of opening up unexplored, under-explored or under-produced oil and gas areas.
5. The Ministry will evaluate the effect and degree the project has to "accelerate" the timing and amounts of new capital the proponent will invest in British Columbia. Where identified in project applications, accelerated land sales, new oil and gas reserves, and accelerated drilling, production and royalties - will be factored into a project's ranking.
6. Rank projects according to 1 to 5 above.
7. The Province reserves the right to approve royalty credits to only one, more than one, or no applications.

7 Application Format

Applications are to be submitted in the following format and sequence to ensure that they receive full consideration during evaluations and that the evaluations themselves may be handled in an efficient and consistent manner. All pages should be consecutively numbered.

1. Follow the Criteria Section 6.1 concerning the Applicant Section submission requirements.
2. A short (two or three pages) cover letter summarizing the key features of the application. The letter also needs to contain a corporate information overview of the Applicant company and for the proposed project:
 1. Project Title;
 2. Project location/basin;
 3. Project description/abstract; and,
 4. Legal name of any joint venture company.
3. The body of the application addressing all the Application requirements shown in Section 4.

8 Agreement Process

On approval of a project the company will be required to sign an Agreement with the Province and provide the Program reporting requirements as outlined in Section 3. Companies will have completed the Schedules A and C information requirements as part of their Application - which will form part of a finalized Agreement for successful projects. Those Schedules, which make up part of the Application requirements, are outlined above in Section 4 and below in Section 9. [Any](#) Agreement will be substantially similar to the terms and conditions of sample Agreements found on the Ministry website with this RFA. Such Agreements includes further reporting requirements to be provided to the Ministry by the company who executes such an Agreement with the Province.

9 Application Attachments

APPENDIX A:

Schedule A – Description Summary of Project Work and Step(s)

Schedule C:

Construction Schedule

Road Layout and Design

Cost Estimate Breakdown Road and Pipeline Examples

Drilling, Production and Royalty Estimates Table

10 Further Information

To request or receive further information about this RFA please contact:

Road Projects:

Kathy Thomson or Sheldon Harrington
Project Managers
Ministry of Energy, Mines and Petroleum Resources
Business Development Branch
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Schedule A - Summary of Project Work and Step(s) - ROAD

Description of Project:

Construction: Start – Date and Complete – Date

Road Standards:

Project Step: Components	Expected Completion Date	Projected/ Estimated Costs	Maximum Royalty Credit
Step 1: <i>Planning</i> (surveying, applications and design), <i>Construction</i> (clearing of right of way , installing culverts, road and/or bridge construction) and <i>Graveling</i> (sub-grade and running surface)			
TOTAL			

Schedule A - Summary of Project Work and Step(s) - Pipeline

Description of Project:

Construction: Start – Date and Complete – Date

Pipeline Standards:

Project Step(s) - Components	Expected Completion Date	Projected/ Estimated Costs	Maximum Royalty Deduction
<p><i>Step 1:</i> Design (planning, applications and surveying) Construction (clearing, ditching, stringing, welding and cleanup), and install a compressor and a gas dehydrator Testing (hydro or pneumatic) Pipeline Commissioning (OGC/NEB documentation, e.g. Notice of Leave to Open and Certificate of Operation)</p>			
TOTAL			

Road Layout and Design

Project Name: _____ Company Name: _____

		Design Information
1.	ROAD TYPE: (ALL SEASON/ALL WEATHER/PDR/PDR #)	
2.	ROAD LENGTH (KM)	
3.	ROAD LOCATION – START (COORDINATES)	
4.	ROAD LOCATION – FINISH (COORDINATES)	
5.	ROAD WIDTH: (M)	
6.	ROAD BASE DEPTH: (M)	
7.	DEPTH OF GRAVEL: (mm)	
8.	RIGHT OF WAY WIDTH: (M)	
9.	ROAD SUBGRADE WIDTH: (M)	
10.	NUMBER OF PULLOUTS:	
11.	DISTANCE BETWEEN PULLOUTS: (M)	
12.	MINIMUM FILL DEPTH: (M)	
13.	MAXIMUM GRADE: (%)	
14.	MINIMUM SIDE SLOPE: (%)	
15.	NUMBER OF BRIDGES: (if applicable)	
16.	BRIDGE DESIGN LOAD: (T)	
17.	MINIMUM CROSS-DRAIN CULVERT SIZE: (mm)	

COST ESTIMATE BREAKDOWN (EXAMPLE FOR ROAD PROJECT)

DESCRIPTION	AMOUNT	UNIT	PRICE	TOTAL
Trucking Construction Equipment	100 Hrs		\$ / Hr	\$
Road Construction -Pre-build	280 meters		\$ m	\$
Road Construction Upgrade	320 meters		\$ / M	\$
Road Construction New	800 meters		\$	\$
Blasting required - m of access	80 M ³		\$ / M ³	\$
Gravel access (supply, deliver, and spread)	34 M ³		\$ / M ³	\$
Miscellaneous Materials	1		\$	\$
Geo-Fabric	40 Rolls		\$ Roll	\$
Silt Fence	20		\$	\$
Signs	40 Unit		\$ / Unit	\$
Culverts- 1200 mm	10 m		\$ m	\$
Culverts- 600 mm	500 m		\$ m	\$
Culvert Delivery	3		\$	\$
Culvert Markers	100		\$	\$
Rip Rap	40 culverts		\$ culvert	\$
Medic	100 days		\$ day	\$
Supervision	100 days		\$ day	\$
Camp Site Construction	1		\$	\$
Camp Set up	1		\$	\$
Camp	100 days		\$ day	\$

Total \$

Bridge Construction Segment

Bridge Purchase & Install- 60 '	2 Unit		\$ / Unit	\$
				\$

Total \$

EXAMPLE DRILLING, PRODUCTION AND ROYALTY ESTIMATES TABLE

Drilling, Production and Royalty Estimates Table

		Note: Government Fiscal Year is April 1 - March 31													
		Fiscal Yr.	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	... Etc
Project Name															
Oil Price \$/ bbl			Ministry's Standardized Price see next page												
Gas Price \$/ e ³ m ³			Ministry's Standardized Price see next page												
Oil Production bbl															
from all wells from Project															
Gas Production e ³ m ³															
from all wells from Project															
Gross Royalty															
- any Deep Well Credits															
- any Summer Well Credits															
- Infrastructure Royalty Credit															
Net Royalty															
Cumulative Net Royalty															

Representative Well		Month	1	2	3	4	5	6	7	8	9	10	11	12	... Etc
Type Curve Production per well by month															
Royalty Payable by month															
(marginal or ultra-marginal rates used where applicable)															
Any applicable Deep or Summer Credits and timing															
Timing			Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	... Etc
# Wells Spudded															
# Wells on Production															

STANDARDIZED OIL AND GAS PRICES FOR EVALUATION

Standardized Oil and Gas Prices for Evaluation					
Year	Natural Gas Royalty Price (inlet - C\$/e³m³)	Oil Royalty Price US\$ Bbl	Year	Natural Gas Royalty Price (inlet - C\$/e³m³)	Oil Royalty Price US\$ Bbl
2006/07	\$221.88	\$ 66.06	2016/17	\$283.36	\$ 61.90
2007/08	\$255.26	\$ 62.41	2017/18	\$288.96	\$ 63.15
2008/09	\$263.11	\$ 63.38	2018/19	\$295.16	\$ 64.41
2009/10	\$254.86	\$ 59.59	2019/20	\$301.28	\$ 65.70
2010/11	\$254.08	\$ 57.30	2020/21	\$307.52	\$ 67.01
2011/12	\$253.38	\$ 56.30	2021/22	\$313.89	\$ 68.36
2012/13	\$258.52	\$ 57.17	2022/23	\$320.39	\$ 69.72
2013/14	\$265.70	\$ 58.26	2023/24	\$327.01	\$ 71.11
2014/15	\$271.24	\$ 59.46	2024/25	\$333.77	\$ 72.53
2015/16	\$277.37	\$ 60.68	2025/26	\$340.66	\$ 73.98