

Frequently asked questions (OGCFP-04-01):

1. What kinds of unconventional gas resources can be considered for net profit royalty arrangements?

Tight gas, shale gas, coalbed gas, and enhanced gas recovery.

As economics is the key driver for determining eligibility, projects will be evaluated based on economic units approach and each component of the units will have to be justified to strive for project designs that reflects efficient and effective economic decision-making.

2. What would I have had accomplished in order to be able to respond to this Call for Proposals?

Through the CFP process, it is our intention to develop a net profit royalty arrangement for commercial unconventional natural gas projects. The CFP process is comprised of two parts. The first part is to gauge the interest on developing unconventional projects in B.C. The second part is to collaboratively analyze project proposals with the intent of establishing appropriate Net Profit parameters for commercial projects.

3. What will the royalty rates be during the course of the projects?

No rates have been determined. See answer to Number 2 for further clarification on the CFP Process.

4. What are allowed costs?

Allowed costs will be determined as part of the CFP process. See answer to Number 2 for further clarification on the CFP Process. Details on eligible costs will be fleshed out during discussions.

5. Why July 1, 2004 deadline?

Approval has been granted by the British Columbia government for MEM to engage industry with the intent of producing Net Profit Royalty arrangements for unconventional gas projects. To facilitate the orderly development of this royalty regime and to also demonstrate the need for this type of fiscal arrangement for unconventional resources, MEM is requesting that serious proposals be submitted by July 1, 2004.

6. Do Net Profit Arrangement proposals still qualify for other B.C. government royalty incentives?

No, the Net Profit Arrangement proposals will not be subject to other royalty regimes and will not qualify for any royalty incentives associated with them.

7. Is there minimal investment requirement? How much?

It is expected that a minimum investment limit will be imposed and will be determined during the CFP process. See answer to Number 2 for further clarification on the CFP Process.

8. What about land positions and quantities?

To be determined during the CFP process. See answer to Number 2 for further clarification on the CFP Process.

9. How should I respond to this Call for Proposals?

To respond, please see the response check list and contact in the Call for Proposals.