



SUBJECT: Sierra Yoyo Desan (SYD) Road Use Fees for Dec. 1, 2006- Nov. 30, 2007

Road use fees are collected by the Ministry of Energy, Mines and Petroleum Resources (the Ministry), under the *Transportation Act Regulation*, and monthly payments are made to the SYD Road Limited Partnership (whose general partner is Ledcor SYD Limited) for the new bypass and upgrade to the SYD Road, and maintenance payments for ongoing operation and maintenance of the road.

On December 1, 2006, the SYD Road Executive Committee met and recommended that SYD Road Use fees should be increased given the forecast of decreased drilling activity within the SYD assessable area compared to the previous year. Until a new fee schedule was approved by Order of the Lieutenant Governor in Council of British Columbia (approved February 6, 2007), the fees since December 1, 2006 remained the same as last year's. Below are both sets of fees that are in effect for the SYD Road fiscal year December 1, 2006 to November 30, 2007.

Industrial Activity	Road Use Fees Dec. 1, 2006 to Feb. 5, 2007	Road Use Fees effective Feb. 6, 2007	Comments
Active Wells	\$2,700 per well/year	\$3,900 per well/year	Wells in SYD Road assessment area with well status of "Active"
Non-active Wells	\$550 per well/year	\$840 per well/year	All wells (except wells with a status of "Active" or "Abandoned")
Wells Drilled	\$13,700 per well spudded in winter \$17,800 per well spudded in summer	\$15,000 per well spudded in winter \$19,500 per well spudded in summer	Summer drilling is defined as wells spudded from Apr. 1 to Nov. 30 of any year.
Drill Rig Moves	\$19,500 per move (winter) \$25,300 per move (summer)	\$21,500 per move (winter) \$27,500 per move (summer)	Drill Rig Moves based on the spud date of each well (not the actual date of the rig move). Winter means Dec. 1 to Mar. 31 of any year Summer means Apr. 1 to Nov. 30 of any year
Compressor Moves	\$19,500 per move (winter) \$25,300 per move (summer)	\$21,000 per move (winter) \$27,500 per move (summer)	Applies to compressor packages weighing 50 short tons or more that are moved on the SYD Road
Timber Hauling	\$0.68 per m ³ of timber	\$0.68 per m ³ of timber	Assessed on volumes of timber hauled on SYD Road for commercial timber operations

Invoices for active and non-active wells will continue to be sent out three times per year. The intent of this billing method is to distribute the annual charge over the entire SYD Road fiscal year and to capture the changes in well statuses throughout the year.

Cheques are to be made payable to:

BC Transportation Financing Authority
 c/o Ministry of Energy, Mines and Petroleum Resources
 PO Box 9323 Stn Prov Gov't
 Victoria, BC V8W 9N3

Royalty Credits Available to Road Users

Three times per year, road users are notified of the royalty credits they have earned, which are equal to 50% of the road use fees received by the Province. To claim these credits, an oil and natural gas royalty payer must submit a BC-15 form, "Petroleum & Natural Gas Remittance Advice" to the Ministry of Small Business & Revenue.

History

Upgrade and Maintenance Contract

SYD Road Limited Partnership and its general partner, Ledcor SYD Limited, assumed operations and maintenance obligations for the SYD Road on August 1, 2004. For matters related to road operations and maintenance, contact Ledcor at 1-866-453-3267. Additional information is available at www.sydroad.com.

New Construction and Upgrades

August 26, 2005 marked the completion of \$40 million of major improvements including a new bridge crossing the Fort Nelson River, 22 kilometers of new road (the "new bypass") and 99 kilometers of upgrades which included widening and strengthening of the road.

During the summer and fall of 2006, two road pullouts were upgraded, located at kilometer 30.5 and at kilometer 119 on the SYD Road.

SYD Road User Committee and Executive

The SYD Road User Committee (the "Committee") was established on June 1, 2004. The Committee has an Executive Committee that represents the Road User Group and the Ministry in the administration of the SYD Road. The current members of the Executive Committee are:

- Tyson Pylypiw (EnCana Oil & Gas), Chair until 2007 Annual General Meeting (AGM)
- Stephen Pal (Ministry of Energy, Mines and Petroleum Resources), Secretary
- Jerry Harvey (Canadian Natural Resources) member-at-large until 2007 AGM
- Randy James (Devon Canada) member-at-large until 2007 AGM
- Roxanne Kosiorek (Talisman Energy) member-at-large until 2007 AGM
- Mike Shaw (ExxonMobil Canada) member-at-large until 2007 AGM

Original signed by

Stephen Pal
 A/Director
 Infrastructure Section, Business Development Branch
 Ministry of Energy, Mines and Petroleum Resources
 2007-Feb-09

<p>For further information, contact: Susan Serafini SYD Road Administrator Phone: (250) 952-0323 Fax: (250) 952-0255 susan.serafini@gov.bc.ca</p>
