



April 6, 2009

INFORMATION LETTER # OGC 09-14

Subject: Process Changes to Support the New Fee Schedule for Pipelines, Well Authorizations and Geophysical Exploration Applications

To: Industry Clients

Effective Date: April 1, 2009

Background:

The Oil and Gas Commission (Commission) has implemented a new Fee Schedule for applications related to pipelines, well authorizations and geophysical exploration as announced in Information Letter OGC 09-10.

Changes to the application submission requirements have been developed to support the new Fee Schedule.

Applications submitted after 4:30pm (end of the business day) March 31, 2009 shall be subject to the new Fees Schedule. **If in the event that your application is declined and is resubmitted after the implementation date, the new Fee Schedule shall apply to the resubmitted application.**

Requirement:

Pipeline Applications:

Commencing April 1, 2009, an application under section 11 of the *Pipeline Act* to construct a pipeline is subject to an application fee comprised of a fixed portion plus a length-based portion.

Both the fixed portion and the per kilometre rate for the length-based portion are dependent on whether the outside diameter of pipeline is less than 152 mm, or equal to or greater than 152 mm.

The pipeline application must be accompanied by a Pipeline Application Fee Calculation Worksheet (Worksheet) submitted as a hardcopy together with a copy of the 1:20,000 BCGS Map Sheet, Construction Plans, and First Nations package(s) (if applicable). The Worksheet must be uploaded to KERMIT as a miscellaneous attachment with every pipeline application. A pipeline application may be declined if the incorrect fee is submitted in conjunction with the application.

Any significant change in pipeline length, size (pipe outside diameter), origin or destination will require a new application.

Any other changes to an application **prior to approval** will be considered an amendment and are subject to a \$700 fee.

Any change to an **approved** pipeline application submission will be considered an amendment for purposes of the Fee Schedule.

Commencing April 20, 2009 pipeline construction plans must include the length in kilometres of pipeline and diameter class by segment within the Area Table calculations.

Well Authorization (WA) Applications:

Commencing April 1, 2009, an application for a WA under section 15 of the Drilling and Production Regulation, is subject to an application fee of \$10,300. The reduced fee for second and subsequent well applications on an existing surface lease is discontinued. All WA applications are now charged the same fee rate of \$10,300.

Commencing April 1, 2009, operators submitting their first WA in BC are now subject to an additional \$8,000 fee.

For clarity, the WA application fee for the first well application received from an operator who has not previously applied to the Commission for a WA is \$18,300 (\$8,000 + \$10,300).

The WA form has been changed to now include a check box in section D to affirm that the application is the first from an operator and the additional \$8,000 fee applies.

Geophysical Exploration Applications:

Commencing April 1, 2009, an application for a geophysical exploration project under section 3 of the Geophysical Exploration Regulation is subject to an application fee of \$1,650. A fee of \$700 must be submitted with any change to an original application.

A **Clarification Note** document has been added to this notice to assist with the implementation of this new process.

The Commission data base and website will be updated to reflect these changes after April 1, 2009.

Two Pipeline Application Fee Calculation Worksheets (one for new applications and one for amended applications) are available on the Commission website at the following location: <http://www.ogc.gov.bc.ca/pipelinefacilityforms.html>.

If you have any questions regarding the above, please contact:

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BC Oil and Gas Commission

Attachment

New Fee Schedule Clarification Notes

Pipeline Applications

- a. Pipeline applications will require an application fee comprised of a base fee for each diameter class plus a diameter class per kilometre (km) fee (diameter class means less than 152 mm outside diameter or equal to or greater than 152 mm outside diameter).
- b. The new fees shall apply to a pipeline as defined under the *Pipeline Act*.
- c. Two **Pipeline Application Fee Calculation Worksheets** (one for *new* applications and one for application *amendments*) have been developed as guides to assist industry clients with this new process. See: <http://www.ogc.gov.bc.ca/pipelinefacilityforms.html>.
- d. Kms of pipeline and/or pipeline segment(s) shall be recorded as “**Actual Length**” in kms. The starting and ending points of the pipeline would be measured between the first block valves at each end of the pipeline.

Example: 1,250 metres = 1.25 kms

For purposes of calculating the diameter class per km fee, for pipelines of less than 1 km the length will be 1 km.

- e. Pipeline construction plans must include the length in kms of pipeline by diameter class by segment within the **Area Table**.
- f. Pipeline Amendments will require a \$700 amendment fee.
- g. Any **significant change** to an original or approved application will require a **NEW application** for purposes of the fee schedule. A **significant change** is defined as:
 - i. Where there is any addition to total length of pipe of 2 kms or greater.
 - ii. Where there is pipe outside diameter increase from less than 152 mm to 152 mm or greater and which covers a total distance of 3 kms or greater.
 - iii. Where there is a significant change of pipeline origin or destination.
- h. Any other change to the original application prior to final approval shall be considered an “Amendment” for the purposes of the fee schedule.

At the discretion of the Commission, minor changes or revision resulting from consultation and/or negotiation efforts during the pre-approval review stage will not be subject to the amendment fee. Correspondence from the Commission’s Operations staff acknowledging that the amendment fee does not apply must be submitted electronically to Kermit and a hard copy attached to the change / revision documentation filed with the Commission.

- i. Any change to an original or approved application resulting in **additional length** in kms of pipeline and/or pipeline segment(s) of less than 2 kms shall be considered an “Amendment” and subject to the \$700 Amendment Fee. The class per km fee will not be required.

- j. Any change to an original or approved application resulting in an **increase to the diameter class** of a pipeline and/or pipeline segment(s) of less than 3 kms shall be considered an “Amendment” and subject to the \$700 Amendment Fee. The class per km fee will not be required.

Well Authorization (WA) Applications

- a. The application for a WA under section 15 of the Drilling and Production Regulation is subject to an application fee of \$10,300.
- b. The reduced fee for second and subsequent well applications on an existing surface lease is discontinued. All WA applications are now charged the same fee rate of \$10,300.
- c. Operators submitting their first well application in BC are now subject to an additional \$8,000 fee.

Examples:

- i. A new company registers to operate in BC and applies for its first WA. The additional \$8,000 fee is required.
- ii. A company registered to operate in BC prior to April 1, 2009 and applies for its first WA after March 31, 2009. The additional \$8,000 fee is required.
- iii. A new company purchases the assets of an existing company operating in BC, registers to operate in BC and applies for its first WA. The additional \$8,000 fee is required.
- iv. A company registered to operate in BC and previously granted a WA changes its legal name and applies for a subsequent WA. The additional fee is NOT required.
- v. Two or more existing companies registered to operate in BC merge / amalgamate and apply for a WA under an existing or new name. If one or more of the companies before the merger / amalgamation previously were granted a WA, the additional fee is NOT required.

Geophysical Exploration Applications

- a. Applications for geophysical exploration projects under section 3 of the Geophysical Exploration Regulation are subject to an application fee of \$1,650.
- b. An amendment fee of \$700 must be submitted with any change to an original geophysical project application.
- c. Any change to the original geophysical project application shall be considered an “Amendment” for the purposes of the fee schedule.

At the discretion of the Commission minor changes or revision resulting from consultation and/or negotiation efforts during the pre-approval review stage will not be subject to the amendment fee. Correspondence from the Commission’s Operations staff acknowledging that the amendment fee does not apply must be attached to the change / revision documentation filed with the Commission.

- d. Any change to an approved geophysical project application shall be considered an “Amendment” for the purposes of the fee schedule.