



July 22, 2009

INFORMATION LETTER # OGC 09-17

Subject: Clarification Regarding Commission Fees Schedule

To: Industry Clients

Effective Date: August 22, 2009

Background:

The BC Oil and Gas Commission (Commission) implemented a new Fees Schedule for applications related to pipelines, well authorizations and geophysical exploration as announced in Information Letters 09-10 and 09-14.

This supplemental Information Letter serves to provide clarity on both information requirements and calculation of pipeline fees and coincides with posting of the updated Fee Calculation Worksheet to the Commission website.

It is recommended that clients contact the Commission if they have any questions related to fee requirements prior to submitting an application.

Requirement:

As per Pipeline Regulation Section 20, the Commission requires a fee for each pipeline applied for. If a single trench or right of way contains multiple pipelines or if additional pipeline segments are added, each pipeline is treated as a separate segment and subject to corresponding pipeline fees. Two or more pipelines in the same trench require a fee based on total length of all pipelines within the trench. Length of the pipeline is based on total length of pipe, not right of way length.

Calculate the length of all pipelines/segments added together to determine the total actual length.

Example: 1.25 km (Segment 1) + 0.50 km (Segment 2) = 1.75 km X per km fee

Fuel Gas lines and Domestic Use Fresh Water lines do not require an application or amendment fee. The applicant must clearly indicate the Fuel Gas Line or Domestic Use Fresh Water Line within the pipeline application in KERMIT under the engineering tab specification screen.

There was an error in the wording of the Pipeline Application Fee Calculation Worksheet under the pipeline length calculation that has since been corrected. The length of a pipeline for calculation of fees is based on the actual length of pipe in kilometers to two decimal places.

Example: 1,250 metres is billed as 1.25 kilometres X per km fee.

Minimum length of pipeline for the purposes of the fee calculation is 1.00 km.

Example: 525 metres is billed as 1.00 kilometres X per km fee.

On the construction plan, the Area Table information must show the total pipeline right of way length by segment. The diameter class is not required on the construction plan. Please note that pipeline information related to fee calculations is captured in the pipeline application section of KERMIT, under the Engineering tab, in the Pipeline Specifications screen.

Section 14 Renewals do not require an application fee.

A change to an application, pre or post approval is considered an amendment and subject to an amendment fee of \$700.00 (in addition to the length and diameter fee if applicable).

An amendment to re-route or add a pipeline(s), to add a segment(s), or to add or move ancillary sites are charged an amendment fee. It is important to note if the amendment results in a change to the pipeline origin, destination, or an addition of two kilometres or more to the pipeline length, a new application is required.

At the discretion of the Commission, an amendment resulting from environmental or other unforeseen circumstances post approval which results in a change to the pipeline origin, destination, or an addition of two kilometres or more to the pipeline length will not be subject to the new application fee. An exemption request accompanied by a sound rationale must be approved by the Commission's Operations staff acknowledging that the new application fee does not apply and must be submitted electronically to KERMIT with a hardcopy attached to the amendment documentation filed with the Commission.

An amendment fee of \$700.00 is required for any amendments submitted after Leave to Open.

An amendment to split a pipeline into two or more segments prior to Leave to Open, does not require an amendment fee. A new construction plan highlighting the change(s) on the plan and within the Area Table must be submitted with the amendment.

Engineering changes do not require amendment fees and are listed in the Pipeline Notice of Intent (NOI) matrix found in the Pipelines & Facilities Manual, Section 9.0.

Field Changes do not require an amendment fee and are listed in the Pipeline and Facilities Manual under Section 8.0.

For further information please view the Pipeline and Facilities Manual:
<http://www.ogc.gov.bc.ca/documents/pipelines/Pipeline%20and%20Facility%20Manual%20v8.3%20march-28-07.pdf>

The worksheets can be found on the Commission website under Pipelines and Facilities at: <http://www.ogc.gov.bc.ca/pipelinefacilityforms.html>

To access the updated Calculation Worksheet and the Amendment Calculation worksheet directly:

Application Calculation:

<http://www.ogc.gov.bc.ca/documents/forms/pipelines/Pipeline%20Application%20Fee%20Calculation%20Worksheet.pdf>

Application Amendment Calculation:

<http://www.ogc.gov.bc.ca/documents/forms/pipelines/Pipeline%20Amendment%20Fee%20Calculation%20Worksheet.pdf>

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

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