**Request for Applications**

**Infrastructure Royalty Credit Program 2018**

*Oil and Gas Division*

Ministry of Energy, Mines and Petroleum Resources

**RFA Number: 2018-01**  
**Issue Date: February 9, 2018**

**Closing Time:** Applications must be received before **2:00 PM** Pacific Time on **April 12, 2018**

**Delivery of Applications:**
Proposals must be in English. Proponents may submit one (1) hard copy and one (1) electronic copy (on a flash drive) of its application. Applications must be submitted by hand delivery or courier to:

Attention: Jennifer White, Senior Project Manager  
Regulatory and Infrastructure Branch  
Oil and Gas Division  
Ministry of Energy, Mines and Petroleum Resources  
5th Floor – 1810 Blanshard Street, Victoria, BC  V8T 4J1

**Government Contact Person:**
All enquiries related to this Request for Application are to be directed, in writing, to:

Jennifer White, Senior Project Manager  
e-mail: Jennifer.e.white@gov.bc.ca

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.

**Important Notice:**
Nothing in this section or document or its attachments authorizes or should be construed as the authorization to construct or upgrade a road or construct a pipeline. The construction of all roads or pipelines and all pre or post construction activities must be authorized by the Oil and Gas Commission, National Energy Board and/or all other appropriate approval authority(s).
A. Table of Contents

A. TABLE OF CONTENTS ........................................................................................................................................... 2

B. DEFINITIONS AND ADMINISTRATIVE REQUIREMENTS .......................................................................................... 3

C. ADDITIONAL DEFINITIONS .................................................................................................................................. 6

C.1 ROADS .................................................................................................................................................................. 6

C.2 PIPELINES .............................................................................................................................................................. 6

C.3 ELIGIBLE PROJECT .................................................................................................................................................... 7

C.4 PROJECT CONSTRUCTION .......................................................................................................................................... 7

C.5 PROJECT COMPLETION ............................................................................................................................................. 7

C.6 ELIGIBLE PROJECT COSTS .......................................................................................................................................... 7

C.7 INELIGIBLE PROJECT COSTS ........................................................................................................................................ 7

D. INFRASTRUCTURE ROYALTY CREDIT PROGRAM SUMMARY ........................................................................ 8

E. APPLICATION FORMAT ........................................................................................................................................ 8

F. SUBMISSION REQUIREMENTS ................................................................................................................................ 11

F.1 GENERAL INFORMATION ......................................................................................................................................... 11

F.2 DELIVERY OF APPLICATIONS .................................................................................................................................. 12

G. EVALUATION, RANKING AND SELECTION ....................................................................................................... 12

G.1 MANDATORY CRITERIA ........................................................................................................................................... 13

G.2 EVALUATION CRITERIA ......................................................................................................................................... 13

G.3 RANKING AND SELECTION ....................................................................................................................................... 14

H. IRCP PROJECT AGREEMENTS ............................................................................................................................... 15

I. GUIDANCE DOCUMENT ........................................................................................................................................ 17

J. FURTHER INFORMATION .......................................................................................................................................... 17

J.1 IRCP WEBSITE ...................................................................................................................................................... 17

J.2 ENQUIRIES ............................................................................................................................................................... 17
B. Definitions and Administrative Requirements

1. Definitions

Throughout this RFA, the following definitions apply:

“Applicant(s)” means a Producer(s) or Pipeline Company(ies) applying jointly with a Producer(s), that submits an application or applications in response to this RFA;

“Agreement” means a written agreement resulting from this RFA executed by the Province and Successful Applicant;

“Successful Applicant” means a Producer(s) or a Pipeline Company(ies) applying jointly with a Producer(s) with whom the Ministry intends to enter into negotiations for an Agreement;

“Ministry” means the Ministry of Energy, Mines and Petroleum Resources;

“must”, or “mandatory” means a requirement that must be met in order for an application to receive consideration;

“Producer” means “producer” as defined in the Petroleum and Natural Gas Royalty and Freehold Production Tax Regulation;

“Pipeline Company” means “Pipeline Company” as defined in the Petroleum and Natural Gas Royalty and Freehold Production Tax Regulation;

“Province” means Her Majesty the Queen in Right of the Province of British Columbia as represented by the Ministry of Energy, Mines and Petroleum Resources and includes the Ministry; and

“Regulation” means the Petroleum and Natural Gas Royalty and Freehold Tax Regulation, B.C. Reg. 495/92 and any amendments thereto.

See Section C – Additional Definitions for specific definitions for road and pipeline projects.

2. Term and Conditions

The following terms and conditions will apply to this RFA. Submission of an application in response to this RFA 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 RFA will be as if not written and do not exist.

3. Eligibility

Applications will only be accepted from Producer(s) or Pipeline Company(s) applying jointly with Producer(s) 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 Infrastructure Royalty Credit Program 2018 are under the custody and control of the Province, and become the property of the Province and are subject to the provisions of the Freedom of Information and Protection of Privacy Act. The application(s) will be used to assess project(s) that may be 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 RFA 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 and ranked.

9. **Results Notification to Applicants**

At the conclusion of the RFA process, all Applicants will be notified in writing. This notification 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, 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 Provincial Services 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. **Partner Application**

a) If using a partner application parties must be clearly identified in the application. A joint application means a joint submission by Applicants having no formal corporate links.
b) FOR ROAD PROJECTS, only applications from Producer(s) will be accepted.
c) FOR PIPELINE PROJECTS, applications from Producer(s) or Pipeline Company(ies) applying jointly with Producer(s) will be accepted.
d) FOR ROAD AND PIPELINE PROJECTS, applications from Producer(s) or Pipeline Company(ies) applying jointly with Producer(s) will be accepted.
e) A partner application which 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 RFA will not be permitted. If an Applicant is in doubt as to whether a proposed partner application gives rise to a conflict of interest, the Applicant should consult with the Government Contact Person listed on RFA cover page prior to submitting an application.

16. **Agreement**

Any Agreement will be substantially similar to the terms and conditions of the sample agreements (road or pipeline sample agreements) set out in Section 3 of the RFA webpage.

A successful project involving multiple parties for either road or pipeline will execute a single Project Agreement with the Ministry. No additional partners will be allowed to be added, nor other changes made, without written consent of all parties.

17. **Liability for Errors**

While the Province has used considerable efforts to ensure information in this RFA is accurate, the information contained in this RFA 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 RFA is intended to relieve Applicants from forming their own opinions and conclusions with respect to the matters addressed in this RFA.

18. Modification of RFA
The Province reserves the right to modify this RFA at any time at its sole discretion. This includes the right to cancel this RFA at any time prior to entering into any Agreement.

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

20. No Lobbying
Applicants must not attempt to communicate directly or indirectly with any employee, contractor or representative of the Province, including the evaluation committee and any elected officials of the Province, or with members of the public or the media, about the application described in this RFA or otherwise in respect of the RFA, other than as expressly directed and permitted by the Province.
C. **Additional Definitions**

Also refer to the Project Agreement for definitions in relation to the Project Agreement.

C.1 **Roads**

a) “**Eligible Road Project**” means one of the following types of projects for which an application may be submitted in response to this RFA:
   i. construction of a new all-season road, or upgrade to an existing road, that will be eligible for permitting as an **Oil and Gas Road**, or;
   ii. 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;

b) “**Oil and Gas Road**” means a road constructed and operated in accordance with section 1 of the Oil and Gas Road Regulation, B.C. Reg. 56/2013 and any amendments thereto;

c) “**Forest Service Road**” means a road constructed and operated in accordance with section 1 of the Forest Act, R.S.B.C. 1996, c. 157, and any amendments thereto;

d) “**all-season**” means a road that will support vehicle and equipment weights associated with oil and gas activities performed outside of the traditional winter drilling season that typically runs from December 1st to March 31st. An all-season 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.

C.2 **Pipelines**

a) “**Eligible Pipeline Project**” means the following types of pipeline project(s) for which an application may be submitted in response to this RFA:
   i. construction of a pipeline as permitted by the Oil and Gas Commission or the National Energy Board or;
   ii. pipeline has the same meaning as provided in section 1 of the Petroleum and Natural Gas Act.

b) A pipeline project must have a minimum of 1 km of piping.
C.3 Eligible Project

Eligible Project is either construction of a road or pipeline or combined road and pipeline.

C.4 Project Construction

The construction phase of the project cannot start before April 12, 2018.

C.5 Project Completion

All projects are expected to be completed within 3 years of the signing of the Project Agreement to a maximum completion date of December 31, 2021.

C.6 Eligible Project Costs

a) Eligible Project costs are incurred in the construction of the pipeline or road project as defined in the relevant Project Agreement.

b) Subject to C.6(c) below, Eligible Project Costs must be between the project start date and project completion date of a project as defined in Schedule A of the Project Agreement and which are based on the RFA Response Template Section 6 “Description of Project Work and Step(s)”.

c) Any eligible costs for the project that are before the project start date must be pre-approved by the Administrator, and included on Project Agreement Schedule B.6 – Special Equipment, Inventory or Services. Any costs that fall outside of the project dates and are not included on Schedule B.6 will be deemed ineligible.

d) Wellsite tie-in costs are eligible costs for Pipeline projects.

C.7 Ineligible Project Costs

a) maintenance costs;

b) goods and services tax (GST); and

c) contingency allowances, administration costs, consulting fees for supervision of clean-up of well site lease or pad site, overhead, accounting, interest and the purchase of, and amortization and depreciation on, capital equipment that is not integral to the operation of the project.
D. Infrastructure Royalty Credit Program Summary

The Regulatory and Infrastructure Branch, Oil and Gas Division, Ministry of Energy, Mines and Petroleum Resources invites applicants within the oil and gas industry to submit applications to compete for $120 million in approved royalty deductions for the 2018 installment of the Infrastructure Royalty Credit Program (the “Program”).

The Program encourages road and/or pipeline construction that would enable new oil and gas exploration, development and production in British Columbia (BC). This is accomplished through a provincial royalty deduction of up to 50 percent for Eligible Projects, as approved by the Ministry. The Program is governed by the Petroleum and Natural Gas Royalty and Freehold 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 lesser of the estimated completion costs for the project or the amount actually spent to complete the project, as approved by the Ministry.

A Pipeline Company intending to undertake a project, in a contractual arrangement with one or more producers, to construct an eligible pipeline in BC, is eligible to make an application, pursuant to section 4 of the Regulation.

E. Application Format

All application templates for the 2018 Program are available on the IRCP Website. Please DO NOT use templates from previous years as they have changed. The required documents are noted in the following tables.

<table>
<thead>
<tr>
<th>Doc #</th>
<th>Title</th>
<th>Description and Required Format</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Cover Letter</td>
<td>Provide cover letter (3 page max) on company letterhead that includes the following information:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• A corporate overview of the Applicant company(s);</td>
</tr>
<tr>
<td>Doc #</td>
<td>Title</td>
<td>Description and Required Format</td>
</tr>
<tr>
<td>-------</td>
<td>-------</td>
<td>---------------------------------</td>
</tr>
</tbody>
</table>
|       |       | **• A summary of the proposed project; and**  
|       |       | **• A summary of the key business case features of the proposed project.**  
|       |       | **Required Electronic Format:** PDF, on Company letterhead |
| 2.    | Supporting Letter(s) | **For partner applications, please provide one letter signed by each partner (or individual letters from each) that agrees to the joint proposed project application. Each letter must have the exact percentage of the royalty deduction allocation between the Producers, and all relevant contact information.**  
|       |       | If applicable, please also provide a Letter of Agreement between the companies making an application to upgrade a road, and the operator of that road if they are different companies.  
|       |       | **Required Electronic Format:** PDF, on Company letterhead |
| 3.    | RFA Response Template | **This is the Primary document used by the Ministry for evaluation and ranking of the project application.**  
|       |       | **Required Electronic Format:** PDF and Microsoft Word  
|       |       | **Section 8 Approvals (attachment)  
|       |       | **Required Electronic Format:** PDF  
|       |       | **Section 10 Cost Estimate Breakdown Table (attachment)  
|       |       | **Required Electronic Format:** PDF and Microsoft Excel |
| 4.    | Proposed Project Schedule | **The document outlines the project schedule as noted in the RFA Response Template, and is included in the Project Agreement for successful applications.**  
|       |       | **Required Electronic Format:** PDF and Microsoft Excel |
| 5.    | Drilling, Production and Royalty Estimates Table | **The Drilling, Production and Royalty Estimates Table is used to forecast wells, production and expected royalty revenue. Please note:**  
|       |       | **• Well production cannot start before the RFA Close Date.**  
|       |       | **• All wells must be unique to the project.**  
<p>|       |       | <strong>• Partner companies may confidentially and individually submit their own Drilling, Production and Royalty Estimates Table Excel spreadsheet file directly to the Ministry, if desired.</strong> |</p>
<table>
<thead>
<tr>
<th>Doc #</th>
<th>Title</th>
<th>Description and Required Format</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Instructions for completing the excel spreadsheet file are contained in the first worksheet of the file.</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Required Electronic Format</strong>: PDF (Annual Production &amp; Royalty tab ONLY) and Microsoft Excel (entire .xlsx file)</td>
</tr>
<tr>
<td>6.</td>
<td>Mapping Requirements</td>
<td>a) Situation Map: This map shows the location of the project in relation to existing infrastructure in the area. Existing infrastructure to be upgraded and/or new infrastructure should be clearly identified on the map.</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Required Electronic Format</strong>: PDF</td>
</tr>
<tr>
<td></td>
<td></td>
<td>b) ESRI Shapefile: An ESRI shapefile showing the upgraded and/or new infrastructure proposed. Mapping information must be prepared by a qualified GIS technician.</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Required Electronic Format</strong>: As per template files. Shapefiles will be accepted in either the UTM Zone 10 NAD83 or BC Environment Albers NAD83 projections. Information on type of projection utilized must be noted in the application. <strong>Polygon shapes are not accepted</strong>. An ESRI shapefile can be up to as many as seven different files. The most important files are:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Main file with extension (shp)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Index file (shx)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• dBase table (dbf) – see example table below</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Projection file (prj)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Note: Data submitted to the Ministry in support of the mapping information of this RFA Application is not required to meet the Oil and Gas Commission ePASS submission requirements.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Example of ESRI Shapefile: Please see the background ESRI shapefile format from the Environmental Systems Research Institute website link for completing the mapping shapefile as required: <a href="http://www.esri.com/library/whitepapers/pdfs/shapefile.pdf">www.esri.com/library/whitepapers/pdfs/shapefile.pdf</a>  (Technical Description of Shapefile – ESRI Whitepaper July 1998)</td>
</tr>
</tbody>
</table>
## Table E.2: dBase table (dbf) Shapefile Requirements

<table>
<thead>
<tr>
<th>PROPOONENT</th>
<th>PROJECT</th>
<th>NEW_OR_UPG</th>
<th>DESCRIPTION</th>
<th>PROJECT_TY</th>
<th>FILENO</th>
<th>H2S</th>
<th>DIAMETER</th>
</tr>
</thead>
<tbody>
<tr>
<td>String 50</td>
<td>String 50</td>
<td>String 50</td>
<td>String 50</td>
<td>String 50</td>
<td>String 15</td>
<td>Decimal 3,1</td>
<td>Decimal 4,1</td>
</tr>
</tbody>
</table>

Example:

<table>
<thead>
<tr>
<th>COMPANY NAME</th>
<th>PROJECT NAME</th>
<th>NEW or UPGRADE</th>
<th>PROJECT DESCRIPTION</th>
<th>PROJECT TYPE</th>
<th>NEB/OGC FILE NUMBER (IF APPLICABLE)</th>
<th>H2S CONTENT (%)</th>
<th>PIPE DIAMETER (mm)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company 1</td>
<td>Road Name</td>
<td>Upgrade</td>
<td>10 km upgrade to winter road</td>
<td>Road</td>
<td>12345</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Company 2</td>
<td>Pipeline Name</td>
<td>New</td>
<td>9.3 km pipeline</td>
<td>Pipeline</td>
<td>23456</td>
<td>10.1</td>
<td>254 mm</td>
</tr>
</tbody>
</table>

Note String/Decimal requirements for naming conventions. Please use provided template files.

### F. Submission Requirements

#### F.1 General Information

The application must include all documents as outlined in Section E.

One (1) paper copy of all documents and one (1) electronic copy of all documents on a flash drive must be submitted together. Do not submit paper copy documents in a binder.

The paper copy must contain the following 8 documents in 8.5 x 11 format:

1. Cover Letter
2. Supporting Letter (if applicable)
3. RFA Response Template (including original signed cover page)
4. RFA Response Template attachment to Section 8 (Approvals, if available)
5. RFA Response Template attachment to Section 10 (Cost Breakdown Table)
6. Proposed Project Schedule
7. Drilling, Production and Royalty Estimates Table (Annual Production & Royalty tab ONLY)
8. Situation Map

The flash drive must include the following 3 electronic documents:

1. One PDF file containing the following documents:
   - Cover Letter
2. Drilling, Production and Royalty Estimates Table (.xlsx)
3. ESRI Shapefiles

IMPORTANT: The RFA Application must be fully completed, signed and submitted in the sequence and formats set out in Sections E and F to ensure full consideration is given during the Ministry’s evaluation process.

F.2 Delivery of Applications

All applications must be received before 2:00 PM Pacific Time on April 12, 2018. Applications will only be accepted by courier or by hand delivery to the following address:

Regulatory and Infrastructure Branch
Oil and Gas Division
Ministry of Energy, Mines and Petroleum Resources
5th Floor – 1810 Blanshard Street
Victoria, BC V8T 4J1
Attn: Jennifer White, Senior Project Manager

G. 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 the evaluation.
G.1 Mandatory Criteria

Applications that do not meet the following mandatory criteria may be excluded from further consideration and not proceed to the next stage, Evaluation Criteria.

Table G.1: Mandatory Criteria

<table>
<thead>
<tr>
<th></th>
<th>Mandatory Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Applications must be in English.</td>
</tr>
<tr>
<td>2</td>
<td>Applications must be received by the Ministry at the closing location by the specified closing date and time.</td>
</tr>
<tr>
<td>3</td>
<td>Applications must be received by Courier or Hand Delivery. Applications must NOT be sent by facsimile, e-mail or regular Canada Post mail.</td>
</tr>
<tr>
<td>4</td>
<td>Applications must be submitted in required format (as outlined in Section E and F).</td>
</tr>
<tr>
<td>5</td>
<td>An original signed page 1 of the RFA Response Template must be submitted as part of the application.</td>
</tr>
<tr>
<td>6</td>
<td>Project and/or well construction cannot start before the RFA Close Date.</td>
</tr>
</tbody>
</table>

G.2 Evaluation Criteria

Applications meeting all of the Mandatory Criteria will be further assessed against the following Evaluation Criteria. The Ministry will evaluate and score Applications based on the information submitted in the RFA Response Template. All questions in the RFA Response Template should be answered fully for evaluation purposes. If any questions are not addressed in the RFA Response Template, the application will not be eligible to receive full marks and may not receive the minimum required percentage for advancement to the next stage of evaluation. Note a minimum score of 65% is required to proceed to the next stage, Ranking and Selection. The Ministry may contact Applicants to further confirm information about the submission, as needed.

The Ministry will also check each Applicant’s record of royalty payments through the Ministry of Finance. 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.
### Table G.2: Evaluation Criteria

<table>
<thead>
<tr>
<th>Evaluation Criteria</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Project Details</strong></td>
<td></td>
</tr>
<tr>
<td>Section 4: Application Details</td>
<td></td>
</tr>
<tr>
<td>Section 5: Project Overview</td>
<td></td>
</tr>
<tr>
<td>Section 6: Description of Project Work and Step(s)</td>
<td></td>
</tr>
<tr>
<td>Section 9: Royalty Deduction</td>
<td></td>
</tr>
<tr>
<td>Section 10: Itemized Cost Breakdown</td>
<td>50%</td>
</tr>
<tr>
<td>Total:</td>
<td></td>
</tr>
<tr>
<td><strong>2. Project Business Case</strong></td>
<td></td>
</tr>
<tr>
<td>Section 11: Project Business Case</td>
<td></td>
</tr>
<tr>
<td>Section 12: Benefits Attributable to the Province</td>
<td></td>
</tr>
<tr>
<td>Section 13: Risks and Significant Issues</td>
<td></td>
</tr>
<tr>
<td>Total:</td>
<td>100%</td>
</tr>
</tbody>
</table>

#### G.3 Ranking and Selection

The Ministry will use the following factors in ranking and selecting those applications that have met all the Evaluation Criteria. The Ministry will:

1. calculate the **benefit cost ratio** to the Province for each application. The benefit cost ratio for each application will be calculated by estimating the royalty revenues over a five year time period, subtracting the requested infrastructure deduction, and then dividing by the infrastructure deduction. The benefit cost ratio will be:

   \[
   \text{Benefit Cost Ratio} = \frac{(\text{Gross Revenue less Deep Credits}) - \text{Infrastructure Deduction}}{\text{Infrastructure Deduction}}
   \]

2. calculate the **net present value** to the Province for each project in terms of royalty revenues attributable to the project over 180 months (15 years) against the requested infrastructure royalty deduction in the application.

3. calculate the **payback period** to the Province to determine when royalty revenues attributable to the application exceeds the level of the requested royalty deduction.

4. consider the **leverage impact** of each application in terms of opening up unexplored, under-explored or under-produced oil and gas areas.
5. evaluate the effect and degree the application has to “accelerate” the timing and amounts of new capital the proponent will invest in British Columbia. Where identified in the application, accelerated land sales, new oil and gas reserves, and accelerated drilling, production and royalties will be factored into an application’s ranking.

6. Consider the electrification of the project (e.g. incorporates electric driven equipment such as compressor, facilities, etc.) and whether the project will utilize electricity from the BC electricity grid.

**Note:** The Province reserves the right to approve royalty deductions to only one, more than one, or no applications.

**H. IRCP Project Agreements**

On approval of a Project under the Program, the Producer(s) or Pipeline Company jointly applying with a Producer(s), will be required to enter into a Project Agreement with the Province. The Project Agreement sets out the requirements for an Approved Project. It is recommended that the appropriate Project Agreement template be reviewed to ensure that all applicants understand the requirements of the Program, as well as any changes that may have been made from past iterations of the IRCP documentation. The following sample Project Agreement templates can be found on the IRCP Website:

1. Pipeline Agreement
2. Road Agreement
3. Road and Pipeline Agreement
4. Producer and Pipeline Company Agreement

The following highlight some of the key points in the Project Agreement that will apply to all Approved Project(s):

1. An Agreement will be entered into between the Applicant(s) and the Royalty Administrator that represents the Province.
2. Any changes to the Project must be submitted in writing to the Administrator for consideration. Any amendment to an approved Project will not be considered within 6
months of the Reference Date of the Agreement. The Administrator has the discretion to accept or reject any proposed amendments to the Project Agreement. If accepted, an Amendment to the Project Agreement will be necessary.

3. Construction of the project must be completed within 3 years of the signing of the Project Agreement.

4. The Applicant(s) must notify the Administrator in writing that the Project has been cancelled in a timely manner.

5. The Project must be completed as outlined in Schedule A of the Project Agreement, and any executed amendments thereto. If the project is not completed as outlined in the Project Agreement or any Project Agreement Amendment, the royalty deduction may not be eligible for release.

6. The Producer(s) of an Approved Project(s) are responsible for submitting a request for royalty deduction within six months of the completion date of project as outlined in Schedule B of the Project Agreement.

7. A royalty deduction may not be granted until sufficient royalty revenues have been generated by the wells attributed to the Project.

8. All requirements set out in the Project Agreement must be met.

9. The Ministry may undertake an audit review of project costs of a completed Project, or a completed Step of a project, as set out in the Project Agreement. The Producer(s) of an Approved Project(s) must comply when requested.

10. Annual well information must be provided to the Ministry for a period of 60 calendar months following completion of the Project as set out in the Project Agreement. The Ministry will notify the Producer(s) of an Approved Project annually for updated well information and provide a template to submit the information.

**Note:** It is recommended that the Producer of an Approved Project(s) review the Ministry Royalty Deduction Submission webpage which provides information on requesting the release of a Royalty Deduction.
I. Guidance Document

Before submitting an application, it is recommended that the Guidance Document, located on the Ministry’s IRCP Website, be reviewed. This document provides additional information on the objectives and requirements of the Infrastructure Royalty Credit Program, common questions and answers, and suggestions and examples to assist with the preparation of the documents required for applying under the Program.

J. Further Information

J.1 IRCP Website

The RFA Response Templates, Project Agreement templates, Guidance Document, and other project information can be found on the IRCP Program website:

https://www2.gov.bc.ca/gov/content/industry/natural-gas-oil/oil-gas-royalties/infrastructure-royalty-credit-program

J.2 Enquiries

All enquiries related to this RFA are to be directed, in writing, to the following person:

Jennifer White, Senior Project Manager
Jennifer.e.white@gov.bc.ca

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.