

**BRITISH COLUMBIA ROYALTY CREDIT PROGRAM**  
**ROAD AND PIPELINE DEVELOPMENT ROYALTY DEDUCTION AGREEMENT**

**XXXXXXX PROJECT**

**THIS AGREEMENT** dated for reference \_\_\_\_\_, 20\_\_\_\_\_

**BETWEEN:**

**HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA**  
REPRESENTED BY THE PERSON APPOINTED AS ROYALTY ADMINISTRATOR  
UNDER SECTION 73(3) OF THE PETROLEUM AND NATURAL GAS ACT  
**(THE "ADMINISTRATOR")**

**AND:**

**[Name of Project Proponent]**  
**(THE "PROJECT PROPONENT")**

**WHEREAS:**

- A. The Project Proponent is a producer as defined under the *Petroleum and Natural Gas Royalty and Freehold Production Tax Regulation* (the Regulation).
- B. The Project Proponent has advised the Administrator pursuant to section 4(9) of the Regulation that the Project Proponent intends to undertake a project to construct or upgrade a pipeline and road in support of petroleum or natural gas exploration or development.
- C. The Parties have agreed to enter into this Agreement to set out the Project Proponent's entitlement to deduct a portion of the costs attributable to the Project from royalty or tax otherwise payable by the Project Proponent under the *Petroleum and Natural Gas Act* (the Act) in accordance with the terms of the Agreement.
- D. The Project Proponent has obtained, or is in the process of obtaining, all necessary permits or authorizations under the *Oil and Gas Activities Act* (OGAA) and other applicable laws.

**THE PARTIES AGREE AS FOLLOWS:**

**I. Definitions and Interpretation**

- 1. In this Agreement:

**“Agreement”** means this Agreement;

**“Business Day”** means a day other than a Saturday, Sunday or statutory holiday in the Province of British Columbia;

**“Closing Time”** means 2:00 PM (Pacific Time) on April 12, 2018;

**“Eligible Costs”** means the following costs, actually paid by the Project Proponent, to complete the Project:

- (a) costs paid for planning, designing, surveying, mapping, obtaining licenses and approvals and engineering expenditures; and
- (b) all materials, labour and equipment charge-out costs incurred during construction and mobilization and demobilization;

but excludes:

- (c) maintenance costs;
- (d) goods and services tax (GST); and
- (e) 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.

**“Fiscal Year”** means a period commencing April 1st and terminating March 31<sup>st</sup> of the following year;

**“Leave to Open”** means written approval from the Oil and Gas Commission to begin operation of a pipeline described under Schedule A to be part of the project;

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

**“Parties”** means the Administrator and Project Proponent and “Party” means either one of them;

**“Pipeline”** has the same meaning as provided in the Act;

**“Producer”** has the same meaning as in section 1 of the Regulation;

**“Project”** means the project described in Schedule A and constructed according to the specifications described in Schedule C, including any amendments to the Project accepted by the Administrator in accordance with Section III;

**“Royalty Deduction”** means a deduction from royalty or tax otherwise payable by the Project Proponent under the Act;

**“Royalty Revenues”** means the net royalties payable to the Province of British Columbia

from production of oil and gas enabled by this Project, prior to any infrastructure Royalty Deduction;

“**Step**” means a step of the Project as set out in Schedule A;

“**Step Completion Date**” means the date that the Step was completed as specified in a Statutory Declaration of Completion submitted to the Administrator as part of an application for a Royalty Deduction under Section VII;

“**Well Permit**” means a permit issued pursuant to the OGAA that includes permission to drill or operate a well.

2. Any headings or titles are for convenience of reference and do not affect the construction or interpretation of this Agreement. Unless something in the subject matter or context results in an inconsistency, references in this Agreement to Sections and Schedules are to Sections and Schedules of this Agreement.
3. In this Agreement, words in the singular include the plural and words in the plural include the singular.

## II. Schedules

The following attached schedules form a part of this Agreement:

- (a) Schedule A – Summary of Project Work and Step(s);
- (b) Schedule B – Documentation Required for Release of Deductions; and
- (c) Schedule C – Project Map, Project Schedule, and Approvals.

## III. Project Amendments

1. The Project Proponent may, at any time during the term of this Agreement, submit a written request to the Administrator to amend the Project (“**Proposed Amendment Request**”) that includes a reasonably detailed description of the changes to the Project proposed by the Project Proponent. The Administrator may refuse to review or consider a Proposed Amendment Request until it is determined, in his or her sole discretion, that all necessary or advisable information has been received to review and consider the request of the Project Proponent.
2. Despite paragraph 1, above, a Proposed Amendment Request to the Project will not be considered by the Administrator within 6 months of the Reference Date to this Agreement or within 6 months of any date on which a written approval has been issued to amend the project.

3. The Administrator has the sole discretion to accept or reject a Proposed Amendment Request. The Administrator will inform the Project Proponent of the Administrator's decision whether to accept or reject any Proposed Amendment Request.
4. If the Administrator accepts the Proposed Amendment Request, the Parties will take steps to amend Schedules A and/or C, as applicable, to reflect the Proposed Amendment Request as soon as reasonable practicable after the Administrator informs the Project Proponent that the Administrator accepted such Proposed Amendment Request.
5. If the Project Proponent constructs the Project in a manner that is inconsistent with Schedules A or C:
  - (a) the Administrator may demand from the Project Proponent, an amount equal to any and all Royalty Deductions that have been allowed by the Administrator under this Agreement, and
  - (b) the Administrator will not be required to review or consider any subsequent application for a Royalty Deduction under this Agreement.

#### **IV. Completion of Project**

1. The Parties agree that the Project Proponent will not be entitled to any Royalty Deduction in respect of the Project if the Project Proponent commences construction prior to the Closing Time.
2. The Project Proponent has a maximum of three years to complete the Project from the date of signing of the Agreement. Should unusual or exceptional circumstances arise, the Project Proponent may propose a different Project completion date to the Administrator in which case the Administrator has the sole discretion to amend the date by which the Project may be completed under the Agreement in accordance with Section III, paragraphs 1 through 5.
3. A Project or Step will be considered complete on the date specified as the Completion of Step Date in the Statutory Declaration of Completion executed by the Project Proponent in the form attached as Schedule B, submitted to and received by the Administrator.
4. Any goods or services such as special equipment, inventory or surveying services for the Project that are purchased before the actual start date of the Project must be described in accordance with Schedule B.

#### **V. Project Supervisor**

The Project Proponent must identify the project supervisor and ensure that the project supervisor is available, with reasonable notification, to meet with, and provide information to the Administrator during the term of this Agreement. The Project

Proponent may appoint a replacement project supervisor at any time during the term of this Agreement by providing the Administrator with written notice of the name and contact details of the replacement project supervisor.

## **VI. Inspections, Audits and Safety**

1. The Administrator, or his or her designated representative, may, at reasonable times, on written notice to and with the permission of the Project Proponent, with such permission not to be unreasonably withheld, access the Project site and the offices of the Project Proponent for the purpose of conducting inspections, monitoring progress of the Project and conducting audits or reviews of documentation concerning the Project, including whether (i) costs claimed by the Project Proponent under this Agreement constitute Eligible Costs, and (ii) whether the costs have actually been paid by the Project Proponent. The Project Proponent will, and will cause its employees, agents and contractors to, provide reasonable assistance to the Administrator for those purposes.
2. At any time prior to the earlier of:
  - (a) the termination of this Agreement pursuant to paragraph 1(c) of Section XV; and
  - (b) the date that is 60 months after the termination of this Agreement pursuant to paragraphs 1(a) or (b) of Section XIV,

the Administrator, or his or her designated representative, may request any records and information related to the Project, and the Project Proponent must, within 30 days of such a request, send the requested records and information in paper or electronic form to the Administrator. The Administrator may conduct, or cause to be conducted, an audit or review of the requested records and information for the purpose of determining whether:

- (c) costs claimed by the Project Proponent under this Agreement constitute Eligible Costs, and
- (d) the costs claimed have actually been paid by the Project Proponent.

## **VII. Application for Royalty Deduction**

1. The Project Proponent may apply to the Administrator for a deduction from royalty or tax otherwise payable by the Project Proponent under the Act for Eligible Costs expended in relation to the Project for each Step identified in Schedule A upon completion of the Step.
2. The application for a deduction must be accompanied by an executed version of all documents required under Schedule B. The Administrator will only release a deduction before receiving the Leave to Open if the Project Proponent supplies evidence that the

pipeline is in operation and the Project Proponent commits to providing a true copy of the Leave to Open is provided to the Administrator once it has been received.

3. Subject to Section VII, paragraph 5, upon receipt of an application for deduction in relation to a Project, the Administrator will review the application within 90 days, and if the application meets the requirements of the Regulation and this Agreement, the Administrator will allow the deduction.
4. If the Administrator reasonably believes that any information accompanying the application for deduction is incorrect or inadequate, a notification will be sent by the Administrator, to the Project Proponent of the inadequacy. The Project Proponent must, within 30 days of receiving the notification, provide the further information to the requester. The Administrator is not required to begin a review of the application for a deduction or subsequent applications for deductions concerning the Project until the further information requested of the Project Proponent has been provided, and the Administrator is satisfied that no further information is required in order to review the application.
5. If the Project Proponent's application for a deduction in relation to a Step is received by the Administrator more than six months after the completion date set out in Schedule A with respect to that Step, the Administrator has the sole discretion to refuse to review the application.
6. Within six months of the Administrator's approval of a deduction for the Project under Section VII, paragraph 3, the Project Proponent must make a final submission to the Administrator reporting the actual costs for release of Royalty Deduction. Within 90 days of that submission the Administrator will provide the Project Proponent with the final approval of the Royalty Deduction which may be deducted from or added to the next royalty payment with respect to the Project.

#### **VIII. Royalty Revenues**

1. In Section VIII, paragraphs 2 and 3 and Schedule A, "Maximum Deduction" means an amount which is the lesser of: XX% of the estimated completion cost for a Step shown in Schedule A or XX% of the amount of Eligible Costs actually spent by the Project Proponent to complete that Step of the Project.
2. If actual Royalty Revenues are greater than or equal to the Maximum Deduction plus any deduction allowed for a previous Step in the same fiscal year, the Administrator will, subject to this Agreement and the Regulation, allow the deduction for the Step.
3. If the actual Royalty Revenues are less than the Maximum Deduction plus any deduction allowed for a previous Step in the same fiscal year, the Administrator has sole discretion to allow a deduction in an amount less than the Maximum Deduction or to not allow the deduction that fiscal year.

**IX. Notification**

1. After the Administrator has allowed a Royalty Deduction, the Administrator will promptly notify the Project Proponent and the British Columbia Ministry of Finance of the amount of the Project Proponent's allowable Royalty Deductions.
2. The Project Proponent will promptly notify the Administrator if the Project Proponent:
  - (a) Intends to, or has taken steps to, cancel, terminate or suspend the Project or any aspect of it; or
  - (b) Experiences any material delay in respect of achieving Project Completion or completing any Step.

**X. Reporting**

The Project Proponent must provide the Administrator with a list of the well permits issued for oil and/or gas wells under section 25 of OGAA that are directly associated with the Project on or before July 31<sup>st</sup> in each of the five calendar years following the year of the completion date of the Project.

**XI. Defaults**

1. The Project Proponent is not eligible to make an application for Royalty Deductions under this Agreement if the Project Proponent is in arrears in making any royalty payments or any other payment under this Agreement or the Act to the Administrator or the Province of British Columbia.
2. If the Administrator determines that a deduction allowed pursuant to this Agreement was greater than the amount to which the Project Proponent is entitled, the Administrator may demand from the Project Proponent, an amount equal to the difference between the amount allowed and the amount to which the Project Proponent is not entitled.

**XII. Payments**

The Project Proponent must pay to the Administrator the amounts demanded by the Administrator under paragraph 5 of Section III and paragraph 2 of Section XI within 90 days of the issuance of the demand by the Administrator.

**XIII. Dispute Resolution**

1. The Parties agree to negotiate all disputes arising from this Agreement in good faith after a Party provides the other Party with written notice of a dispute.
2. If the Parties are unable to resolve the dispute within 30 Business Days after the notice was provided, either party may refer the dispute to court.

3. For the purpose of all legal proceedings this Agreement will be deemed to have been performed in the Province of British Columbia and the courts of the Province of British Columbia will have exclusive jurisdiction to entertain any action arising under this Agreement. Each of the Parties attorns to the jurisdiction of the courts of the Province of British Columbia.

#### **XIV. Project Proponent's Indemnity Related to Work**

The Project Proponent indemnifies and saves harmless the Administrator, Her Majesty the Queen in right of the Province of British Columbia (the Province), and its servants, employees, officials, agents, representatives, contractors and consultants (the Indemnified Parties), from and against all claims, liabilities, demands, costs and expenses, fines, penalties, assessments and levies made against or incurred, suffered or sustained by any of the Indemnified Parties before, on, or after, the completion of the Project or early termination of this Agreement where the claims, liabilities, demands, costs and expenses, fines, penalties, assessment and levies or any of them are based upon or arise out of the negligence of, or for anything done or omitted to be done by, or the gross negligence or wilful misconduct of the Project Proponent, its directors, officers, employees, agents consultants, contractors or subcontractors, in connection with carrying out the Project Proponent's obligations under this Agreement, or the Project, which indemnity will survive the termination of this Agreement.

#### **XV. Termination**

1. This Agreement terminates on the earlier of:
  - (a) the written mutual consent of the Parties;
  - (b) termination in accordance with Section XV, paragraph 2; or
  - (c) full release of the Royalty Deduction available under this Agreement.
2. Subject to Section XV, paragraph 3, the Administrator may terminate this Agreement in the event of a breach by the Project Proponent of any obligation under this Agreement if, after giving 60 days written notice to the Project Proponent, the Project Proponent has not rectified or commenced to rectify the breach to the satisfaction of the Administrator. If, any time after the expiry of such 60-day period, the Administrator forms the opinion that the Project Proponent has failed to diligently continue actions to rectify the breach, the Administrator may terminate this Agreement immediately upon providing written notice to the Project Proponent.
3. If the Project Proponent disputes the existence of a breach in a court under Section XIII, paragraph 2, the Parties agree that the period of 60 days referred to in Section XV, paragraph 2 is extended until a decision confirming the existence of the breach is made by the court.



4. Sections VI, XIII, XIV, XV, XVII and XXV of this Agreement, the obligation to meet all payment obligations, and any other sections of this Agreement which, by their terms or nature, are intended to survive the completion of the termination of this Agreement, will continue in force indefinitely, even after this Agreement ends.

**XVI. No Fettering; Not an Authorization**

The Parties acknowledge and agree that nothing in this Agreement is intended to or is to be construed in any way that fetters the discretion of any government, including the Province, or any official, appointee or employee of any government, in exercising any powers provided pursuant to any enactment. This Agreement does not operate as a permit, licence, approval or other statutory authority which the Project Proponent or any other person may be required to obtain from the Province, or any of its officials, agencies or employees, or any other government, agency, or person, including the Oil and Gas Commission and the National Energy Board, in order to carry out the Project or for any other reason.

**XVII. Governing Law**

This Agreement is governed by and must be interpreted in accordance with the laws of the Province of British Columbia.

**XVIII. Assignment and Enurement**

The Project Proponent may not assign this Agreement, or the rights and obligations of a Party under it, without the prior written consent of the Administrator. Any purported assignment in breach of this restriction is void. The Administrator may not unreasonably withhold consent to assignment of this Agreement, provided however that it will be reasonable for the Administrator to withhold consent to assignment if the assignment would result in the benefit of Royalty Deductions allowed by the Administrator under this Agreement to be transferred from the Project Proponent to any other person. This Agreement is binding upon and enures to the benefit of the Parties and their respective administrators, trustees, receivers, successors and permitted assigns.

**XIX. Waiver**

Any Party may waive a breach of an obligation set out in this Agreement. However, no waiver has any effect, or binds the Party making the waiver, unless it is in writing and, unless otherwise provided, any waiver will be limited to the specific breach waived. A waiver does not limit or affect the rights of a Party with respect to any other breach.

**XX. Counterpart and Electronic Execution**

This Agreement may be executed manually or electronically and in counterpart and all executed counterparts together constitute one agreement.

**XXI. Entire Agreement**

This Agreement constitutes the entire agreement between the Parties with respect to the subject matter dealt with by this Agreement and cancels and supersedes any prior agreements, understandings, negotiations, and discussions between the Parties with respect to the subject matter. Other than as may be provided under applicable law, there are no representations, warranties, terms, conditions, undertakings or collateral agreements, express or implied, between the Parties with respect to the subject matter covered by this Agreement other than as expressly set out in this Agreement.

**XXII. Severability**

If any provision of this Agreement is determined to be illegal, invalid or unenforceable by any court of competent jurisdiction, that provision will be severed from this Agreement and the remaining provisions will remain in full force and effect.

**XXIII. No Third Party Beneficiaries**

This Agreement is solely for the benefit of the Parties and their successors and permitted assigns and, except as provided in Section XVIII and as otherwise expressly contemplated in this Agreement, nothing in it is intended to or shall confer upon or give to any other person any legal or equitable right, benefit or remedy of any nature or kind under or by reason of this Agreement.

**XXIV. Remedies Cumulative**

The rights and remedies of the Parties under this Agreement are cumulative and are in addition to, and not in substitution for, any other rights and remedies available at law or in equity or otherwise. No single or partial exercise by a Party of any right or remedy precludes or otherwise affects the exercise of any other right or remedy to which that Party may be entitled.

**XXV. Notices**

1. All communications under this Agreement between the Parties must be in writing. Any communication under this Agreement is deemed to have been received:
  - (a) if served personally, on the date of receipt;
  - (b) if by regular mail, on the fifth Business Day following mailing;
  - (c) if, between the time a notice is mailed in accordance with subparagraph(b) and the time it is actually received, there occurs a postal strike, lockout or slowdown that might reasonably affect delivery of the notice, the notice is not deemed to be given until the party actually receives it;

- (d) subject to subsection (f), if delivered by electronic mail before 1630 hrs (Pacific Time) on a Business Day, on the day it was sent;
- (e) subject to subsection (f), if delivered by electronic mail and sent after 1630 hrs (Pacific Time) on a Business Day, then the communication will be deemed to be received on the next Business Day; and
- (f) if a communication is sent by electronic mail, the party sending the communication must take reasonable steps to ensure that the transmission has been successfully completed.

The addresses for the Parties are:

**Royalty Administrator:** Ministry of Energy, Mines and Petroleum Resources

Physical Address: 5<sup>th</sup> Floor, 1810 Blanshard Street  
Victoria, BC V8T 4J1

Mailing Address: P.O. Box 9323 Stn Prov Government  
Victoria, BC V8W 9N3

Email Address: MNGDInfrastructure@gov.bc.ca

**Project Proponent:** XXXXXXXXXX

Physical Address: XX

Mailing Address: XX

Primary Contact: XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX

Primary Contact Email: XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX

SIGNED on behalf of **HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA**, by the person appointed as **ROYALTY ADMINISTRATOR** under section 73(3) of the *Petroleum and Natural Gas Act*

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Name: Inés Piccinino  
Royalty Administrator

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Date

Signed on behalf of **(NAME OF PROJECT PROPONENT)** by a duly authorized signatory

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Name (Printed):  
Title:

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Date

### Schedule A – Description of Project Work and Step(s)

PROJECT SUMMARY			
Road Development (Steps 1 & 2)			
XXXXX			
Pipeline Development (Steps 3-5)			
XXX			
Project Start Date: yyyy-mm-dd		Project Completion Date: yyyy-mm-dd	

	Estimated PROJECT Completion Cost	Maximum PROJECT Royalty Deduction
TOTAL (ROAD Step 1,2)	\$	\$
TOTAL (PIPELINE Step 3,4,5)	\$	\$
TOTAL (ALL STEPS)	\$	\$

### Schedule A – Description of Project Work and Step(s)

<b>DESCRIPTION OF STEP 1 (ROAD):</b>	
<b>Pipeline Standards for Step 1:</b>	
n/a	
<b>Step 1 Start Date:</b> (yyyy-mm-dd)	
<b>Step 1 Construction Start Date:</b> (yyyy-mm-dd)	
<b>Step 1 Construction Completion Date:</b> (yyyy-mm-dd)	
<b>Step 1 Completion Date:</b> (yyyy-mm-dd)	

<b>Step 1 Components</b>	<b>Step 1 Estimated Completion Cost</b>
<b>Design</b> (planning, engineering, applications and surveying)	\$
<b>Construction</b> (clearing, ditching, installing culverts, stringing/welding and/or bridge construction, OGC/NEB documentation - eg. Notice of Construction Start)	\$
<b>Construction</b> (graveling sub-grade and running surface)	\$
<b>Construction</b> (compressor station, gas dehydrator or facility)	\$
<b>Testing</b> (hydro/pneumatic) and/or <b>Pipeline Commissioning</b> (OGC/NEB documentation, Notice to Leave Open)	\$
<b>Clean Up</b>	\$
<b>TOTAL ESTIMATED COMPLETION COST (STEP 1):</b>	<b>\$</b>
<b>MAXIMUM ROYALTY DEDUCTION (STEP 1):</b>	<b>\$</b>

## Schedule A – Description of Project Work and Step(s)

<b>DESCRIPTION OF STEP 2 (ROAD):</b>	
<b>Pipeline Standards for Step 2:</b>	
n/a	
<b>Step 2 Start Date:</b> (yyyy-mm-dd)	
<b>Step 2 Construction Start Date:</b> (yyyy-mm-dd)	
<b>Step 2 Construction Completion Date:</b> (yyyy-mm-dd)	
<b>Step 2 Completion Date:</b> (yyyy-mm-dd)	

Step 2 Components	Step 2 Estimated Completion Cost
<b>Design</b> (planning, engineering, applications and surveying)	\$
<b>Construction</b> (clearing, ditching, installing culverts, stringing/welding and/or bridge construction, OGC/NEB documentation - eg. Notice of Construction Start)	\$
<b>Construction</b> (graveling sub-grade and running surface)	\$
<b>Construction</b> (compressor station, gas dehydrator or facility)	\$
<b>Testing</b> (hydro/pneumatic) and/or <b>Pipeline Commissioning</b> (OGC/NEB documentation, Notice to Leave Open)	\$
<b>Clean Up</b>	\$
<b>TOTAL ESTIMATED COMPLETION COST (STEP 2):</b>	<b>\$</b>
<b>MAXIMUM ROYALTY DEDUCTION (STEP 2):</b>	<b>\$</b>

### Schedule A – Description of Project Work and Step(s)

<b>DESCRIPTION OF STEP 3 (PIPELINE):</b>	
<b>Pipeline Standards for Step 3:</b>	
<b>Step 3 Start Date:</b> (yyyy-mm-dd)	
<b>Step 3 Construction Start Date:</b> (yyyy-mm-dd)	
<b>Step 3 Construction Completion Date:</b> (yyyy-mm-dd)	
<b>Step 3 Completion Date:</b> (yyyy-mm-dd)	

<b>Step 3 Components</b>	<b>Step 3 Estimated Completion Cost</b>
<b>Design</b> (planning, engineering, applications and surveying)	\$
<b>Construction</b> (clearing, ditching, installing culverts, stringing/welding and/or bridge construction, OGC/NEB documentation - eg. Notice of Construction Start)	\$
<b>Construction</b> (graveling sub-grade and running surface)	\$
<b>Construction</b> (compressor station, gas dehydrator or facility)	\$
<b>Testing</b> (hydro/pneumatic) and/or <b>Pipeline Commissioning</b> (OGC/NEB documentation, Notice to Leave Open)	\$
<b>Clean Up</b>	\$
<b>TOTAL ESTIMATED COMPLETION COST (STEP 3):</b>	<b>\$</b>
<b>MAXIMUM ROYALTY DEDUCTION (STEP 3):</b>	<b>\$</b>



### Schedule A – Description of Project Work and Step(s)

<b>DESCRIPTION OF STEP 4 (PIPELINE):</b>	
<b>Pipeline Standards for Step 4:</b>	
<b>Step 4 Start Date:</b> (yyyy-mm-dd)	
<b>Step 4 Construction Start Date:</b> (yyyy-mm-dd)	
<b>Step 4 Construction Completion Date:</b> (yyyy-mm-dd)	
<b>Step 4 Completion Date:</b> (yyyy-mm-dd)	

<b>Step 4 Components</b>	<b>Step 4 Estimated Completion Cost</b>
<b>Design</b> (planning, engineering, applications and surveying)	\$
<b>Construction</b> (clearing, ditching, installing culverts, stringing/welding and/or bridge construction, OGC/NEB documentation - eg. Notice of Construction Start)	\$
<b>Construction</b> (graveling sub-grade and running surface)	\$
<b>Construction</b> (compressor station, gas dehydrator or facility)	\$
<b>Testing</b> (hydro/pneumatic) and/or <b>Pipeline Commissioning</b> (OGC/NEB documentation, Notice to Leave Open)	\$
<b>Clean Up</b>	\$
<b>TOTAL ESTIMATED COMPLETION COST (STEP 4):</b>	<b>\$</b>
<b>MAXIMUM ROYALTY DEDUCTION (STEP 4):</b>	<b>\$</b>

## Schedule A – Description of Project Work and Step(s)

<b>DESCRIPTION OF STEP 5 (PIPELINE):</b>	
<b>Pipeline Standards for Step 5:</b>	
<b>Step 5 Start Date:</b> (yyyy-mm-dd)	
<b>Step 5 Construction Start Date:</b> (yyyy-mm-dd)	
<b>Step 5 Construction Completion Date:</b> (yyyy-mm-dd)	
<b>Step 5 Completion Date:</b> (yyyy-mm-dd)	

<b>Step 5 Components</b>	<b>Step 5 Estimated Completion Cost</b>
<b>Design</b> (planning, engineering, applications and surveying)	\$
<b>Construction</b> (clearing, ditching, installing culverts, stringing/welding and/or bridge construction, OGC/NEB documentation - eg. Notice of Construction Start)	\$
<b>Construction</b> (graveling sub-grade and running surface)	\$
<b>Construction</b> (compressor station, gas dehydrator or facility)	\$
<b>Testing</b> (hydro/pneumatic) and/or <b>Pipeline Commissioning</b> (OGC/NEB documentation, Notice to Leave Open)	\$
<b>Clean Up</b>	\$
<b>TOTAL ESTIMATED COMPLETION COST (STEP 5):</b>	<b>\$</b>
<b>MAXIMUM ROYALTY DEDUCTION (STEP 5):</b>	<b>\$</b>

## Schedule B - Documentation Required for Release of Royalty Deduction

The Project Proponent must provide the following materials to the Administrator when applying for a Royalty Deduction:

1. Statutory Declaration of Completion (attached);
2. Summary of Final As Built Costs Per Step(s) (attached);
3. Detailed List of Invoices (sample attached);
4. Well Information for Royalty Deduction (attached);
5. Road Layout & Design (attached, for road project only);
6. Special Equipment, Inventory or Services (attached, if applicable); and
7. True copy of "Leave to Open" for the Project from the Oil and Gas Commission or a "Leave to Open" granted by the National Energy Board pursuant to section 47 of the National Energy Board Act.



IN THE MATTER OF THE EVIDENCE ACT, 1996 RSBC c.124 AND IN THE MATTER OF CERTAIN DISBURSEMENTS MADE IN CONNECTION WITH THE AGREEMENT

dated the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ between:

HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA, represented by the Person Appointed as the Royalty Administrator under Section 73(3) of the Petroleum and Natural Gas Act (the Administrator)

and:

(the Project Proponent)

pertaining to Project Name: \_\_\_\_\_

I, \_\_\_\_\_, being the (PRINT OR TYPE FULL NAME AND POSITION OR TITLE)

duly authorized representative of and agent for the Project Proponent, solemnly declare and attest that:

- i) the Step identified below has been completed in the manner and to the extent required by the Agreement on the completion of step date below,
ii) the Project Proponent intends to complete the project, and
iii) the completion costs for which the deduction amount is calculated have actually been paid.

Royalty Payor Code No.: (FOR ALLOCATION OF ROYALTY DEDUCTION) \_\_\_\_\_

Oil and Gas Commission Pipeline Permit No.: \_\_\_\_\_

Date of "Leave to Open" from the Oil and Gas Commission or NEB: (YYYY-MM-DD) \_\_\_\_\_

Project Step(s): \_\_\_\_\_

Date Step(s) Completed: (YYYY-MM-DD) \_\_\_\_\_

I MAKE THIS SOLEMN DECLARATION, conscientiously believing it to be true and knowing that it is of the same legal force and effect as if made under Oath.

DECLARED BEFORE ME AT THE \_\_\_\_\_ )

of \_\_\_\_\_, in the Province of \_\_\_\_\_, on this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ )

Signature of Project Proponent's Authorized Representative

A Commissioner for taking Affidavits for \_\_\_\_\_ (Province) )

## Schedule B.2 – Summary of Final As-Built Costs per Step(s)

Instructions: Please fill in the following information for each Step. Copy table as needed for additional Steps. Submit completed Schedule in PDF format.

Company Name: \_\_\_\_\_

Project Name: \_\_\_\_\_

Project Step:			
Component		Estimated Completion Cost	Final As-Built Cost
Design	(planning, engineering, applications and surveying)		
Construction	(clearing, ditching, installing culverts, stringing/welding and/or bridge construction, OGC/NEB documentation eg. Notice of Construction Start)		
Construction	(graveling sub-grade and running surface)		
Construction	(compressor station, gas dehydrator or facility)		
Testing / Pipeline Commissioning	(hydro/pneumatic) and/or (OGC/NEB documentation, Notice to Leave Open)		
Clean Up			
<b>STEP TOTAL</b>		<b>\$ -</b>	<b>\$ -</b>

Project Step:			
Component		Estimated Completion Cost	Final As-Built Cost
Design	(planning, engineering, applications and surveying)		
Construction	(clearing, ditching, installing culverts, stringing/welding and/or bridge construction, OGC/NEB documentation eg. Notice of Construction Start)		
Construction	(graveling sub-grade and running surface)		
Construction	(compressor station, gas dehydrator or facility)		
Testing / Pipeline Commissioning	(hydro/pneumatic) and/or (OGC/NEB documentation, Notice to Leave Open)		
Clean Up			
<b>STEP TOTAL</b>		<b>\$ -</b>	<b>\$ -</b>

### Schedule B.3 - Detailed List of Invoices

Company Name: \_\_\_\_\_

Project Name: \_\_\_\_\_

Project Authority for Expenditure #: \_\_\_\_\_

Instructions: Project Proponent must include the information as per the headings below. Layout is for illustrative purposes - an alternative format satisfactory to the Administrator may be submitted. Submit completed table in .xlsx format.

STEP(S) (separate costs by Step)	Invoice Number	Invoice Date (yyyy-mm-dd)	Invoice Amount (less GST)	Item/ Category	Description of Goods or Service	Vender Name	Vendor Address	Eligible Cost Category	Comments
Step 1 – Design									
Step 1 – Construction (clearing, etc.)									
Step 1 – Construction (gravelling, etc.)									
Step 1 – Construction (facility, etc.)									
Step 1 – Testing & Commissioning									
Step 1 - Cleanup									
<b>STEP 1 SUBTOTAL</b>									
Step 2 – Design									
Step 2 – Construction (clearing, etc.)									
Step 2 – Construction (gravelling, etc.)									
Step 2 – Construction (facility, etc.)									
Step 2 – Testing & Commissioning									
Step 2 - Cleanup									
<b>STEP 2 SUBTOTAL</b>									
<b>PROJECT TOTAL</b>									

### Schedule B.4 – Well Information for Royalty Deduction

Company Name: \_\_\_\_\_

Project Name: \_\_\_\_\_

Instructions: Please fill in one row for each well. Submit completed table in .xlsx format.

Well #	Well Authorization Permit Number	Well Name	Bottom Hole Location	Spud Date	Rig Release	Anticipated Initial Production Date	Product (Marketable Gas, LPG, Pentanes+, Condensate, Oil,)
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
21							
22							
23							
24							
25							

## Schedule B.5 – Road Layout & Design

**Instructions:** Please fill in the following information. Submit completed Schedule in PDF format.

**Company Name:** \_\_\_\_\_

**Project Name:** \_\_\_\_\_

**Road Type:** (check one)

OIL AND GAS ROAD  
 FOREST SERVICE ROAD  
 MINING ACCESS ROAD

AS-BUILT INFORMATION:		
1	Road length (km)	
2	Road location – Start (nts / twp)	
3	Road location – Finish (nts / twp)	
4	Road width: (m)	
5	Road base depth: (m)	
6	Depth of gravel: (mm)	
7	Right of way width: (m)	
8	Road subgrade width: (m)	
9	Number of Pullouts:	
10	Distance between pullouts: (m)	
11	Minimum fill depth: (m)	
12	Maximum grade: (%)	
13	Minimum side slope: (%)	
14	Number of bridges: (if applicable)	
15	Bridge design load: (t)	
16	Minimum cross drain culvert size: (mm)	



## Schedule B.6 – Special Equipment, Inventory or Services

Instructions: Please fill in the following information for each goods or service purchased prior to the start date of this Project. The goods and services purchased must qualify as eligible costs under the IRCP and be relevant to the Project. Submit completed Schedule in PDF format.

Company Name: \_\_\_\_\_

Project Name: \_\_\_\_\_

Item Number	Date Purchased (yyyy-mm-dd)	Cost (\$)	Vender Name	Description of Good or Service	Comment / Explanation
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					

## Schedule C – Project Map, Project Schedule and Approvals

1. Project Map (attached);
2. Project Schedule (attached); and
3. Approvals (attached, if applicable).
  - a. Copies of all approvals issued by the Oil and Gas Commission made in relation to the construction and operation of the project. i.e. –all permits, authorizations or other approvals issued in relation to the “Pipeline Permit Application” for the Project; and
  - b. Copies of all approvals issued by the National Energy Board made in relation to the construction and operation of the project.

## Schedule C.1 – Project Map

*(insert here)*

## Schedule C.2 – Project Schedule

*(insert here)*

## Schedule C.3 – Approvals

*(insert here)*