

**CNSOPB**



CANADA-NOVA SCOTIA  
OFFSHORE PETROLEUM BOARD

## **COST RECOVERY GUIDELINES**

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**Guidelines Prescribing  
the Time And Manner for Recovering  
the Cost of Services Provided  
by the Canada-Nova Scotia Offshore Petroleum Board to  
Companies Holding an Interest or Carrying Out  
Oil and Gas Activities in the  
Nova Scotia Offshore Area**

**Short Title**

1. These Guidelines may be cited as the *Canada – Nova Scotia Offshore Petroleum Board Cost Recovery Guidelines*.

**Interpretation**

2. In these Guidelines:

(a) “Acts” mean *Canada-Nova Scotia Offshore Petroleum Resources Accord Implementation Act* and *Canada-Nova Scotia Offshore Petroleum Resources Accord Implementation (Nova Scotia) Act*;

(b) “Board” means the Canada – Nova Scotia Offshore Petroleum Board (CNSOPB);

(c) “Budget” means the Board’s annual operating budget approved by the Federal Minister and the Provincial Minister;

(d) “Company” means companies or operators holding an interest or carrying out oil and gas activities in the Nova Scotia offshore area;

(e) “Fiscal year” means the fiscal year of the Board;

(f) “Federal Minister” means the Minister of Natural Resources Canada;

(g) “Provincial Minister” means the Minister of Energy;

(h) “Recovery Charge” means the assessments described in Section 5;

(i) words in the singular include the plural, and words in the plural include the singular.

## **Principles**

3. (1) Companies and governments recognize that they require a competent, efficient and effective regulator for the offshore area.
- (2) Companies and governments recognize that the Board requires stable and adequate resources and expertise to carry out its regulatory responsibilities.
- (3) These guidelines reflect the objectives of the Federal Minister and Provincial Minister in respect of recovery charges.
- (4) Recovery charges must be related to regulatory services rendered and be allocated in a fair manner.
- (5) Funding of core regulatory and resource management activities of the Board is the responsibility of both governments.

## **Budgetary Process**

4. (1) The Board shall meet with the oil and gas industry on an annual basis to review the anticipated level of industry activity for the coming year(s) and the associated Board services required by industry.
- (2) The Board shall submit an annual operating budget to the Federal Minister and Provincial Minister for consideration and approval.
- (3) The Board shall also submit a three-year rolling business plan supporting the annual operating budget. The business plan shall include the Boards objectives for each year.
- (4) Following ministerial approval of the Board's budget, Governments shall remit to the Board their respective portion of the approved budget.

## **Recovery Charge**

5. (1) The Board will calculate for each Company a Recovery Charge.
- (2) The Recovery Charge will be calculated by determining Board costs associated with:
  - (a) approvals and work authorizations;
  - (b) inspections within the offshore area;
  - (c) review of development and benefit plans and amendments thereto;

- (d) other activities or services not provided for in Section 5(4) hereof;
- (e) administrative costs associated with the foregoing; and
- (f) costs associated with administering interests based on work expenditure bids.

(3) For any given fiscal year of the Board, the total Recovery Charge shall not exceed fifty percent (50%) of the Budget.

(4) The Recovery Charge does not include the costs for the following activities which will be recovered 100% directly from a Company which initiates the required regulatory service:

- (a) inspections and audits conducted out of jurisdiction at the request of the Company;
- (b) public reviews required for offshore activities, development plans and amendments thereto;
- (c) hiring of outside consultants required to address extra-ordinary regulatory/technical matters associated with exploration and development issues; and
- (d) oil and gas committees and support services.

### **Invoicing and Interest**

6. (1) The Board shall invoice Companies for Recovery Charges as they become due.

(2) Companies shall pay all Recovery Charges to the Board within 45 days of the receipt of the invoice.

(3) All recovery charges shall be made payable to the Board.

(4) The Board shall remit fifty percent (50%) of the Recovery Charge collected pursuant to subsection 2, including interest pursuant to subsection 5, to the Government of Canada and fifty percent (50%) to the Province of Nova Scotia within five (5) days of receipt, to a maximum of fifty percent (50%) of the Budget.

(5) Where a Company fails to pay any amount invoiced by the Board, the Company shall pay interest at 1½% per month on the outstanding amount beginning on the 45<sup>th</sup> day after the date of issuance of the invoice.

(6) In the event that cost recovery billings in one year exceed 50% of the Board's actual expenditures, the Board shall reimburse the companies in an equitable manner.

### **Coming into Force**

7. (1) These Guidelines shall be effective on April 1, 1999.

(2) These Guidelines are subject to a review within five (5) years.

**Until the Acts are amended in order to provide for a statutory power allowing these guidelines to be made into regulations, they will form the basis for such regulations.**