

Cost Recovery Guidelines

Canada-Newfoundland and Labrador Offshore Petroleum Board

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April 2016



CNSOPB



**CANADA-NOVA SCOTIA
OFFSHORE PETROLEUM BOARD**

Cost Recovery Guidelines for the Canada-Newfoundland and Labrador Offshore Petroleum Board and the Canada-Nova Scotia Offshore Petroleum Board

Introduction

The Government of Canada shares the responsibility for the management of offshore petroleum-related work or activities with the Government of Newfoundland and Labrador and the Government of Nova Scotia and in accordance with an Accord that each province has signed with the Government of Canada. Such joint management is achieved through the establishment of: the Canada-Newfoundland and Labrador Offshore Petroleum Board which regulates the Canada-Newfoundland and Labrador Offshore Area and the Canada-Nova Scotia Offshore Petroleum Board (“Boards”) which regulates petroleum activities in the Canada-Nova Scotia Offshore Area. For the purposes of this guidance, these areas will be referred to collectively as the “Offshore Areas”.

The mandate of these Boards is to ensure petroleum activities are conducted in a manner that complies with the statutory and regulatory requirements of *Canada-Newfoundland and Labrador Atlantic Accord Implementation Act*, the *Canada-Newfoundland and Labrador Atlantic Accord Implementation Newfoundland and Labrador Act*, the *Canada-Nova Scotia Offshore Petroleum Resources Accord Implementation Act*, and the *Canada-Nova Scotia Offshore Petroleum Resources Accord Implementation (Nova Scotia) Act* (“the Accord Acts”).

In 2016, the *Energy Safety and Security Act* (Bill C-22) and mirror provincial versions will come into force. These bills resulted in amendments to the *Accord Acts* and increase the transparency, predictability, and enforceability of cost recovery for regulatory activities. These amendments included the authority to create new regulations to allow regulators to recover from industry the costs associated with regulating offshore oil and gas activity.

The Cost Recovery Guidelines replace the Canada-Newfoundland and Labrador Offshore Petroleum Board’s Cost Recovery Policy and the Canada-Nova Scotia Offshore Petroleum Board’s Cost Recovery Guidelines (April 1999). They have been developed to provide assistance and guidance to industry and operators in understanding the requirements of the *Accord Acts* respecting cost recovery and how those requirements can be met. This guidance may be amended from time to time to reflect the Boards’ expectations and best industry practice. All legislative references are the federal versions of the *Accord Acts* for ease of the reader.

Structure of This Document

This document provides guidance for each section of the *Canada-Newfoundland and Labrador Offshore Petroleum Cost Recovery Regulations and the Canada-Nova Scotia Offshore Petroleum Cost Recovery Regulations (Cost Recovery Regulations)*. The text of each regulation appears in bold and the guidance immediately follows.

Throughout this document, the term “Board” will be used to represent the Canada-Newfoundland and Labrador Offshore Petroleum Board or the Canada-Nova Scotia Offshore Petroleum Board. When the term “federal and respective provincial Governments” is used in this document, it refers to the following departments: Natural Resources Canada (federal Government), Department of Natural Resources (Newfoundland and Labrador provincial Government) and the Department of Energy (Nova Scotia provincial Government).

Board Contacts

If you have any questions, please contact:

Canada-Newfoundland and Labrador Offshore Petroleum Board

140 Water Street, 5th Floor TD Place
St. John's, NL A1C 6H6 Canada

Contact: Director of Administration and Industrial Benefits
Phone: 709-778-1400
Email: costrecovery@cnlopb.ca

Canada-Nova Scotia Offshore Petroleum Board

1791 Barrington Street, 8th Floor TD Centre,
Halifax, NS B3J 3K9 Canada

Contact: Director, Regulatory Affairs & Finance
Phone: 902-422-5588
Email: costrecovery@cnsopb.ns.ca

Communication and Payment

For the purposes of these Cost Recovery Guidelines, all communication will be completed by the applicant or operator on behalf of its partners. All invoices will be sent to the applicant or operator. It is the applicant or operator's responsibility to communicate with its partners and to ensure proper payment is received by the stated due date.

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DEFINITIONS

1. The following definitions apply in these *Regulations*.

“**Accord Acts**” means the *Canada-Newfoundland and Labrador Atlantic Accord Implementation Act*, the *Canada-Newfoundland and Labrador Atlantic Accord Implementation Newfoundland and Labrador Act*, the *Canada-Nova Scotia Offshore Petroleum Resources Accord Implementation Act*, and the *Canada-Nova Scotia Offshore Petroleum Resources Accord Implementation (Nova Scotia) Act*

“**actual full cost**” means the full cost confirmed by the Board’s audited financial statements.

“**direct regulatory activities**” means the activities that are required for the Board to fulfill its regulatory responsibilities such as assessing applications, issuing licences, granting approvals and authorizations, verifying and enforcing compliance with the Accord Acts and providing information, products and services.

“**indirect regulatory costs**” means the costs that support the Board’s direct regulatory activities such as office accommodation, supplies and equipment, professional services, communications, travel, management, training, administration, human resources services, finance, information technology services, hardware and software, the preparation of documents (including policies, standards, guidelines, procedures and notices) and the provision of technical expertise (including any advice relating to legislation or regulations) to the Federal Minister or the Provincial Minister at that Minister’s request.

“**project**” means the work or the activity referred to in paragraph 138(1)(b) of the *Canada-Newfoundland and Labrador Atlantic Accord Implementation Act (C-NLAAIA)*, paragraph 134(1)(b) of the *Canada-Newfoundland and Labrador Atlantic Accord Implementation Newfoundland and Labrador Act (C-NLAAINLA)*, paragraph 142(1)(b) of the *Canada-Nova Scotia Offshore Petroleum Resources Accord Implementation Act (C-NSOPRAIA)*, and paragraph 135(1)(b) of the *Canada-Nova Scotia Offshore Petroleum Resources Accord Implementation (Nova Scotia) Act (CNSOPRAI(NS)A)*.

The definitions listed above will apply in these Cost Recovery Guidelines. Please note that the *Accord Acts* definition was changed to include the full title of the four (4) *Accord Acts* for the Offshore Areas. The definition of project was changed to reflect the respective sections of the *Accord Acts*.

In addition, the following definitions apply in these Cost Recovery Guidelines:

“**Effective Rate**” is as defined in Section 7(c) of the *Cost Recovery Regulations*: “...based on the estimated sum of the costs incurred by the Board’s undertaking of all direct regulatory activities and of the Board’s indirect regulatory costs minus the sum of the costs incurred by the Board’s undertaking of regulatory activities that are not recovered by the Board at the request of the Federal Minister and the Provincial Minister and divided by the total number of units of time spent by the Board for those direct regulatory activities”. The Effective Rate will be published each Fiscal Year as per Section 8 of the *Cost Recovery Regulations*.

“**Fiscal Year**” means April 1st to March 31st of each year.

“Project Description or Letter of Intent” means a document submitted to the Board to describe a project relating to development, production, abandonment, exploratory drilling or multi-year or complex seismic programs. This document should provide a project overview and include:

- information on all vessels, installations and other major equipment to be used,
- information such as the type(s) of authorizations and approvals being submitted or may be submitted to the Board,
- details about the duration of the project with a schedule of key dates, and
- a map of the location of project.

PART 1 - REGULATORY ACTIVITY PLAN CHARGES

ESTIMATED ANNUAL CHARGE

2. For each new project relating to development, production, abandonment, exploratory drilling or multi-year or complex seismic programs in respect of petroleum operations, on receipt of a project description or letter of intent, the Board must
 - a) prepare a regulatory activity plan;
 - b) calculate the estimated annual charge payable by the applicant or the operator for the project by determining the estimated full cost, including indirect regulatory costs, associated with the implementation of the regulatory activity plan based on
 - (i) the cost of the estimated total number of units of time necessary to be spent in that fiscal year on direct regulatory activities for the project, and
 - (ii) any other costs, excluding costs calculated under other cost recovery methods; and
 - c) notify the applicant or the operator, in writing, of the regulatory activity plan and the estimated annual charge payable.
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- 2.1 Any applicant or operator for development, production, abandonment, exploratory drilling or multi-year or complex seismic programs should submit a Project Description or Letter of Intent to the Board as early as possible.
- 2.2 To determine if a proposed seismic program would be deemed complex, please contact the respective Board. When making a determination, the respective Board will consider factors such as the size of the program, the number of vessels, the duration, location, type of program, required environmental mitigation measures etc.
- 2.3 For each new project related to development, production, abandonment, exploratory drilling or multi-year or complex seismic programs, the Board will notify each applicant or operator, in writing, of the Regulatory Activity Plan (RAP) and the estimated annual charge payable no later than thirty (30) days after receipt of a Project Description or Letter of Intent in a format satisfactory to the Board.
- 2.4 As stated in the *Cost Recovery Regulations*, the annual RAP charge is the sum of:

- the estimated total number of units of time necessary to be spent in the Fiscal Year on direct regulatory activities for the project multiplied by the respective Board's Effective Rate.
- other Board costs, excluding costs considered under other costs recovery methods, of implementing the RAP. Examples include the use of a third party external expert for technical review, advice or auditing services, etc.

RAP charge= (estimated units of time x Effective Rate) + any additional project costs

- 2.5 If there are other costs as noted in Section 2 b) ii) of the *Cost Recovery Regulations*, the Board will notify the applicant or operator in writing with information and an estimate of the costs. These costs will be recovered from the applicant or operator with the annual charge adjustment as described in Section 6 of the *Cost Recovery Regulations*.

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- 3. For each existing project that was previously under a regulatory activity plan, after approval of the Board's budget in any given fiscal year following its submission in accordance with sub-section 28(2)¹ of the Act, the Board must**
- a) prepare a new regulatory activity plan;**
 - b) calculate the estimated annual charge payable by the applicant or the operator for the project by determining the estimated full cost, including indirect regulatory costs, associated with the implementation of the new regulatory activity plan based on**
 - (i) the cost of the estimated total number of units of time necessary to be spent in that fiscal year on direct regulatory activities for the project, and**
 - (ii) any other costs, excluding costs calculated under other cost recovery methods; and**
 - c) notify the applicant or the operator, in writing, of the new regulatory activity plan and the estimated annual charge payable.**

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- 3.1 For existing projects, the Board will notify each applicant or operator, in writing, of the new RAP and the estimated annual charge payable no later than July 15 of each year.

- 3.2 As stated in the *Cost Recovery Regulations*, the annual RAP charge is the sum of:
- the estimated total number of units of time necessary to be spent in the Fiscal Year on direct regulatory activities for the project multiplied by the respective Board's Effective Rate.
 - other Board costs, excluding costs considered under other costs recovery methods, of implementing the RAP. Examples include the use of a third party external expert for technical review, advice or auditing services, etc.

RAP charge= (estimated units of time x Effective Rate) + any additional project costs

- 3.3 If there are other costs as noted in Section 3 b) ii) of the *Cost Recovery Regulations*, the Board will notify the applicant or operator in writing with information and an estimate of the costs. These costs will be recovered from the applicant or operator with the annual charge adjustment as described in Section 6 of the *Cost Recovery Regulations*.

¹ For *Canada-Newfoundland and Labrador Offshore Petroleum Cost Recovery Regulations*, this is Section 27(2) of the *Canada-Newfoundland and Labrador Atlantic Accord Implementation Act*

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4. If an applicant or operator proposes changes to its project that are not reflected in the regulatory activity plan, the Board may recalculate the estimated annual charge for that project and adjust the payable amount accordingly.
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- 4.1 If the applicant or operator changes its project and if the changes are not addressed in the original Project Description or Letter of Intent, the applicant or operator must submit a revised Project Description or Letter of Intent that was submitted as per Section 2 of the *Cost Recovery Regulations*. At its discretion, the Board will assess the revisions and determine if a recalculation of the estimated RAP annual charge is required. The Board will notify each applicant or operator, in writing, of the revised RAP and the estimated annual charge payable no later than thirty (30) days after receipt of a revised Project Description or Letter of Intent in a format satisfactory to the Board.
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QUARTERLY INVOICING

5. (1) The Board must, on a quarterly basis, prepare and send an invoice for an amount equal to 25% of the estimated annual charge payable to each applicant or operator who has been notified under paragraph 2(c) or 3(c).
- (2) Within 30 days after the date of the invoice, the applicant or the operator must pay the amount invoiced.
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- 5.1 Applicants or operators may remit their fee payment electronically or by cheque in Canadian funds to the Board.
- 5.2 Payments received after the due date will be charged interest as per Section 14 of the *Cost Recovery Regulations*.
- 5.3 Payment instructions for each respective Board are found in Appendix 1.
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ANNUAL CHARGE ADJUSTMENT

6. (1) Each year, following the end of the fiscal year, the Board must, for each project under a regulatory activity plan,
- a) calculate the actual full cost associated with the implementation of the regulatory activity plan;
 - b) calculate the charge adjustment, if any, by subtracting the estimated annual charge, calculated in accordance with paragraph 2(b) or 3(b), from the actual full cost; and
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- c) notify the applicant or the operator in writing of the amount of the actual full cost and the amount of the charge adjustment.
- (2) If the actual full cost calculated under paragraph (1)(a) is
- a) less than the estimated annual charge, the difference is credited to the applicant's or operator's account and must be refunded as a credit on the next invoice; or
 - b) greater than the estimated annual charge, the Board must invoice the applicant or the operator for an amount equal to the difference and the applicant or the operator must pay that amount to the Board within 30 days after the date of the invoice.
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- 6.1 As per Section 30.1(2)² of the *Canada-Nova Scotia Offshore Petroleum Resources Accord Implementation Act*, the Board cannot recover more than the costs of providing services or products.
- 6.2 The Board will adjust RAP charges in circumstances where the Board requires an increase to their budget and has submitted a revised budget request to the federal and respective provincial Governments and received approval.
- 6.3 At the end of the Fiscal Year, the Board will calculate their Actual Full Cost³. In practice, this means that the Board, following the completion of the Board's audited financial statements, will determine the Actual Full Cost by recalculating its Effective Rate if additional budget requests were made and approved throughout the year. This new Effective Rate will be applied to the estimated units of time determined for each project at the beginning of the Fiscal Year to determine a revised RAP charge. The difference between the estimated full cost⁴ and the Actual Full Cost will be charged or credited to the applicant or operator.
- 6.4 Any additional costs directly related to a project but not included in the RAP estimated annual charge described in Sections 2 and 3, excluding costs considered under other costs recovery methods, will be charged to the applicant or operator.
- 6.5 Applicants and operators will be notified in writing of any changes to their RAP charge. Any additional charges will be invoiced and any credit will be applied on the applicant's or operator's next invoice.
- 6.6 Payments received after the due date will be charged interest as per Section 14 of the *Cost Recovery Regulations*.

PART 2 - FORMULA FEES

INTERPRETATION

7. In this Part,

² Section 29.1 (2) of the *Canada-Newfoundland and Labrador Atlantic Accord Implementation Act*

³ Section 1 of the *Cost Recovery Regulations*

⁴ Sections 2 and 3 of the *Cost Recovery Regulations*

- a) base units of time are the number of units of time published by the Board in accordance with section 8 based on the Board's estimate of the time required for it to undertake direct regulatory activities in relation to each activity set out in the tables to section 9;
 - b) variable units of time are the number of units of time published by the Board in accordance with section 8 based on the Board's estimate of the time required for it to undertake direct regulatory activities in relation to the variables set out in column 3 of the table to subsection 9(3);
 - c) the effective rate is the rate published by the Board in accordance with section 8 based on the estimated sum of the costs incurred by the Board's undertaking of all direct regulatory activities and of the Board's indirect regulatory costs minus the sum of the costs incurred by the Board's undertaking of regulatory activities that are not recovered by the Board at the request of the Federal Minister and the Provincial Minister and divided by the total number of units of time spent by the Board for those direct regulatory activities; and
 - d) the heavy burden coefficient is a multiplier that the Board may apply to a fee for an activity if the Board is of the opinion that the fee must be increased to reflect the additional number of units of time spent by the Board to undertake direct regulatory activities as a result of non-compliance with the Act, negligence or lack of effort by an applicant or operator in responding to any of the Board's questions during an application process or activity.
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- 7.1 The structure for formula fees sets fees on a standard basis across each regulatory activity. The generic structure of the formula fees uses a series of components that are multiplied to calculate an applicable fee.
 - 7.2 The *Cost Recovery Regulations* establish that the Board may calculate a heavy burden coefficient and apply it to projects on a case by case basis. The applicant or operator will be notified in writing when the Board implements this coefficient together with reasons for its application. If the heavy burden coefficient is required, it will be used as a multiplier for the formula fee. An invoice will be sent to the applicant or operator with the revised formula fee amount. Payments received after the due date will be charged interest as per Section 14 of the *Cost Recovery Regulations*.
 - 7.3 The Board will only use a heavy burden coefficient in exceptional circumstances, such as when a proponent is exercising lack of effort or failing to comply with regulatory requirements, resulting in Board costs above those normally required to administer a similar type of project.
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PUBLICATION

- 8. Each year the Board must publish, by electronic or other means that is likely to reach applicants and operators,
 - a) the base units of time for each activity set out in the tables to section 9;
 - b) the variable units of time for each activity set out in the table to subsection 9(3); and
 - c) the effective rate.
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- 8.1 On an annual basis, upon confirmation of the Board's budget for the Fiscal Year by the federal and respective provincial Governments, the Board will publish the base units of time, the variable units of time for each activity set out in the tables to Section 9 and the Effective Rate in the locations outlined in paragraph 8.2.
- 8.2 When calculating the respective cost recovery fee, the Board will apply the base units of time, variable units of time and Effective Rate that is published on the respective Board's website at the time of application.

Canada-Newfoundland and Labrador Offshore Petroleum Board:

Information will be posted on the Canada-Newfoundland and Labrador Offshore Petroleum Board's website www.cnlopb.ca in a document titled "The Canada-Newfoundland and Labrador Offshore Petroleum Board Cost Recovery Fees Schedule for the ____ - ____ Fiscal Year"

Canada-Nova Scotia Offshore Petroleum Board:

Information will be posted on the Canada-Nova Scotia Offshore Petroleum Board's website www.cnsopb.ns.ca in a document titled "The Canada-Nova Scotia Offshore Petroleum Board Cost Recovery Fees Schedule for the ____ - ____ Fiscal Year"

FORMULAS

- 9. (1) The fee for each activity set out in the table to this subsection is determined by the formula

$$A \times C$$

where

A is the base units of time related to each activity; and
C is the effective rate.

TABLE

Item	Activity
1.	Application for a declaration of significant discovery
2.	Application for a declaration of commercial discovery
3.	Application for a significant discovery licence
4.	Application for a licence for subsurface storage
5.	Application for a production licence
6.	Application for an amendment to a licence or a consolidation of licences
7.	Registration of a transfer
8.	Registration of a security notice
9.	Registration of an interest
10.	Recording of a notice
11.	Registration of an instrument other than a transfer or security notice
12.	Application for an extension, by order, of the term of a production licence
13.	Application for allowable expenditures

(2) The fee for the activities set out in column 2 of the table to this subsection is determined by the formula

$$A \times C \times D$$

where

A is the base units of time related to each activity;

C is the effective rate; and

D if applicable, is the heavy burden coefficient.

TABLE

Item	Column 1 Category of Activity	Column 2 Activity
1.	Geological operations authorization (with field work)	Geochemical study
2.	Geophysical (without field work)	Geophysical study
3.	Geological (without field work)	Purchase of geological studies
4.	Geological (without field work)	Isotope age dating
5.	Geological (without field work)	In-house geological studies
6.	Geological (without field work)	Petrography
7.	Geological (without field work)	Paleontological or palynological study
8.	Geological (without field work)	Other geophysical activity
9.	Annual compliance fee	All geophysical projects

(3) The fee for the activities set out in column 2 of the table to this subsection is determined by the formula

$$(A + B) \times (C \times D)$$

where

A is the base units of time;

B is the variable units of time multiplied by the number of primary vessels or aircraft used in each activity;

C is the effective rate; and

D if applicable, is the heavy burden coefficient.

TABLE

Item	Column 1 Category of Activity	Column 2 Activity	Column 3 Variable
1.	Geophysical operations authorization (with field work)	2-D seismic reflection survey (primary activity)	Primary vessel
2.	Geophysical operations authorization (with field work)	3-D seismic reflection survey (primary activity)	Primary vessel
3.	Geophysical operations authorization (with field work)	4-D seismic reflection survey (primary activity)	Primary vessel
4.	Geophysical operations authorization (with field work)	Seafloor gravity survey (primary activity)	Primary vessel
5.	Geophysical operations authorization (with field work)	Seismic refraction survey (primary activity)	Primary vessel
6.	Geophysical operations authorization (with field work)	Controlled source electromagnetic survey	Primary vessel
7.	Geophysical operations authorization (with field work)	Other geophysical program	Primary vessel

8.	Geophysical operations authorization (with field work)	Aeromagnetic survey (primary activity)	Aircraft
9.	Geotechnical authorization (seabed survey)	Piston core	Primary vessel
10.	Geotechnical authorization (seabed survey)	Shallow seismic, seabed survey	Primary vessel

No guidance is required.

PAYMENT OF FEES

10. (1) On the submission of an application in respect of an activity set out in any table to section 9, the applicant must pay to the Board the fee determined in accordance with that section.

(2) If the Board uses a heavy burden coefficient to calculate an additional charge in respect of an activity, the Board must invoice the applicant or the operator and the applicant or the operator must pay that amount to the Board within 30 days after the date of the invoice.

10.1 When an applicant or operator submits an application related to a specific regulatory activity for which a formula fees applies, the applicant or operator must submit their payment for the respective formula fee charge with the application to the applicable Board.

10.2 The Board will not be able to complete its review of the application until the applicant or the operator has paid the required formula fee charge in full.

10.3 If the heavy burden coefficient is applied to a formula fee, the Board will send an invoice to the applicant or operator with the revised formula fee amount. Payments received after the due date will be charged interest as per Section 14 of the *Cost Recovery Regulations*.

PART 3 - GEODATA CENTRE⁵

11. In this Part, the daily access rate is the rate established and published by the Board by electronic or other means that is likely to reach applicants and operators.

11.1 The daily access rate will be based on the costs associated with the time required by the respective Board to prepare physical samples for viewing or to complete other related requests. The daily access rate does not capture access to the digital geoscience data, which will remain available at no additional cost.

⁵ The geodata centre for the Canada-Newfoundland and Labrador Offshore Petroleum Board is the Core Storage and Research Centre. The geodata centre for the Canada-Nova Scotia Offshore Petroleum Board is the Geoscience Research Centre.

- 11.2 On an annual basis, upon confirmation of the Board's budget for the Fiscal Year by the federal and respective provincial Governments, the Board will publish the daily access rate as described in Part 3 of the *Cost Recovery Regulations* in the following locations:

Canada-Newfoundland and Labrador Offshore Petroleum Board:

Information will be posted on the Canada-Newfoundland and Labrador Offshore Petroleum Board's website www.cnlopb.ca in a document titled "The Canada- Newfoundland and Labrador Offshore Petroleum Board Cost Recovery Fees Schedule for the ____ - ____ Fiscal Year"

Canada-Nova Scotia Offshore Petroleum Board:

Information will be posted on the Canada-Nova Scotia Offshore Petroleum Board's website www.cnsopb.ns.ca in a document titled "The Canada-Nova Scotia Offshore Petroleum Board Cost Recovery Fees Schedule for the ____ - ____ Fiscal Year"

- 11.3 Applicants or operators should remit their respective daily access rate fee prior to using the Board's geodata centre. Payment instructions for each Board are found in Appendix 1.

12. Any person, except a person requesting access for an academic purpose, the Federal Minister and the Provincial Minister, who accesses a physical sample at the geodata centre must pay the daily access rate for each day the sample is accessed.

- 12.1 The Board may require a person who is requesting access to the geodata centre for an academic purpose or on behalf of the Federal⁶ or Provincial⁷ Minister to provide proof of academic or government credentials or proof that the request is on behalf of the Federal or Provincial Minister.
- 12.2 The form of proof could be in the form of an employee or student identification card, letter of permission or project scope document.
- 12.3 Failure to provide the required proof will result in the Board applying the daily geodata centre access rate fee.
- 12.4 For further information please contact each Board's respective geodata centre:

For the Canada-Newfoundland and Labrador Offshore Petroleum Board:

Canada-Newfoundland and Labrador Offshore Petroleum Board
Core Storage and Research Centre
30-32 Duffy Place
O'Leary Industrial Park
St. John's, NL A1B 4M5 Canada
Phone: (709) 778-1500

For the Canada-Nova Scotia Offshore Petroleum Board:

⁶ Natural Resources Canada (federal Government)

⁷ Department of Natural Resources (Newfoundland and Labrador provincial Government) and the Department of Energy (Nova Scotia provincial Government)

Canada-Nova Scotia Offshore Petroleum Board
Geoscience Research Centre
201 Brownlow Avenue, Suite 27
Dartmouth, NS B3B 1W2 Canada
Phone: (902) 468-3994

PART 4 - OTHER CHARGES

- 13. The Board may require reimbursement for 100% of its costs for activities that are not set out in Parts 1 to 3 and that are related to the following:**
- a) any verification of compliance under the Act involving travel to another location by the Board's staff;**
 - b) the Oil and Gas Committee;**
 - c) any technical analysis or process review that is related to a specific project and that is requested by an applicant or operator;**
 - d) any public review, written or oral hearing or inquiry that is related to a specific project and that is required or initiated by the Board;**
 - e) a participant funding program that is part of an environmental assessment conducted under the Canadian Environmental Assessment Act, 2012; and**
 - f) information, products or services that are requested by a person.**
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13.1 It is recommended that an applicant or operator send a letter to the Board requesting a specific activity noted in Section 13 of the *Cost Recovery Regulations*. This letter should include an overview of the activity and a schedule of key milestones. The Board will notify each applicant or operator, in writing, no later than thirty (30) days after receipt of this letter. These costs will be billed directly to the applicant or operator for which they apply.

13.2 If applicable, the Board's response may include:

- a cost estimate (if known);
- any relevant information about the Board's travel policies (if applicable); and
- information about when the actual costs will be invoiced and recovered.

13.3 Where possible, the Board will communicate with the applicant or the operator if the actual costs significantly differ from the estimated costs, if provided.

13.4 All invoices for other charges must be paid no later than thirty (30) days after date of the invoice. If the applicant or operator does not remit payment in the proper form by the required date, interest will be charged as stated in Section 14 of the *Cost Recovery Regulations*.

13.5 The following are the Board's practices for cost recovering 100% of its costs for activities listed in Section 13 of the *Cost Recovery Regulations*. Please contact the respective Board with any questions.

- a) ***any verification of compliance under the Act involving travel to another location by the Board's staff*** - *The applicant or operator will be invoiced after the travel is completed. Board staff must travel as per the respective Board's travel policy.*

- b) **the Oil and Gas Committee** - The applicant or operator will be invoiced after the Oil and Gas Committee work (related to their authorization or application) is completed or billed during the process if it is prolonged and costs are substantial. The Oil and Gas Committee must travel as per the respective Board's travel policy.
- c) **any technical analysis or process review that is related to a specific project and that is requested by an applicant or operator** - The applicant or operator will be invoiced after the technical analysis or process review is completed or billed during the process if it is prolonged and costs are substantial.
- d) **any public review, hearing or inquiry that is related to a specific project and that is required or initiated by the Board** - The applicant or operator will be invoiced after the public review, hearing or inquiry is completed or billed during the process if it is prolonged and costs are substantial. Any travel must be as per the respective Board's travel policy.
- e) **a participant funding program that is part of an environmental assessment conducted under the Canadian Environmental Assessment Act, 2012** - The applicant or operator will be invoiced after the Proponent⁸ is reimbursed for their approved expenses as per their Contribution Agreement or billed during the process if it is prolonged and costs are substantial.
- f) **information, products or services that are requested by a person** - The applicant or operator will be invoiced after the work is completed or billed during the process if it is prolonged and costs are substantial.

PART 5 – GENERAL

INTEREST

14. Interest on an amount owing to the Board must be calculated and compounded monthly at the rate of 1.5% and is payable and accrues during the period beginning on the due date and ending on the day before the day on which the payment is received by the Board.

14.1 If the applicant or operator does not remit payment in the proper form by the required date, interest will be charged as stated in Section 14 of the *Cost Recovery Regulations*.

14.2 For outstanding invoices related to RAP or formula fees, the related authorization⁹ may be suspended or revoked due to non-payment.

⁸ Canadian Environmental Assessment Act, 2012

⁹ Section 138 of the Canada-Newfoundland and Labrador Atlantic Accord Implementation Act, section 134 of the Canada-Newfoundland and Labrador Atlantic Accord Implementation Newfoundland and Labrador Act, section 142 of the Canada-Nova Scotia Offshore Petroleum Resources Accord Implementation Act, and section 135 of the Canada-Nova Scotia Offshore Petroleum Resources Accord Implementation (Nova Scotia) Act

REMITTANCE OF FEES AND CHARGES

15. For the purposes of section 30.3¹⁰ of the Act, the fees and charges obtained in accordance with these Regulations must be remitted on a quarterly basis subject to the Board's operational requirements.

- 15.1 Any active authorizations or projects affected during this transition time will receive a letter from the Board notifying them of any transition plans related to the applicable cost recovery fees.
- 15.2 The Canada-Newfoundland and Labrador Offshore Petroleum Board will remit cost recovery fees in equal proportions to the Receiver General for Canada and to the Newfoundland Exchequer Account.
- 15.3 The Canada-Nova Scotia Offshore Petroleum Board will remit cost recovery fees in equal proportions to the Receiver General for Canada and to the Nova Scotia Minister of Finance.
- 15.4 Amounts representing recovery of unbudgeted, out-of-pocket expenses of the Board, are not remitted to Governments, but are retained by the Board to offset the unanticipated and unbudgeted expenses.

PART 6 – TRANSITIONAL PROVISIONS AND COMING INTO FORCE

TRANSITIONAL PROVISIONS

16. (1) Section 3 does not apply to a project that relates to development, production, abandonment, exploratory drilling or multi-year or complex seismic programs if the applicant or the operator has paid 100% of the Board's estimated costs for the project for the fiscal year in which these Regulations come into force.

(2) All existing projects relating to development, production, abandonment, exploratory drilling or multi-year or complex seismic programs that are under the Board's regulatory authority before these Regulations come into force and that do not have a regulatory activity plan are considered to have been previously under a regulatory activity plan for the purposes of section 3.

- 16.1 Any active authorizations or projects affected during this transition time will receive a letter from the Board notifying them of any transition plans related to the applicable cost recovery fees.
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COMING INTO FORCE

¹⁰ For *Canada-Newfoundland and Labrador Offshore Petroleum Cost Recovery Regulations*, this is Section 29.3 of the *Canada–Newfoundland and Labrador Atlantic Accord Implementation Act*

17. These Regulations come into force on the day on which section 74¹¹ of the *Energy Safety and Security Act* comes into force but if they are registered after that day, they come into force on the day on which they are registered.

17.1 For the Canada-Newfoundland and Labrador Offshore Petroleum Board and the Canada-Nova Scotia Offshore Petroleum Board, these Guidelines will come into effect on April 1, 2016.

Appendix 1- Board Payment Information

For the Canada-Newfoundland and Labrador Offshore Petroleum Board:

Cheques should be made out to the “Canada-Newfoundland and Labrador Offshore Petroleum Board” and mailed to:

Canada-Newfoundland and Labrador Offshore Petroleum Board
140 Water Street, 5th Floor TD Place,
St. John’s, NL A1C 6H6 Canada

The invoice or statement remittance stub should be enclosed with your payment.

Electronic payment instructions are listed below. As the procedures to pay electronically vary among financial institutions, applicants or operators who intend to do so should consult with their institution. Note that applicants or operators are responsible for their financial institutions’ processing charges.

Wire and Direct Deposit Payment – Canadian Funds

Bank Name:	The Royal Bank of Canada 226 Water Street, St. John's, NL A1C 5N5 Canada
SWIFT:	ROYCCAT2 / US Routing # 021000021
Bank Number:	0003
Transit Number:	09453
Beneficiary Account No.:	104 5350
Beneficiary Name:	Canada-Newfoundland and Labrador Offshore Petroleum Board or C-NLOPB
Email Payment Notification to:	costrecovery@cnlopb.ca

¹¹ For *Canada-Newfoundland and Labrador Offshore Petroleum Cost Recovery Regulations*, this is Section 39 of the *Energy Safety and Security Act*

Cost Recovery Guidelines

For the Canada-Nova Scotia Offshore Petroleum Board:

Cheques should be made out to the “Canada-Nova Scotia Offshore Petroleum Board” and mailed to:

Canada-Nova Scotia Offshore Petroleum Board
1791 Barrington Street, 8th Floor TD Centre,
Halifax, NS B3J 3K9 Canada

The invoice or statement remittance stub should be enclosed with your payment.

Electronic payment instructions are listed below. As the procedures to pay electronically vary among financial institutions, applicants or operators who intend to do so should consult with their institution. Note that applicants or operators are responsible for their financial institutions’ processing charges.

Wire and Direct Deposit Payment – Canadian Funds

Bank Name:	The Royal Bank of Canada 1871 Hollis Street, Suite 100, Halifax, NS B3J 0C3 Canada
SWIFT:	ROYCCAT2
Bank Number:	003
Transit Number:	00003
Beneficiary Account No.:	1084839
Beneficiary Name:	Canada-Nova Scotia Offshore Petroleum Board or CNSOPB
Email Payment Notification to:	costrecovery@cnsopb.ns.ca