

CNSOPB



CANADA-NOVA SCOTIA
OFFSHORE PETROLEUM BOARD

6th Floor, TD Centre, 1791 Barrington Street, Halifax, Nova Scotia B3J 3K9
Telephone (902) 422-5588 | Fax (902) 422-1799 | www.cnsopb.ns.ca

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NOTICE

Work Deposit Deferral Policy

(Halifax, NS) – The Canada-Nova Scotia Offshore Petroleum Board (CNSOPB) has developed a new policy governing requests to defer the Work Deposit.

All Exploration Licences (ELs) issued after 2008 require a Work Deposit, which is 25% of the Work Expenditure Bid, to be posted at the end of year three of Period 1. The delay of posting the Work Deposit was to allow interest owners three years to assess geology, raise financing, or attract a farm-in partner before posting these potentially large financial requirements.

The Work Deposit Deferral Policy identifies the criteria and conditions that will be considered by the Board if companies holding ELs apply for a Work Deposit Deferral.

An interest owner who would like to apply for a Work Deposit deferral for their EL would have to meet the following criteria:

1. Demonstrate that the interest owner has been actively evaluating and exploring the prospectivity of their lands by providing specific qualitative and quantitative examples (eg. Seismic data interpretation of a significant amount of data).
2. Demonstrate that the delay is beyond the control of the interest owner. For example, by providing a detailed explanation of the unforeseeable extraordinary adverse circumstances (eg. Major environmental or social issue that impedes the ability to proceed with exploration activities such as the 2010 Gulf of Mexico BP incident or a major global disruption in the economy) that necessitated the request to defer the posting of the Work Deposit. Also demonstrate why these circumstances could not have been anticipated or mitigated to allow the lands to be explored in the normal timeframe.

3. Demonstrate that the interest owner has sufficient resources available to carry out acceptable exploration on their lands or alternately provide details on the efforts made to acquire resources internally and/or externally to carry out acceptable exploration on their lands.
4. Demonstrate that the interest owner has been diligently conducting technical assessments by providing a detailed report of all technical assessments completed for the exploration licence during the current tenure.
5. Demonstrate that the interest owner will diligently pursue exploration of the lands during the extension period. This could be addressed by providing a detailed report and timeline, with key milestones identified, of the proposed work to be completed on the lands during the extended period.

The following conditions will apply to the Work Deposit Deferral Policy application:

1. The interest representative for each EL must apply to the Board in writing no later than 120 days before the third anniversary of the effective date of their EL.
2. Each application is subject to the Board's review and approval.
3. The Board, at its discretion, will consider deferring the posting of the required Work Deposit for up to a maximum of two years.
4. Board approval of a deferral of the posting of the Work Deposit requires an amending agreement, which is a fundamental decision and subject to provincial and federal government approval.
5. The Licence Deposit will remain with the Board during the extended period.
6. Allowable expenditures approved after year three of these ELs will not be credited at a rate of 150%.
7. The interest owner will be required to submit annual additional work plan reports, acceptable to the Board, by the anniversary of the effective date, to inform the Board of their anticipated exploration activities for the extended Work Deposit deferral period. They must also submit a report at the extended Work Deposit deadline reviewing this additional report(s) which discusses what exploration activities occurred and lessons learned.

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About the Board

The Canada-Nova Scotia Offshore Petroleum Board is the independent joint agency of the Governments of Canada and Nova Scotia responsible for the regulation of petroleum activities and resources offshore Nova Scotia.

For further information, please contact:

Tanya Taylor White, Manager, Public Relations
Canada-Nova Scotia Offshore Petroleum Board
(902) 496-0750, Email: twhite@cnsopb.ns.ca