



**Executive
Council**

*A certified copy of an Order in Council dated
February 26, 2016*

2016-49

The Governor in Council on the report and recommendation of the Minister of Energy dated February 4, 2016, and pursuant to Section 30A of Chapter 3 of the Acts of 1987, *the Canada-Nova Scotia Offshore Petroleum Resources Accord Implementation (Nova Scotia) Act*, is pleased to make regulations respecting the recovery of costs by the Canada-Nova Scotia Offshore Petroleum Board, in the form set forth in Schedule “A” attached to and forming part of the Report and Recommendation, effective on and after February 26, 2016.

Certified to be a true copy

A handwritten signature in black ink, appearing to read 'C. Blewett', written over a horizontal line.

**Catherine Blewett
Clerk of the Executive Council**



Catherine Blewett
Clerk of the Executive Council

Schedule "A"

**Regulations Respecting the Recovery of Costs by
the Canada-Nova Scotia Offshore Petroleum Board
made by the Governor in Council under Section 30A of Chapter 3 of the Acts of 1987,
the *Canada-Nova Scotia Offshore Petroleum Resources
Accord Implementation (Nova Scotia) Act***

Citation

- 1 These regulations may be cited as the *Canada-Nova Scotia Offshore Petroleum Cost Recovery Regulations*.

Definitions

- 2 In these regulations,

“Act” means 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

- (i) assessing applications,
- (ii) issuing licences,
- (iii) granting approvals and authorizations,
- (iv) verifying and enforcing compliance with the Act, and
- (v) providing information, products and services;

“indirect regulatory costs” means the costs incurred to support the Board’s direct regulatory activities, such as costs for

- (i) office accommodation, supplies and equipment,
- (ii) professional services,
- (iii) communications,
- (iv) travel,
- (v) management,
- (vi) training,
- (vii) administration,
- (viii) human resources services,
- (ix) finance,
- (x) information technology services,
- (xi) hardware and software,
- (xii) the preparation of documents, including policies, standards, guidelines, procedures and notices, and
- (xiii) the provision of technical expertise, including any advice relating to legislation or regulations, to the federal Minister or the Minister at that Minister's request;

“project” means the work or the activity referred to in clause 135(1)(b) of the Act.

Part 1: Regulatory Activity Plan Charges

Estimated Annual Charge

Regulatory activity plan

3 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 prepared under clause (a) 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 prepared under clause (a) and the estimated annual charge payable.

Existing project

4 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 subsection 28(2) 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 prepared under clause (a) 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 prepared under clause (a) and the estimated annual charge payable.

Recalculation

5 If an applicant or operator proposes changes to its project that are not reflected in the regulatory activity plan for the project prepared by the Board under clause 3(a) or 4(a),

the Board may recalculate the estimated annual charge for that project calculated by the Board under clause 3(b) or 4(b) and adjust the payable amount accordingly.

Quarterly Invoicing

Invoice

- 6 (1) The Board must, on a quarterly basis, prepare and send an invoice for an amount equal to 25% of the estimated annual charge calculated by the Board under clause 3(b) or 4(b) to each applicant or operator who has been notified under clause 3(c) or 4(c).
- (2) Within 30 days after the date of an invoice sent under subsection (1), the applicant or the operator must pay the amount invoiced.

Annual Charge Adjustment

Annual adjustment

- 7 (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 clause 3(b) or 4(b), from the actual full cost; and
 - (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 clause (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.

Part 2: Formula Fees

Interpretation

8 In this part,

- (a) base units of time are the number of units of time published by the Board in accordance with Section 9 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 10;
- (b) variable units of time are the number of units of time published by the Board in accordance with Section 9 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 10(3);
- (c) the effective rate is the rate published by the Board in accordance with Section 9 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 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.

Publication and Formulas

Publication by Board

9 Each year the Board must publish, by electronic or other means that are likely to reach applicants and operators,

- (a) the base units of time for each activity set out in the tables to Section 10;
- (b) the variable units of time for each activity set out in the table to subsection 10(3); and

- (c) the effective rate.

Formulas

10 (1) The fee for each activity set out in the table to this subsection is determined by the formula $A \times C$, in which

- (a) A is the base units of time related to each activity; and
(b) 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 each activity set out in column 2 of the table to this subsection is determined by the formula $A \times C \times D$, in which

- (a) A is the base units of time related to each activity;
(b) C is the effective rate; and
(c) 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 each activity set out in column 2 of the table to this subsection is determined by the formula $(A + B) \times (C \times D)$, in which

- (a) A is the base units of time related to each activity;
- (b) B is the variable units of time multiplied by the number of primary vessels or aircraft to be used in each activity;
- (c) C is the effective rate; and
- (d) 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

Item	Column 1 Category of Activity	Column 2 Activity	Column 3 Variable
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

Payment of fees

- 11 (1) On the submission of an application in respect of an activity set out in any table to Section 10, 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.

Part 3: Geodata Centre

Daily access rate

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

Sample access fee

- 13** Any person, except a person requesting access for an academic purpose, the federal Minister or the Minister, who accesses a physical sample at the geodata center must pay the daily access rate for each day the sample is accessed.

Part 4: Other Charges

Reimbursement of Board costs

- 14** 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* (Canada); and
 - (f) information, products or services that are requested by a person.

Part 5: General

Interest

- 15** 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.

Remittance of fees and charges

- 16** For the purposes of Section 30B 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.

Part 6: Transitional Provisions

Transitional provision

- 17 (1) Section 4 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 4.