

December 23, 2003

File No.1150-30/

Pacific Offshore Energy Association
420 Albert Street
Nanaimo, BC V9R 2V7

Attention: Mr. Ed Poli

This letter confirms the agreement between Her Majesty the Queen in Right of the Province of British Columbia represented by the British Columbia Offshore Oil and Gas Team ("the Province") and the Pacific Offshore Energy Association (the "Organization") in respect of the Project, on the terms set out below (the "Agreement").

1. PROJECT

- 1.1 The Organization will carry out and complete the project described in Appendix 1 (the "Project") in accordance with the budget set out in Appendix 2.

2. REPRESENTATIONS AND WARRANTIES

- 2.1 The Organization represents and warrants that it has the authority to enter into this Agreement and to carry out and complete the Project. The Organization acknowledges that the Province is relying on these representations and warranties in entering into this Agreement and in paying the Province's Contribution to the Organization.

3. ELIGIBLE COSTS

- 3.1 "Eligible Costs" are those costs and expenses described in the budget attached in Appendix 2, and incurred by the Organization in carrying out and completing the Project.

4. PROVINCE'S CONTRIBUTION

- 4.1 The Province will provide \$133,000.00 to the Organization for the Project, (the "Province's Contribution") subject to the terms of this Agreement.
- 4.2 In no circumstances whatsoever is the Province obligated to provide any funding to the Organization in excess of the Province's Contribution.
- 4.3 The Organization will use the Province's Contribution only for the purpose of defraying Eligible Costs.

5. PAYMENT

- 5.1 The Province will pay the Province's Contribution to the Organization as set out below, within 30 days of receipt from the Organization, of the documents and or actions referred to below:
 - a) \$66,500.00 following receipt of an executed copy of this Agreement;
 - b) \$33,250.00 following delivery of the first Project information session and review of results of the first session.
 - c) \$33,250.00 following receipt of the financial statement referred to in section 11.1(b) and a final Project report, both in a form satisfactory to the Province.

6. TERM OF THE AGREEMENT

- 6.1 This Agreement is for a term commencing upon the receipt by the Province of a fully executed copy of this Agreement and ending on the Project Completion Date.

7. PROJECT COMPLETION DATE

- 7.1 The Organization will complete the Project on or before March 29, 2004 (the "Project Completion Date").

8. INDEPENDENT RELATIONSHIP

- 8.1 Neither the Organization nor its servants, agents or employees will be the servant, employee, or agent of the Province.

- 8.2 The Organization will not, in any manner whatsoever, commit or purport to commit the Province:
- (a) to the payment of money to any person, firm, or corporation; or
 - (b) to take or refrain from taking any action of any kind whatsoever.

9. REPORTS

- 9.1 The Organization will:
- (a) fully inform the Province's Representatives in the manner prescribed by them of the work done and to be done by the Organization in connection with the Project as set out in Appendix 1; and
 - (b) immediately advise the Province of any expected cost overruns and/or delays in completing the Project, in accordance with section 13.2. This provision will not restrict the Province's entitlement to limit its obligations under, or terminate, this Agreement.

10. INSPECTION

- 10.1 The Organization will permit the Province's representatives at all reasonable times to inspect, examine and review any and all accounting records, findings, data, prints, specifications, drawings, working papers, reports, documents and all audio, visual and print material whether complete or otherwise that have been produced, received or acquired by the Organization as a result of the Project.
- 10.2 At the request of the Province, the Organization will provide the Province a copy of all of its completed documents and materials used in or in support of the Project.
- 10.3 If the Organization does not complete the Project, the Organization will permit the Province to copy all accounting records, findings, data, prints, specifications, drawings, working papers, reports, documents and all audio, visual and print material whether complete or otherwise that have been produced, received or acquired by the Organization as a result of the Project.

11. ACCOUNTING/AUDIT

11.1 The Organization will:

- (a) maintain financial records in accordance with generally accepted accounting principles, and
- (b) provide a financial statement of the Project audited by an independent auditor recognized in the Province of British Columbia, no later than March 29, 2004.

12. APPROPRIATION

12.1 Notwithstanding any other provision of this Agreement, the payment of money by the Province to the Organization is subject to:

- (a) there being sufficient monies available in an appropriation, as defined in the Financial Administration Act (the Financial Administration Act and every amendment made to that Act being collectively called the "Act"), in any fiscal year or part thereof when any payment of money by the Province to the Organization falls due pursuant to this agreement, to make that payment; and
- (b) Treasury Board, as defined in the Act, not having controlled or limited expenditure, pursuant to the Act, under any appropriation referred to in the preceding paragraph.

13. DEFAULT AND REMEDIES/REPAYMENT

13.1 The Organization will be in default of this Agreement if:

- (a) it breaches any provision of this Agreement, or fails to fulfill any of its obligations set out in Appendix I; or
- (b) if the audited statement required above contains a denial of opinion or adverse opinion.

13.2 If the Organization is in default, or if the Organization believes that there is a reasonable likelihood that it will be in default, it will notify the Province immediately. After the Province receives that notice the Parties will meet as soon as practicable to review the situation.

- 13.2 Notwithstanding the requirement to meet set out in section 13.2, the Province may, at any time, at its discretion:
- (a) withhold any amounts otherwise payable under this Agreement;
 - (b) require the Organization to take reasonable steps to remedy the default;
 - (c) take other steps the Province deems appropriate; or
 - (d) terminate this Agreement.
- 13.4 Notwithstanding sections 13.1-13.3, if for any reason, the Project is not completed to the satisfaction of the Province, the Organization will repay to the Province the amount of the Province's Contribution paid to the Organization by the Province under this Agreement within 30 days of receipt by the Organization of a written request for repayment from the Province.
- 13.5 If the total Eligible Costs of the Project, as determined by the Province, are less than the amount of the Province's Contribution paid by the Province to the Organization under this Agreement, the Organization will repay that difference to the Province within 30 days of receipt by the Organization of a written request for payment of that difference from the Province.

14. PROVINCIAL REPRESENTATIVE

- 14.1 Any person designated by me from time to time as the Provincial Representative, may act for the Province with respect to communications, and all matters arising under this Agreement with respect to the Project. Until you are advised to the contrary, Steven Simons, attached to the BC Offshore Oil and Gas Team, is the Provincial Representative.

15. NOTICES

- 15.1 Where in this Agreement any notice or other communication is required to be given by any of the Parties, it will be made in writing. It will be effectively given:
- (a) by delivery to the address of the party set out below, on the date of delivery; or,
 - (b) by pre-paid registered mail, to the address of the party set out below, on the fifth business day after mailing; or
 - (c) by facsimile, to the facsimile number of the party, mentioned in this agreement, on the date the facsimile is sent.

The address and facsimile numbers of the parties are:

Province:

BC Offshore Oil and Gas Team
Ste 250 – 1675 Douglas Street
Victoria, B.C., V8W 2G5

Fax: (250) 356-0582

Organization:

Pacific Offshore Energy Association
420 Albert Street
Nanaimo, BC V9R 2V7

Fax: 250-716-1244

The address or facsimile number set out above may be changed by notice in the manner set out in this section.

16. AMENDMENTS

16.1 This Agreement may only be amended by the agreement in writing of both Parties.

17. INDEMNITY

17.1 The Organization will indemnify and save harmless the Province from and against any and all losses, claims, damages, actions, causes of action, cost and expenses that the Province may sustain, incur, suffer or be put to by reason of any act or omission of the Organization, or by any servant, employee, or agent of the Organization carrying out or completing the Project.

18. APPENDICES

18.1 Appendix 1 and 2 are part of this Agreement.

ACCEPTANCE

Please confirm your acceptance of the terms and conditions of this Agreement, by dating and executing all three copies of this Agreement in the space and manner indicated below and returning two copies to me, free of any conditions, at your earliest convenience. You may retain one copy for your records. Note that in signing or executing below, you are committing to an agreement, which is binding on the Pacific Offshore Energy Association.

The Province recognizes that the Project is a positive and valuable contribution to the promotion of economic development in British Columbia I look forward to receipt of your confirmation.

Yours truly,

Jack Ebbels, Deputy Minister
British Columbia Offshore Oil and Gas Team
Ministry of Energy and Mines

Executed this ____ day of _____, 2003.

Agreed to this ____ day of _____, 2003

Pacific Offshore Energy Association

APPENDIX 1

Attached to and forming part of the
Contribution Agreement
between
the British Columbia Offshore Oil and Gas Team
and
Pacific Offshore Energy Association

Based on the attached proposal, the Pacific Offshore Energy Association will:

- Design a three-hour information session suitable to the general public covering the topic of Offshore Oil and Gas.
- Conduct five community based public education and information sessions (sessions) on the offshore oil and gas industry.
- Conduct the sessions in mid and North Vancouver Island communities of Port Hardy, Port McNeill, Campbell River, Port Alberni, and Ucluelet.
- Conduct first session by January 31, 2004 and last session by February 29, 2004.
- Conduct joint review with BC Offshore Oil and Gas Team following first session and before second session.
- Conduct sessions in such a way as to allow for ease of access and free admission to the general public.
- Moderate the sessions in order to allow attendees to participate in information exchange.
- Advertise the sessions using local media and networks.
- Make information available to communities post session via hard copy hand out material available at the information sessions, and subsequently in a community service center (i.e., post office, Chamber of Commerce, library) and the POEA web site.
- Make every effort to work in conjunction with local community representatives in planning and scheduling sessions.
- Provide a feedback mechanism for public attendees.
- Review each session based on feedback and adjust the delivery and/or information accordingly.
- Provide a final Project report to the Offshore Oil and Gas Team within 30 days of the delivery of the final session.

APPENDIX 2

Project Budget for Community Information Sessions

1. Professional Fees

- a. Develop session and materials
- b. Prepare brochure handouts
- c. Graphics, printing for brochure handouts
 - Design 5 brochures
 - Print 5000 copies (1000 copies of 5 brochures)
- d. Train presenter teams
- e. Deliver information sessions
- f. Project management

2. Equipment Purchase

3. Advertising and promotion

- a. [REDACTED] per session for print media advertising (5 x [REDACTED])
- b. [REDACTED] per session for radio advertising (5 x [REDACTED])
- c. [REDACTED] per session for cable channel advertising (5 x [REDACTED])

4. Facilities and Hospitality (Hall rental, refreshments etc)

5. Travel and Accommodation

6. Administration

(support services, printing, copying, office space, telephone etc)

Project Total

\$133,000

Proposal to BC Offshore Team

December 2, 2003

This document outlines how POEA would propose to develop and deliver information on the Offshore Oil and Gas industry to the public at meetings to be held in BC's coastal communities.

A. Proposal Summary

POEA proposes to design a three-hour Offshore Oil and Gas information session suitable for delivery to the general public in BC's coastal communities. The session will be delivered in the form of a moderated panel with the moderator provided by POEA and the panelists selected by POEA from a list that will include POEA experts as well as others appropriately qualified. The session will be delivered to five coastal communities (Port Hardy, Campbell River, Port McNeill, Port Alberni and Ucluelet) as a first phase. The session will be developed and tested by January 23, 2004 and the 5 sessions will be delivered by February 27, 2004. The total project cost would be \$133,000.

In the delivery of these sessions POEA will be acting as an independent and expert source of factual information and not as an agent or representative of the Provincial Government. POEA will maintain regular communication with the OFT and will welcome input and suggestions but final approval of session content and delivery will rest with POEA.

POEA believes that an effective public information effort should include the 38 coastal communities listed in Annex A and would be willing to deliver sessions to the balance of these communities in subsequent phases.

B. Proposed Activity

1. POEA will develop a three-hour information session and related presentation material by January 23, 2004. The session will be designed to provide factual, objective information on the Offshore Oil and Gas industry as it would apply to BC.
2. The session will be delivered in the form of a moderated panel with a moderator and four expert panelists and will address the following five subject areas:
 - a) **Assessment of Potential** - Historical account of activity to date, setting out the Hydrocarbon Resource potential of the Pacific Coast and comparing that potential with the Canadian Atlantic Coast and elsewhere.
 - b) **Hypothetical Exploration, Development and Production Scenarios** - Developing an understanding of what might happen based on analogous global experience from the Atlantic, Alaska and California – this would address the 5 steps: Seismic; Drilling (*3 Phases = Exploration, Delineation /Appraisal & Development*); Production; Storage, and Transportation.

- c) **Probable Environmental Assessment and Regulatory Approaches** - Providing an insight into the process, the likely key issues and experience elsewhere, and developing an understanding of approvals, mitigation and monitoring approaches
 - d) **Health, Safety and Environmental Management** - Introducing the typical industry practices related to risk management, training and operational and environmental security.
 - e) **Benefits Plans and the Value Chain** - Understanding the employment impact of the offshore industry and the experience of coastal businesses in working with the industry.
3. Two moderators and eight qualified panelists will be identified. This will ensure backup in the event of injury or illness, will permit overlapping schedules if required and will ensure the ability to respond quickly if additional sessions are desired. If possible, individuals from Exploration and Production (E&P) companies will be included as panelists to provide expertise on current industry practice.
 4. A 2-day training session for the moderators and panelists will be held in January 2003. The session will familiarize the presenters with the session content and presentation material, will prepare the presenters for anticipated questions and concerns and will focus on ensuring consistency of message and approach.
 5. A presentation schedule for the 5 communities will be developed in December 2003 and administrative and travel arrangements made. The scheduling will be done in consultation with the communities and every effort will be made to actively involve community representatives in the planning process and identify a principal community contact. As soon as the schedule has been prepared, advertising will begin in the 5 communities using local media (print, radio, cable etc) and networks such as Chambers of commerce and economic development organizations.
 6. Sessions will be delivered to Port Hardy, Port McNeill, Campbell River, Port Alberni and Ucluelet by February 27, 2004.
 7. At each session brochure handouts will be made available to attendees. These handouts will provide attendees with basic simplified descriptive information on the five subject areas identified in 2a) to e) and will also list website references where attendees can access further information. Additional handouts will be left in the community to be made available to those interested parties who were unable to attend the session. Handout and presentation content will also be made available to the public on the POEA website.
 8. At the end of each session each attendee will be asked to complete an evaluation questionnaire to evaluate the effectiveness of the session and indicate what they would like to see as a next step.

C. Project Budget

1. Professional Fees

- a. Develop session and materials [REDACTED]
- b. Prepare brochure handouts [REDACTED]
- c. Graphics, printing for brochure handouts
 - Design 5 brochures [REDACTED]
 - Print 5000 copies (1000 copies of 5 brochures) [REDACTED]
- d. Train presenter teams [REDACTED]
- e. Deliver information sessions [REDACTED]
- f. Project management [REDACTED]

2. Equipment Purchase [REDACTED]

3. Advertising and promotion

- a. \$ [REDACTED] per session for print media advertising (5 x [REDACTED]) [REDACTED]
- b. \$ [REDACTED] per session for radio advertising (5 x [REDACTED]) [REDACTED]
- c. \$ [REDACTED] per session for cable channel advertising (5 x [REDACTED]) [REDACTED]

4. Facilities and Hospitality (Hall rental, refreshments etc) [REDACTED]

5. Travel and Accommodation [REDACTED]

6. Administration [REDACTED]
(support services, printing, copying, office space, telephone etc)

Project Total **\$133,000**

Annex A

BC Coastal Communities that should receive Oil and Gas Information Sessions

Queen Charlotte Islands

- Queen Charlotte City
- Masset
- Haida Location

North Coast

- Prince Rupert
- Terrace
- Kitimat
- Port Simpson
- Metlakatla
- Kitkatla

Central coast

- Klemtu
- Bella Bella
- Bella Coola
- Hartley Bay
- Ocean Falls

North Island

- Port Hardy
- Port McNeill
- Port Alice
- Alert Bay
- Sointula

West Coast

- Port Alberni
- Ucluelet
- Tofino
- Bamfield
- Nuu-chah-nulth location

Central Island

- Campbell River

- Gold River
- Courtney/Comox
- Powell River
- Sechelt
- Parksville/Qualicum
- Nanaimo/Ladysmith
- Duncan

South Island

- Sydney
- Victoria
- Sooke

Lower Mainland

- North or West Vancouver
- Vancouver
- Richmond or Steveston

Project Budget for Community Information Sessions

a) Professional Fees

■ Develop session and materials	\$	■	
■ Prepare brochure handouts		■	
3. Graphics, printing for brochure handouts			
- Design 5 brochures			■
- Print 5000 copies (1000 copies of 5 brochures)		■	
■ Train presenter teams		■	
■ Deliver information sessions		■	
6. Project management			■

b) Equipment Purchase

■

c) Advertising and promotion

a) \$ ■ per session for print media advertising (5 x ■)		■
b) \$ ■ per session for radio advertising (5 x ■)		■
c) \$ ■ per session for cable channel advertising (5 x ■)		■

d) Facilities and Hospitality (Hall rental, refreshments etc)

■

e) Travel and Accommodation

■

f) Administration

(support services, printing, copying, office space, telephone etc)

■

Project Total

\$133,000

TERMS of REFERENCE

Coastal communities have the opportunity to participate in the exchange of offshore oil and gas information. Access to presenters with knowledge and experience will allow communities to ask, and have answered, questions they feel are important.

A total of \$260,000 has been allocated to education projects promoting accurate and factual information exchange. Funding is being administered by the British Columbia Offshore Oil and Gas Team to aid in the development and delivery of the public information sessions.

Both the Pacific Offshore Oil and Gas Association and Pacific Offshore Energy Association will:

- Design information and education sessions suitable to the general public covering the topic of Offshore Oil and Gas:
 - Resource and resource potential including information relevant to basins off the west coast of British Columbia;
 - Environmental considerations including facts on seismic surveying, oil spill protection, and coexistence with other ocean based industries;
 - Industry facts on the phases of offshore oil and gas exploration, discovery, development, and decommissioning timelines;
 - Role of regulation or rules under which an industry might operate, including the role of environmental assessment and role of public consultation;
 - Local direct and indirect benefits and opportunities;
- Conduct the sessions in coastal communities of Prince Rupert, Terrace, Kitimat, Masset, Port Clements, and Queen Charlotte City, Port Hardy, Port McNeill, Campbell River, Port Alberni, Ucluelet.
- Conduct sessions in such a way as to allow for ease of access and free admission to the general public.
- Moderate the sessions in order to allow attendees to participate in information exchange.
- Make information available to communities post session via hard copy hand out material available at the information sessions, and subsequently in a community service centre (i.e., post office, Chamber of Commerce, library) and the web.
- Make every effort to work in conjunction with local community representatives in planning and scheduling sessions.
- Provide a feedback mechanism for public attendees.
- Review each session based on feedback and adjust the delivery and/or information accordingly.

Ministry of Energy and Mines

Web-site Address:
www.offshoreoilandgas.gov.bc.ca

British Columbia
Offshore Oil and Gas
Team

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