

**Rick Ratcliffe**  
**Registrar of Mineral and Petroleum Titles**  
1701 Hollis Street, 3rd Floor  
PO Box 698  
Halifax, Nova Scotia B3J 2T9  
Telephone (902) 424-8155  
Facsimile (902) 424-5568

## **CALL FOR EXPLORATION PROPOSALS**

**No. 08-2**

Request for Proposal Issue Date: **December 3, 2008**

Responses to this Request for Proposal must be Received in the Office of:

*Rick Ratcliffe, Registrar of Mineral and Petroleum Titles  
1701 Hollis Street, 3rd Floor, PO Box 698,  
Halifax, NS B3J 2T9*

Closing Date and Time: **March 3, 2009 4:00 p.m. (Halifax Time)**,

**FACSIMILE OR E-MAIL BIDS WILL NOT BE ACCEPTED**

### **1.0 Department/Situation Overview**

#### **1.1 Department Responsibility**

This Call for Exploration Proposals (“Proposals”) is made pursuant to the *Petroleum Resources Act* and the *Petroleum Resources Regulations* (the “Regulations”) as amended with rights registered and maintained by the Registrar of Mineral and Petroleum Titles.

### **2.0 Call for Exploration Proposal Process and Procedures for Evaluation**

#### **2.1 Lands**

This Call for Exploration Proposals is issued in respect of the block of land identified in Schedule “A”.

#### **2.2 Mandatory Requirements**

- (a) This Call for Exploration Proposals contains mandatory requirements.
- (b) Proposals not meeting all mandatory requirements will be rejected without further consideration.

### **2.3 Evaluation**

- (a) Evaluation of Proposals will be conducted by the Minister of the Energy Department or the Minister's designate.
- (b) The Minister or the Minister's designate may select a Proposal or reject all Proposals on the basis of the criteria established in this Call for Exploration Proposals.
- (c) The evaluation of exploration proposals shall be conducted in two stages. Both stages include mandatory criteria (see Articles 3.0, 3.1, and 3.2).
- (d) The first stage will be an evaluation of information submitted in the Envelope #1. Proposals meeting the mandatory criteria for the first stage will proceed to the second stage which will consist of a review of the information submitted in Envelope #2 respecting the dollar value of the Work Program to be undertaken by the Applicant.

### **2.4 Exploration Agreement**

- (a) An Exploration Agreement will be required to be signed by the successful applicant.
- (b) A copy of the draft Exploration Agreement to be executed on selection. Copies are available from:

**Rick Ratcliffe**  
**Registrar of Mineral and Petroleum Titles**  
1701 Hollis Street, 3rd floor  
PO Box 698  
Halifax, NS B3J 2T9  
Telephone: 902-424-8155; Fax: 902-424-5568  
e-mail: rlratcli@gov.ns.ca

### **3.0 Proposal Preparation**

- (a) This section defines preparation and submission procedures which must be followed by all persons who submit proposals ("Applicant").
- (b) Applicants are cautioned to carefully read and follow the procedures required by this Call for Exploration Proposals and the *Petroleum Resources Regulations* as any deviation from these requirements may be cause for rejection.
- (c) The Proposal must be signed by a person(s) duly authorized to sign on behalf of the Applicant and to bind the Applicant to statements made in response to this Call for Exploration Proposals.

### **3.1 Proposal Format**

- (a) The first part includes information to be placed in an envelope (Envelope #1) clearly marked as Envelope #1 and be clearly labelled as provided in Article 3.5 (c).

#### **Envelope #1**

##### **Requirement #1**

Envelope #1 shall contain an Application for Petroleum Exploration Agreement attached as Schedule “B” to this Call for Exploration Proposals. (Do not fill the portion relative to Estimate of Cost which will be addressed in Envelope #2).

##### **Requirement #2**

A statement shall also be provided in Envelope #1 which covers the following:

- i) information sufficient to enable the Minister to judge the technical capability of the submitted and the Applicant’s experience in the exploration, production and transportation of petroleum, including the Applicant’s past experience in Nova Scotia or in other areas;
- ii) information sufficient to enable the Minister to judge the financial capability of the Applicant to complete all of the proposed Work Program (eg: audited financial statement);
- iii) a commitment to meet or exceed minimum acceptable exploration expenditures set out in Schedule “C” without specifying the actual dollar value of the Work Program (which will be addressed in Envelope #2). NOTE: minimum expenditures are \$4.00 per hectare for the three (3) year term of the agreement. Proposed expenditures are to be provided for each of the three (3) years, for each block for which proposals are submitted.
- iv) information respecting past experience. Preference shall be given an Applicant who has exploration and production experience.
- v) a description of the exploration plans including type(s) of equipment to be employed, sampling techniques, details of testing techniques, methods and equipment and justification of the chosen methods. This will address the Applicant’s:
  - (a) knowledge of the area;
  - (b) ability or efforts made to minimize impacts such as noise, water disposal, environmental concerns, etc. that have presented problems in the past;
- vi) knowledge of “current technology” and its application, eg. testing, exploration, drilling, and completion techniques;
- vii) a statement that there has been no collusion with any other person or persons submitting proposals and the application is, in all respects, fair and made without collusion or fraud;

- viii) information respecting the corporation, partnership or person submitting the proposal (including directors and officers) and registration status with the Registry of Joint Stock Companies, Nova Scotia;
- ix) verification that the person submitting the proposal is duly authorized and can bind the Applicant;
- x) information which shall demonstrate the ability of the Applicant to:
  - (a) provide a letter of credit or the acceptable financial security in the amount of 20% of the first year's work proposal specified in the Exploration Agreement;
  - (b) provide insurance as specified in the Exploration Agreement; and
  - (c) execute an Exploration Agreement.

**Requirement #3**

Envelope #1 shall also include a bank draft or certified cheque specified in Article 3.2 (b) regarding rental fees and the filing fees.

**Envelope #2**

**Requirement #1**

The second part requires a second envelope, clearly marked Envelope #2, and be labelled as provided for in Article 3.5 (c).

**Requirement #2**

- i) A statement shall be made containing a dollar value of the Work Program to be undertaken by the Applicant in each year of the three year term and allocated to the block as described in Schedule "A".
- ii) The Applicant shall also indicate the total dollar value assigned to the Work Program.

**3.2 Rentals & Filing Fees**

- (a) The minimum acceptable exploration expenditures are set out in Schedule "C". Proposals which, in the Minister's opinion, do not meet or exceed the minimum acceptable exploration expenditures will not be considered.
- (b) The regulations prescribe an annual rental on exploration lands of 13¢ per hectare ("rental fee"). The first year rental, together with a \$1,068.80 exploration proposal filing fee, must be submitted with the proposal in the form of a bank draft or certified cheque payable to the Minister of Finance, Nova Scotia.
- (c) If the Proposal is not accepted, the rental fee and filing fee will be returned to the Applicant,

without interest, following the execution of an Exploration Agreement with the successful Applicant.

### **3.3 Information and Inquiries**

- (a) Any geological, geophysical and well information which is available for public disclosure may be reviewed at the offices of the Department of Energy, 4th Floor, Bank of Montreal Building, 5151 George Street, Halifax, Nova Scotia. A data package for this call is available through the Department of Energy. Please contact Kim Doane at (902) 424-7146 / [doaneka@gov.ns.ca](mailto:doaneka@gov.ns.ca) or Sarah Scratch at (902) 424-8114 / [scratcsa@gov.ns.ca](mailto:scratcsa@gov.ns.ca) to make the necessary appointment.
- (b) While the Province has made considerable efforts to ensure an accurate representation of information, the information contained in this Call for Exploration Proposals is supplied solely as a guideline for Applicants. The information is not guaranteed or warranted to be accurate by the Province, nor is it necessarily comprehensive or exhaustive. Nothing in this Call for Exploration Proposals is intended to relieve Applicants from forming their own opinions and conclusions with respect to the matters addressed in this document.
- (c) All enquiries related to this Call for Exploration Proposals are to be directed to the following person(s) or his/her designate(s). Information obtained from any other source is not official and may be inaccurate. Inquiries and responses may be recorded and may be distributed to all Applicants at the Province's option.

**Registrar Contact: Rick Ratcliffe**  
**Registrar of Mineral and Petroleum Titles**  
1701 Hollis Street, 3rd floor  
PO Box 698  
Halifax, NS B3J 2T9  
Telephone: 902-424-8155; Fax: 902-424-5568  
e-mail: [rlratcli@gov.ns.ca](mailto:rlratcli@gov.ns.ca)

### **3.4 Proposal Changes and Amendments**

- a) Persons interested in or responding to the publication of the Call for Exploration Proposals are advised to contact the Registrar as soon as possible and leave the name of a contact person, together with a telephone number, fax and e-mail (if available) so they may receive timely notification of changes.
- b) All Applicants receiving a copy of the Call for Exploration Proposals and who comply with clause (a) will be notified in writing by the Registrar regarding any changes made to the Call for Exploration Proposals or any appendices or any change in the closing date or time.
- c) It is the responsibility of the Applicant to ensure they have received all amendments or other instructions. Prior to submission, the Applicant should contact the Registrar to verify they have received all information.

- d) When changes occur within five business days of the close of the Call for Exploration Proposals, the closing date may be extended to allow for a suitable number of bid preparation days between the closing date and the issuance of the change.

### **3.5 Closing Date**

- a) Each response to the Call for Exploration Proposals must be received no later than 4:00 pm (Halifax time), March 3, 2009 (the "Closing Date") sent or delivered to:

**Rick Ratcliffe**  
**Registrar of Mineral and Petroleum Titles**  
1701 Hollis Street, 3rd floor  
PO Box 698  
Halifax, NS B3J 2T9

- b) Proposals **may not** be sent by facsimile or e-mail.
- c) Proposals and their envelopes should be clearly marked with their respective envelope number, the name and address of the Applicant, the Call for Exploration Proposals number and the block number described in Schedule "A" for which the application is made.

### **3.6 Late Proposals**

Proposals received after the Closing Date will not be accepted and will be returned unopened to the Applicant.

### **3.7 Changes to Proposal Wording**

- a) After the Closing Date and until such time as the Minister selects or rejects the proposals, all Calls for Exploration Proposals are irrevocable.
- b) The Applicant will not change the wording of its Proposal after closing of date and no words or comments will be added unless requested by the Province for purposes of clarification.
- c) The Applicant may change a previously submitted Proposal by withdrawal, amendment or submission of a replacement if done prior to the Closing Date. This information or request should be submitted in writing.

### **3.8 Applicant's Expenses**

Applicants are solely responsible for their own expenses in preparing, delivering or presenting a Call for Exploration Proposal and for subsequent negotiations with the Province.

### **3.9 Currency and Taxes**

Prices quoted are to be:

- a) in Canadian dollars;
- b) inclusive of duty, where applicable;

- c) FOB destination, delivery charges included where applicable; and
- d) exclusive of Federal/Provincial Sales Taxes.

#### **4.0 Selection Requirements**

#### **4.1 Selection**

- a) Pursuant to the Regulations, the Minister shall select a proposal or reject all proposals within 90 days of the Closing Date.
- b) Envelope #1 shall be judged first to assess the technical and financial capacity of the Applicant and other requirements described in Article 3.1(b).
- c) Proposals meeting the mandatory criteria for Part 1 (Envelope #1) shall be assessed on the basis of the dollar value of the Work Program to be undertaken by the Applicant on the block described in Schedule "A" determined by opening Envelope #2.
- d) The Minister shall not be bound to select any Proposal.
- e) In the event of two or more identical dollar allocations to any block of land as described in Schedule "A", those "tied" Applicants shall be notified and asked to submit additional information in accordance with the Minister's instructions.
- f) Where the Minister has selected a successful Applicant, that person shall be notified in writing. Any unsuccessful applicants will also be notified in writing that they were not successful.

#### **4.2 Work Program**

- a) Within 45 days of the selection of their Proposal, the successful Applicant(s) shall submit a Work Program acceptable to the Minister.
- b) Failure to provide an acceptable work plan under clause (a) may be grounds for the Minister to immediately terminate any further work with the successful Applicant without any costs or damages.

#### **4.3 Exploration Agreement**

- a) The successful Applicant(s) shall execute an Exploration Agreement in substantially the form available from:

**Rick Ratcliffe**  
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1701 Hollis Street, 3rd floor  
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e-mail: rlratcli@gov.ns.ca

- b) The successful Applicant shall have 14 calendar days after the Minister's acceptance of the Work Program (Article 4.2) to submit an executed Exploration Agreement, any required Letter of Credit, or acceptable financial security, and, any required Certificates of Insurance to the Minister.
- c) If the successful Applicant fails to submit a Work Program acceptable to the Minister, an executed Exploration Agreement, any required Letter of Credit, and any required Certificates of Insurance in accordance with the mandated time frames, the Minister may reject their proposal without any cost or damages and may select another proposal meeting the mandatory criteria with the next highest dollar amount.

#### **4.4 Acceptance**

- a) Notice in writing to the successful Applicant of the acceptance of its Proposal by the Minister and the subsequent full execution of a written Exploration Agreement will constitute a contract.
- b) No person will acquire any legal or equitable rights until the occurrence of both events.

#### **4.5 Ownership of Proposals and Freedom of Information**

- a) After the Closing Date, all Proposals submitted shall be the sole property of the Province and are subject to the provisions and disclosure requirements of the *Freedom of Information and Protection of Privacy Act* and any other disclosure requirements imposed by law.
- b) The Minister or the Minister's designate reserves the right to make copies of any Exploration Proposals which it receives for its internal review process and to provide such copies to its staff, legal and financial advisors and representatives.

#### **5.0 Consultation**

##### **5.1 First Nations Consultation**

The Province may have a duty to consult with First Nations respecting activities on the Agreement Lands covered by this Call. If the Province deems there is a duty to consult, the Agreement Holder shall agree, with the help and assistance of the Province, to meet with First Nations to review and discuss work programs and other activities to be performed under the Agreement.

## SCHEDULE "A"

### CALL FOR EXPLORATION PROPOSALS

BLOCK - LYNN AGREEMENT

CUMBERLAND AND COLCHESTER COUNTIES

**Reference Map**

11 E 5 C  
11 E 12 B  
11 E 12 C  
21 H 7 A  
21 H 7 B  
21 H 7 C  
21 H 7 D  
21 H 8 B  
21 H 8 C  
21 H 8 D  
21 H 9 A  
21 H 9 B  
21 H 10 A  
21 H 10 B  
21 H 10 D

**Reservation**

S T W  
S T W  
S T W  
T W  
U V W  
R S T U V  
R S T U V W  
V W  
R S T U V W  
R S T U V W  
R S T U  
R S T U  
R S T U  
R S T U V W  
R  
R

**Total Hectares**

(less excluded and submarine areas)

**186,920** (more or less)

SCHEDULE "B"  
 APPLICATION FOR AN EXPLORATION AGREEMENT  
 CALL FOR EXPLORATION PROPOSALS NO. 08-2

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Application is hereby made by \_\_\_\_\_ of \_\_\_\_\_ for a Petroleum Exploration Agreement under the *Petroleum Resources Act* in respect of lands situated at \_\_\_\_\_ in the County of \_\_\_\_\_ as described as follows:

Reservation	Reference Map	Hectares

Summary of Work to be carried out on lands:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Equipment to be utilized:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Proposed starting date and duration of work:

\_\_\_\_\_

\_\_\_\_\_

Signed at \_\_\_\_\_ Date \_\_\_\_\_ Tel No. \_\_\_\_\_

\_\_\_\_\_  
 Signature of Applicant

\_\_\_\_\_  
 Address

**Note:** If the Applicant is not a resident of Nova Scotia, state the name and address of a resident of Nova Scotia upon whom service may be made.

Service may be made upon \_\_\_\_\_, at the following address

\_\_\_\_\_

\_\_\_\_\_, Telephone Number \_\_\_\_\_

**Petroleum Resources Act - Subsection 11(1)** - No holder of a petroleum right may enter upon any Nova Scotia lands, including lands owned by the province, to explore for or develop petroleum, without the consent of the owner of lawful occupier of the surface of such lands.

**Petroleum Resources Act - Section 19** - No person shall transfer, assign or otherwise dispose of a petroleum right except in the prescribed manner.

SCHEDULE "C"  
MINIMUM ACCEPTABLE WORK PROGRAM  
CALL FOR EXPLORATION PROPOSALS No. 08-2

1. During the first year of the term of the Agreement, the Agreement holder shall conduct a program of analysis and reinterpretation of available data to delineate areas of greatest potential or interest. The Agreement holder shall surrender the Agreement at the end of the first Year of the Term of the Agreement unless it has expended a minimum of \$1.00 per hectare of the Agreement lands with respect to the following types of exploration. In computing this amount, no more than twenty percent (20%) of the total shall be attributable to overhead and other expenses not incurred directly for work actually conducted on the Agreement Lands. Within sixty (60) days following the first anniversary date of the Agreement, the Agreement holder shall submit to the Minister a comprehensive technical report including:
  - (a) a description of the methods used for analysis and reinterpretation of the geotechnical data;
  - (b) a discussion of the integration of the remote and specific data;
  - (c) maps and cross-sections which will illustrate the most recent interpretation of the structural and stratigraphic relationship in the study area;
  - (d) any other relevant data; and
  - (e) a recommendation for the further evaluation and exploration of the Agreement Lands.
  
2. The Agreement holder shall surrender the Agreement at the end of the second Year of the Term of the Agreement unless, in addition to the work described in paragraph 1 of this Work Program, it has expended a minimum of \$1.00 per hectare of the Agreement Lands with respect to exploration conducted on the Agreement Lands of any of the following types:
  - (a) reconnaissance seismic, gravity or magnetic survey;
  - (b) detailed seismic to delineate specific areas of interest;
  - (c) the drilling of test holes or core holes for stratigraphic information;
  - (d) interpretation and analysis of data generated by the work described in (a);
  - (e) the drilling of an exploration well; or
  - (f) any other program approved by the Minister.

In computing this amount, no more than twenty percent (20%) of the total shall be attributable to overhead and other expenses not incurred directly for work actually conducted on the Agreement Lands.

3. The Agreement holder shall not have the right to negotiate a renewal of the Agreement as provided in the Agreement unless:
  - (a) prior to the expiry of the term of the Agreement, the Agreement holder commences an exploration well on the Agreement Lands at a location approved by the Minister and diligently and continuously drills it to a depth sufficient to evaluate a geological objective selected by the Agreement holder and approved by the Minister, and
  - (b) the total exploration expenditures of the Agreement holder, including the drilling of the well described in subparagraph (a), are not less than \$4.00 per hectare of the Agreement Lands. In computing this amount, no more than (20%) of the total shall be attributable to overhead and other expenses not incurred directly for work actually conducted on the Agreement Lands.