



Oil & Gas Development Strategy for the Heartlands

Oil and Gas Development Strategy (OGDS)

- **OGDS consists of 4 major components:**
 - **Roads**
 - **Royalties**
 - **Regulations**
 - **Strengthening the Service Sector**

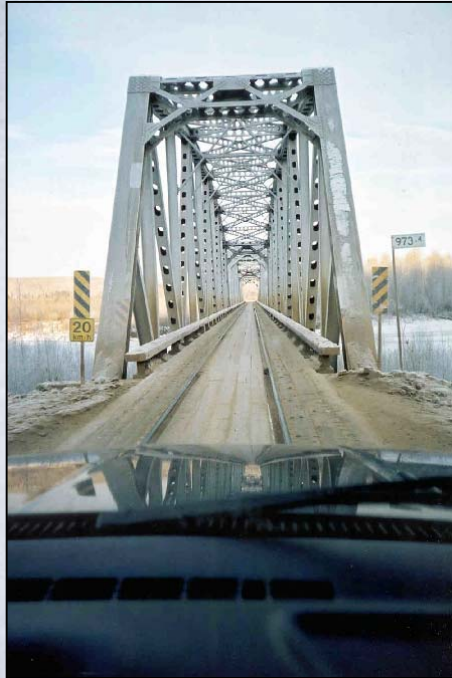
Background

- **Strategy is consistent with the Government Strategic Plan, Heartlands Economic Strategy, Energy Plan, MEM Service Plan.**
- **The development of the OGDS began in January 2003.**
- **Strong support for OGDS from industry, service sector providers and within communities.**

Roads

- **Goal: high grade, all-season infrastructure that supports an expanding oil and gas industry.**
- **New Public/Private Partnership business model.**
- **Royalty credits up to \$10 million annually towards road infrastructure.**
- **Credits will be contingent upon an equal contribution from industry.**

Sierra-Yoyo-Desan Road



- **Imagine 1,500 petroleum industry heavy trucks each day sharing this bridge with BC Rail.**
- **The difficult driving conditions often result in accidents causing long delays.**

Roads – Sierra-Yoyo-Desan

- **Immediate opportunity - \$38 million upgrade financed through the P3 business model.**
- **Will result in a high grade, all-season road to support expanding activity and revenue generation**
- **A transportation link in building year-round drilling operations and stable communities**

Targeted Royalties

- **Goal: modified royalties to enhance emerging and untapped opportunities.**
- **Changes to provincial royalties must:**
 - **maximize crown values;**
 - **induce long-term investment;**
 - **must be simple for the province and industry to administer and verify.**
 - **Create hundreds of millions of dollars of new provincial investment without cost to provincial treasury.**

Summary of Targeted Royalties

- **Low Productivity Gas – Encourages sustainability and maximization of resource, creates employment, large resource.**
- **Deep Gas – Unexplored resources, high financial risk, high capital, high potential.**
- **Summer Drilling Activity – Extend drilling season, enhance service sector, sustainable communities in the Heartlands.**

Regulations

- **Government-wide initiative on deregulation.**
- **Developing innovative solutions to eliminate regulatory impediments.**
- **Advisory Group of stakeholders and industry has been created to provide advice on oil and gas regulatory streamlining.**

Service Sector Strategy

- **To capitalize on BC expertise and build stable communities and year-round work force.**
- **This work will involve reviewing the business environment to identify actions that support business growth.**

Summary

- **This package delivers on government commitments, strategies and plans.**
- **It is a comprehensive strategy to influence industry investment and generate revenue.**
- **Industry has indicated strong support.**
- **Low risk & high return results.**
- **Returning prosperity to British Columbia.**

CABINET APPROVAL REQUIRED FOR:

**OIL AND GAS DEVELOPMENT
STRATEGY FOR THE HEARTLANDS**