

## APPLICATION FOR ALLOWABLE EXPENDITURE CREDIT TEMPLATE

To aid in the submission of an Application for Allowable Expenditure Credit, the Licence Representative can complete the following Application for Allowable Expenditure Credit template.

Licence Type and Number <sup>1</sup>	
Licence Representative <sup>2</sup>	

Information submitted in this document is subject to section 119 of the *Canada-Newfoundland and Labrador Atlantic Accord Implementation Act* and section 115 of the *Canada-Newfoundland and Labrador Atlantic Accord Implementation Newfoundland and Labrador Act*, and shall not be released or made public except as provided for in accordance with the *Accord Acts*.

The Licence Representative hereby applies for an Allowable Expenditure Credit pursuant to the terms and conditions of the Licence.

The Licence Representative hereby declares that, to the best of their knowledge, the information contained or incorporated herein is true, accurate and complete.

Signed: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

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### **For Internal Use Only**

Assigned Application for Allowable Expenditure Credit Filing Number: \_\_\_\_\_

<sup>1</sup> Indicate Exploration or Significant Discovery Licence and provide licence number. In the case where permission was obtained to submit a single Application for a multi-licence program, list all applicable licence types and numbers.

<sup>2</sup> per Schedule III of the Licence

## Instructions

- 1) The *Allowable Expenditure Credit Guideline* (AEC Guideline) should be consulted in conjunction with completing the Application for Allowable Expenditure Credit (Application) template.
- 2) Instructions to assist the Licence Representative in completing the Application are provided throughout the document in Blue font. The text in Blue font should be deleted prior to submission to the C-NLOPB.
- 3) The completed Application should be signed and dated by the Licence Representative (Applicant). The preferred submission method is to have the Application signed and dated using a secure electronic signature and emailed to [information@cnlopb.ca](mailto:information@cnlopb.ca) in searchable PDF format. Any supporting files can accompany the Application via email (if file size is less than 10 Mb). Alternatively, supporting files can be sent to the C-NLOPB on a password protected USB.
- 4) All letters, spreadsheets, maps or other documents included with this Application must be referenced within the Application and be of high resolution for easy readability.
- 5) For assistance in completing any portions of this Application, please consult the AEC Guideline and/or C-NLOPB staff at [information@cnlopb.ca](mailto:information@cnlopb.ca).
- 6) Applicants can use the following checklist and Appendix A of the AEC Guideline (Sample Application for Allowable Expenditure Credit (Completed Template)) to determine the completeness and accuracy of the Application. There is no requirement to submit the checklist below as part of the Application:

Application Requirement Checklist	Met
General licence information	
Cover letter	
Key contact information	
Cost Recovery fee for an Application for Allowable Expenditure Credit submitted	
Indicate status of an approved Program without Fieldwork fee, if applicable	
Appropriately labelled, itemized spreadsheets detailing Costs of Work included with the Application	
Summaries of Costs of Work completed (Tables 5.1 to 5.4 as applicable)	
Total Costs of Work from all Allowable Expenditure Types completed (Table 6.1)	
Reference to Allowable Expenditure filing number where an Uplift is to be assessed (Table 7.1 if applicable)	
Data submission requirements for all referenced programs	
Audit Report (and supporting invoices as applicable)	
Maps, shapefiles and spreadsheets that illustrate applicability to the licence included with the Application	
Any supporting documentation accompanying the Application is referenced and provided on USB	

## 1.0 GENERAL LICENCE INFORMATION

Complete Table 1.0 by referring to the terms and conditions of the subject licence:

**Table 1.0: Licence Information**

Interest Holders <sup>3</sup>	
Licence Effective Date	
Period I Expiry Date	

## 2.0 COVER LETTER

The Licence Representative should attach a brief cover letter. The cover letter would normally outline the subject licence type and number, the classes of expenditures to be considered for Allowable Expenditure Credit and any other pertinent information.

*Insert cover letter here.*

## 3.0 KEY CONTACT INFORMATION

Complete Table 3.0 to provide the contact information of the individual that will be responsible for this Application on behalf of the Licence Representative (must be signatory of the Application). This should be consistent with the position on Schedule III of the respective licence.

**Table 3.0: Key Contact Information**

Name	
Title	
Email	
Phone	

## 4.0 ACCOMPANYING FEES

There is a Cost Recovery fee for an Application for Allowable Expenditure Credit, as per the Cost Recovery Regulations. General information on Cost Recovery can be found in section 1.4 of the AEC Guideline.

**Assessment of the Application will not commence until the Application for Allowable Expenditure Credit fee has been paid.**

In the case where a Seismic, Well-Site, Electromagnetic, Seabed or Other Surveys/Studies via non-acquisition (Programs without Fieldwork) is part of any Application, a Program Approval Application (for Programs without Fieldwork) is also required, which has a separate prescribed fee as per the Cost Recovery Regulations.

<sup>3</sup> List all interest holders with percentage ownership

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Indicate status of an approved Program without Fieldwork, if applicable, for this Application.

	Approved Program without Fieldwork has been obtained	C-NLOPB Program No. <sup>4</sup>
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	Approved Program without Fieldwork will be obtained concurrent with this Application
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### 5.0 ALLOWABLE EXPENDITURE CLASSIFICATION

Within this section of the Application, the Licence Representative should itemize ALL Costs of Work for ALL specific classes of Allowable Expenditures being submitted for Allowable Expenditure Credit. The specific classes of Allowable Expenditure are:

- Drilling (see section 3.1 of AEC Guideline);
- Seismic, Well-Site, Electromagnetic, Seabed or Other Surveys/Studies via acquisition (Programs with Fieldwork - see section 3.2 of AEC Guideline);
- Seismic, Well-Site, Electromagnetic, Seabed or Other Surveys/Studies via non-acquisition (Programs without Fieldwork - see section 3.3 of AEC Guideline);
- Research and Development/Education and Training (R&D/E&T) (see section 3.4 of AEC Guideline);
- Applicable Overhead

Itemized Costs of Work to be submitted for Allowable Expenditure Credit should be organized by Allowable Expenditure class with supporting Excel Spreadsheets (or a single Excel Spreadsheet with appropriately labelled worksheets) and included with this Application. Where prescribed in this section, it should be identified by referencing the filename(s). This required spreadsheet is referred to as Excel Spreadsheet of itemized costs within this Application.

Expenses should be summarized (complete Tables 5.1 to 5.4 as applicable), supported (provide audit statement or invoices as per the terms and conditions of the licence) and illustrated as applicable to the subject licence (provide maps, shapefiles and calculations). Only a single audit statement is required per Application.

#### 5.1 Drilling

Within this section, the Licence Representative should summarize the Costs of Work associated with drilling, on a per well basis, that are being submitted for Allowable Expenditure Credit.

**Table 5.1: Calculation of Total Drilling Cost of Work**

Well Name	A Summarized Direct Cost of Work	B Percentage Applicability to Licence	C Applicable Direct Cost of Work (AxB)	D Overhead (10% of C to maximum or itemized list)	E Total Cost of Work (C+D)	Supporting Documentation Included with Application <sup>5</sup>
<i>Well 1</i>						

<sup>4</sup> If applicable to this Application, state the approved program number as assigned by the C-NLOPB

<sup>5</sup> List all applicable files accompanying the Application associated with this well

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Well 2						
Total Cost of Work associated with drilling (all wells) (Sum of E)						
<b>Result, if applicable, to be included in Line 1 of Table 6.1</b>						

### 5.1.1 Well Name

In this column enter the well name. There should only be one row of Table 5.1 completed per well.

### 5.1.2 Direct Costs of Work (A)

Using the Excel Spreadsheet of itemized costs, sum all Direct Costs of Work (which may include but is not limited to daily rig charges, helicopter operations and data acquisition) related to a particular well. A summarized Direct Cost of Work for each well should be input in Column A of Table 5.1.

All Direct Costs of Works should be accompanied by an audit statement, as per the terms and conditions of the licence.

*Insert audit statement as per terms and conditions of the licence here.*

*Alternatively, include digitally with the Application and reference files in Table 5.1 (Supporting Documentation Included with Application).*

### 5.1.3 Percentage Applicability to Licence (B)

Include in Column B of Table 5.1 the percentage of the Summarized Direct Cost of Work that is directly related to the licence. The percentage applicability for total Direct Costs for a well to be applied to a licence is typically 100%. However, there may be instances, such as for wells whose well path straddles multiple licences or a multiple well program, where not all work is completed within the subject licence boundary. In these situations, the percentage of individual well activity applicable to the subject licence must be clearly illustrated in the Excel Spreadsheet of itemized costs.

*If required, insert evidence of applicability to the licence here.*

*Alternatively, include digitally with the Application and reference files in Table 5.1 (Supporting Documentation Included with Application).*

### 5.1.4 Applicable Direct Costs of Work (C)

To determine the Applicable Cost of Work (C), multiply the Cost of Work (A) by the Percentage Applicability to Licence (B).

### 5.1.5 Overhead (D)

In accordance with the licence terms, the lesser of \$25,000,000 or 10% of the total Direct Costs may be claimed as Overhead on a per well basis. The option exists for the Licence Representative to submit an itemized list of Overhead Costs rather than the flat rate of 10% of Direct Costs if desired. This is subject to a review and Board approval.

Depending on the method chosen, input the appropriate Overhead amount in Column D.

### 5.1.6 Total Allowable Costs of Work (E)

Total Allowable Costs of Work associated with drilling include all Direct Costs plus applicable Overheads. Add the applicable Direct Costs of Work associated with drilling (C) and Overhead (D) to obtain (E).

### 5.1.7 Supporting Documentation Included with Application

In the final column add the filename and description of any documentation included with and used to support the Application.

### 5.2 Seismic, Well-Site, Electromagnetic, Seabed or Other Surveys/Studies via Acquisition (Programs with Fieldwork)

Within this section, the Licence Representative should summarize the Costs of Work associated with Programs with Fieldwork, on a per program basis, that are being submitted for Allowable Expenditure Credit.

**Table 5.2: Calculation of Total Seismic, Well-Site, Electromagnetic, Seabed or Other Surveys/Studies via Acquisition (Programs with Fieldwork) Cost of Work**

Program Number <sup>6</sup>	A Summarized Direct Cost of Work	B Percentage Applicability to Licence	C Applicable Direct Cost of Work (AxB)	D Overhead (10% of C)	E Total Cost of Work (C+D)	Supporting Documentation Included with Application <sup>7</sup>
<i>Program 1</i>						
<i>Program 2</i>						
Total Cost of Work associated with Program with Fieldwork (all programs) (Sum of E) <b>Result, if applicable, to be included in Line 2 of Table 6.1</b>						

#### 5.2.1 Program Number

In this column enter the C-NLOPB issued Program with Fieldwork number. There should only be one row of Table 5.2 completed per Program with Fieldwork.

#### 5.2.2 Direct Costs of Work (A)

Using the Excel Spreadsheet of itemized costs, sum all Direct Costs of Work (which may include but is not limited to costs associated with data acquisition and monitoring) related to a particular Program with Fieldwork. A summarized Direct Cost of Work for each program should be input in Column A of Table 5.2.

All Direct Costs of Work should be accompanied by an audit statement and/or invoices, as per the terms and conditions of the licence.

*Insert audit statement and/or invoices as applicable per terms and conditions of the licence here.*

*If audit statement already added to 5.1.2, simply reference here.*

*Alternatively, include digitally with the Application and reference files in Table 5.2 (Supporting Documentation Included with Application).*

#### 5.2.3 Percentage Applicability to Licence (B)

<sup>6</sup> State the approved program number as assigned by the C-NLOPB

<sup>7</sup> List all applicable files accompanying the Application associated with this program

Include in Column B of Table 5.2 the percentage of each Cost of Work that is directly related to the licence.

The Licence Representative should provide evidence of what percentage of the Allowable Expenditure is directly related to the licence. This is normally achieved using maps/shapefiles to delineate the footprint of the program in relation to the applicable licence and calculations organized in spreadsheets.

In the case of geophysical related Programs with Fieldwork, the C-NLOPB allows for a buffer (width of the buffer is dependent on the program type) measured from the outer edge of the licence boundary when determining the Maximum Entitlement Area. Additional information on this can be found in subsection 3.2.3.1 of the AEC Guideline.

In the case of multiple programs, each program should be represented separately.

*Insert evidence of applicability to the licence here.*

*Alternatively, include digitally with the Application and reference files in Table 5.2 (Supporting Documentation Included with Application).*

### 5.2.4 Applicable Costs of Work (C)

To determine the Applicable Cost of Work (C), multiply the Cost of Work (A) by the percentage Applicability to Licence (B).

### 5.2.5 Overhead (D)

In accordance with the licence terms, a flat rate of 10% of Direct Costs for Overhead is permitted for Costs of Work associated with Programs with Fieldwork. To determine Overhead (D) calculate 10% of the applicable Direct Costs of Work associated with Programs with Fieldwork.

### 5.2.6 Total Costs of Work (E)

Total Allowable Costs of Work associated with Programs with Fieldwork include all Direct Costs of Work and Overhead. Add the applicable Direct Costs of Work associated with Programs with Fieldwork (C) and Overhead (D) to obtain (E).

### 5.2.7 Supporting Documentation Included with Application

In the final column add the filename and description of any documentation included with and used to support the Application.

## 5.3 Seismic, Well-Site, Electromagnetic, Seabed or Other Surveys/Studies via non-Acquisition (Programs without Fieldwork)

Within this section, the Licence Representative should summarize the Costs of Work associated with Programs without Fieldwork, on a per program basis, that are being submitted for Allowable Expenditure Credit.

For this category, no costs can be claimed until the Program without Fieldwork has been approved with applicable fees paid and data submission requirements met.

**Table 5.3: Calculation of Total Seismic, Well-Site, Electromagnetic, Seabed or Other Surveys/Studies via non-Acquisition (Programs without Fieldwork) Cost of Work**

Program Number <sup>8</sup>	A	B	C	D Overhead (10% of C)	E Total Cost of Work	Supporting Documentation
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<sup>8</sup> State the approved program number as assigned by the C-NLOPB

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	Summarized Direct Cost of Work	Percentage Applicability to Licence	Applicable Direct Cost of Work (AxB)		(C+D)	Included with Application <sup>9</sup>
<i>Program 1</i>						
<i>Program 2</i>						
Total Cost of Work associated with Program without Fieldwork (all programs) (Sum of E) <b>Result, if applicable, to be included in Line 3 of Table 6.1</b>						

### 5.3.1 Program Number

In this column enter the C-NLOPB issued Program without Fieldwork number. There should only be one row of Table 5.3 completed per Program without Fieldwork.

### 5.3.2 Direct Costs of Work (A)

Using the Excel Spreadsheet of itemized costs, sum all Direct Costs of Work (which may include but is not limited to costs associated with sample borrowing and shipping) related to a particular Program without Fieldwork. A summarized Direct Cost of Work for each program should be input in Column A of Table 5.3.

All Direct Costs of Work should be accompanied by an audit statement and/or invoices, as per the terms and conditions of the licence.

*Insert audit statement and/or invoices as applicable per terms and conditions of the licence here.*

*If audit statement already added to 5.1.2 or 5.2.2, simply reference here.*

*Alternatively, include digitally with the Application and reference files in Table 5.3 (Supporting Documentation Included with Application).*

### 5.3.3 Percentage Applicability to Licence (B)

Include in Column B of Table 5.3 the percentage of each Cost of Work that is directly related to the Licence.

The Licence Representative should provide evidence of what percentage of the Allowable Expenditure is directly related to the Licence. This is normally achieved using maps to delineate the footprint of the program in relation to the applicable Licence.

In the case of multiple programs, each program should be represented separately.

*Insert evidence of applicability to the licence here.*

*Alternatively, include digitally with the Application and reference files in Table 5.3 (Supporting Documentation Included with Application).*

<sup>9</sup> List all applicable files accompanying the Application associated with this program



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There may be instances where exploratory work was not completed directly on the licence but may be applicable to the licence, for instance, biostratigraphic reports completed using wells drilled on neighboring licences. In this case, the onus is on the Licence Representative to evidence applicability of work to the licence. Cases such as these are subject to Board Approval.

*If required, insert rationale for expenditure here.*

*Alternatively, include digitally with the Application and reference files in Table 5.3 (Supporting Documentation Included with Application).*

### 5.3.4 Applicable Costs of Work (C)

To determine the Applicable Cost of Work (C), multiply the Cost of Work (A) by the percentage Applicability to Licence (B).

### 5.3.5 Overhead (D)

In accordance with the licence terms, a flat rate of 10% of Direct Costs for Overhead is permitted for Costs of Work associated with Programs without Fieldwork. To determine Overhead (D) calculate 10% of the applicable Direct Costs of Work associated with Programs without Fieldwork.

### 5.3.6 Total Costs of Work (E)

Total Allowable Costs of Work associated with Programs without Fieldwork include all Direct Costs of Work and Overhead. Add the applicable Direct Costs of Work associated with Programs without Fieldwork (C) and Overhead (D) to obtain (E).

### 5.3.7 Supporting Documentation Included with Application

In the final column add the filename and description of any documentation included with and used to support the Application.

## 5.4 R&D/E&T

**Table 5.4: Summary of Costs of Work Associated with R&D/E&T**

Description of R&D/E&T	A Cost of R&D/E&T
Total of all R&D/E&T Costs (Sum of A) <b>Result, if applicable, to be included in Line 4 of Table 6.1</b>	

## 6.0 TOTAL COSTS OF WORK SUMMARIZED BY ALLOWABLE EXPENDITURE CLASSIFICATION

The calculation of total Cost of Work from all Allowable Expenditure classes can be achieved by completing Table 6.1.

**Table 6.1: Total Costs of Work from All Allowable Expenditure Types and Uplift Entitlements**

Line No.	Totals of all Allowable Costs of Work	Subtotal of Costs of Work

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1	Total from Costs of Work Associated with Drilling (Sum of E) from Table 5.1	
2	Total from Costs of Work Associated with Programs with Fieldwork (Sum of E) from Table 5.2	
3	Total from Costs of Work Associated with Programs without Fieldwork (Sum of E) from Table 5.3	
4	Total from Costs of Work Associated with R&D/E&T (Sum of A) from Table 5.4	
5	Total Cost of Work from All Allowable Expenditure Classes <b>TOTAL</b> (Add Lines 1 through 4)	
6	Appropriate percentage of Security Deposit Write-Down	
<b>Total Security Deposit Write-Down (Line 5 X Line 6)</b>		

### 7.0 UPLIFT ON PREVIOUS APPLICATIONS FOR ALLOWABLE EXPENDITURE CREDIT

Complete this section only in the case where an Uplift is entitled on previously approved Allowable Expenditure Credits.

As per section 2.4 of the AEC Guideline, there are mechanisms by which further work can increase the Security Deposit write-down and thus provide an Uplift on previously approved Allowable Expenditure Credits. If this is the case in this Application, reference previous Applications (by C-NLOPB assigned Allowable Expenditure filing number) for the purpose of assessing any Uplift entitlements.

In Table 7.1, multiply the previously approved Allowable Expenditure by the percentage Uplift to determine the Uplift amount to be awarded. For clarity, the percentage Uplift is the difference in the rate of Security Deposit write-down in the previous and current Application.

**Table 7.1: Summary of Costs of Work Associated with Uplift on previously approved Allowable Expenditure Credits**

Previous Allowable Expenditure Application No.	A Amount of Previously Approved Allowable Expenditure	B Percentage Uplift	C Uplift Allowable Expenditure Credit Amount (A X B)
Total of all Uplift Amounts (Sum of C)			