



## OPERATIONS SERVICES

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### ***OIL COMPANY LINE OF CREDIT***

As of October 1, 2005, Red Deer County will implement a "Line of Credit" requirement for all Oil Companies with resource development activities within Red Deer County. This Line of Credit will be used for the following:

- ✓ Approach Access Approvals
- ✓ Pipeline Crossings
- ✓ Road Bond Deposit

The Oil Company will have the ability to designate companies such as Land Agents to access these funds for collection of application fees.

The Line of Credit will be established by Red Deer County and all funds will be directed to Red Deer County. Oil Companies should plan ahead to determine activity levels within Red Deer County. Oil Companies should plan to provide sufficient funds to allow for operation without the need to provide additional funds on at short intervals. To plan on what funds may be required, the following fees can be used to calculate the funds required.

The fees that will be drawn from the "Line of Credit" include:

<b><u>Service</u></b>	<b><u>Fee</u></b> (subject to change)
Approach approval Applications	\$110 per site
Road Bond (Drilling Rig Moves)	\$25,000
** Bond for Oiled or Paved Road	\$20,000 per mile

\*\* The initial minimum deposit for Road Bond of \$25,000 will include the ability to bond 1 mile of paved or oiled roadway. If travel over 1 mile is required an additional \$20,000 for EACH MILE or portion of a mile is required. For example if the movement of a drilling rig requires 3 miles of paved roadway to be used, a total of \$60,000 will be needed to Bond the 3 miles of roadway. If the Line of Credit contains \$60,000 or more, no additional funds would be required.

Individual Oil Companies will establish a Line of Credit and will enter relevant information for all other companies they designate to draw from this Line of Credit. These companies may include Land Agents, Pipeline construction Companies etc. Each Oil Company will provide a designated contact for approval application e-mails and for any financial notices regarding funds available.

Individual Oil Companies will establish a “Minimum Deposit Threshold”. If the funds in the Line of Credit fall below this level, an automatic e-mail will be sent to the designated financial contact for the Oil Company to advise more funds will be required. It is **IMPORTANT** to remember that if the movement of **Drilling Rigs** is going to be part of the operation within the municipality, an **MINIMUM of \$25,000** will be required in the Line of Credit” to continue to allow the Drilling Rigs to move. If the funds fall below this \$25,000 level, no permit will be granted to move a drilling rig. We strongly encourage all companies to establish a “Minimum Deposit Threshold” sufficiently **ABOVE** the \$25,000 level to allow time to process and deliver additional funds to the Municipality as to NOT restrict the movement of Drilling Rigs in the County.

**Example** on how to determine what may be required for an adequate Line of Credit :

Drilling Activity to take place ? **YES**

Estimate the Number of Wells to be Drilled =	100
Minimum Line of Credit to be maintained =	\$ 25,000.00
Approach approval Applications = 100 X \$110.00 =	\$ 11,000.00
<b>TOTAL LINE OF CREDIT REQUIREMENTS =</b>	<b>\$ 36,000.00</b>
Recommended “Minimum Deposit Threshold” =	\$ 30,000.00

If the total of \$36,000.00 was deposited on the Line of Credit, this would likely cover the drilling of 100 wells within the County. If the 100 wells were completed and no further drilling activity is required the \$25,000 minimum requirement could be returned from the County to the Oil Company if the proper request is made.

In the above example, an advisory e-mail will be sent to the financial contact when funds fall below \$30,000.00. This should allow sufficient time to have any additional funds that may be required forwarded to the County **BEFORE** the minimum deposit amount of \$25,000 is reached.

Oil Companies are encouraged to plan to deposit funds which meet operational requirements for a reasonable duration to minimize the need to provide funds at short intervals.

Oil Companies will be required to complete a “Letter of Consent” and provide a cheque for the establishment of the Line of Credit. Once the funds are in place

and the letter of consent has been processed, Oil companies will process applications through the Roadata Services Ltd. web interface. Roadata Services Ltd. (RDS) is acting on behalf of Red Deer County to deliver services for various approval and inspection processes. Oil companies will maintain who may access their Line of Credit, such as land agents, through the RDS web interface.

Oil Companies will have the ability to add and remove companies that are allowed access to funds and will also have the ability to print detailed reports to itemize activity.

E-mails will be sent to the Oil Company Representative to notify of each application processed, inspections performed and when additional funds are required.

If an Oil Company has provided funds as part of the existing "Road Bond" program, they may elect to have these funds used for the "Line of Credit". This must be indicated on the "Letter of Consent" and any additional funds that may be required must also be forwarded.

If you have any questions regarding this program please contact Red Deer County at (403) 350-2163 or Roadata Services Ltd. at (403) 341-7466.

Thank you,

**RED DEER COUNTY**

**ROADATA SERVICES LTD.**

For additional information or questions please call:

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