

April 16, 2019



Dear :

Re: Your request for access to information under Part II of the *Access to Information and Protection of Privacy Act* (File # NR-57-2019)

On April 4, 2019, the Department of Natural Resources received your request for access to the following records/information:

February 2019 Decision / Direction Note on the topic of Evaluation of Consultant Proposals to Study Best Practices for Fallow Field Development and Third Party Access to Infrastructure as part of Advance 2030.

I am pleased to inform you that a decision has been made by the Department of Natural Resources, confirmed by the Deputy Minister, to provide access to the requested records. The records are attached.

We are providing access to the most information possible but have made redactions in accordance with Sections 29(1)(a), 35(1)(d), 35(1)(f) and 35(1)(g) of *ATIPPA, 2015* as follows:

29. (1)(a) The head of a public body may refuse to disclose to an applicant information that would reveal advice, proposals, recommendations, analyses or policy options developed by or for a public body or minister;

35. (1)(d) The head of a public body may refuse to disclose to an applicant information which could reasonably be expected to disclose information, the disclosure of which could reasonably be expected to result in the premature disclosure of a proposal or project or in significant loss or gain to a third party;

35. (1)(f) The head of a public body may refuse to disclose to an applicant information which could reasonably be expected to disclose positions, plans, procedures, criteria or

instructions developed for the purpose of contractual or other negotiations by or on behalf of the government of the province or a public body, or considerations which relate to those negotiations;

35. (1)(g) The head of a public body may refuse to disclose to an applicant information which could reasonably be expected to disclose information, the disclosure of which could reasonably be expected to prejudice the financial or economic interest of the government of the province or a public body.

Please be advised that you may ask the Information and Privacy Commissioner to review the processing of your access request, as set out in section 42 of the *Access to Information and Protection of Privacy Act* (the *Act*). A request to the Commissioner must be made in writing within 15 business days of the date of this letter or within a longer period that may be allowed by the Commissioner.

The address and contact information of the Information and Privacy Commissioner is as follows:

Office of the Information and Privacy Commissioner
2 Canada Drive
P. O. Box 13004, Stn. A
St. John's, NL. A1B 3V8

Telephone: (709) 729-6309
Toll-Free: 1-877-729-6309
Facsimile: (709) 729-6500

You may also appeal directly to the Supreme Court Trial Division within 15 business days after you receive the decision of the public body, pursuant to section 52 of the *Act*.

Please be advised that this letter will be published following a 72 hour period after it is sent electronically to you or five business days in the case where records are mailed to you. It is the goal to have the letter posted to the Office of Public Engagement's website within one business day following the applicable period of time.

If you have any questions, please feel free to contact me at 709-729-0463 or rhynes@gov.nl.ca.

Sincerely,



Rod Hynes
ATIPP Coordinator

Decision/Direction Note
Department of Natural Resources

Title: Evaluation of Consultant Proposals to Study Best Practices for Fallow Field Development and Third Party Access to Infrastructure as part of Advance 2030

Decision/Direction Required:

- A decision is requested for the Department of Natural Resources (NR) to award a contract to Ledingham Chalmers LLP for consulting services to conduct international jurisdictional scans of best practices for fallow field development and for third party access to infrastructure. This will lead to a study report that includes insight into the issues and the best way to incentivize development decisions.

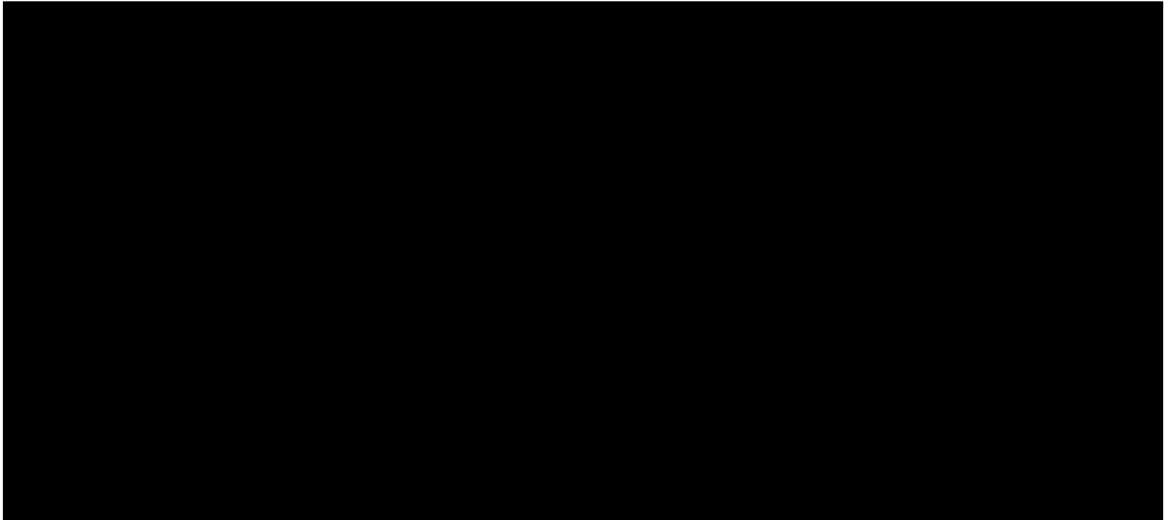
Background and Current Status:

- On February 19, 2018, the Provincial Government of Newfoundland and Labrador launched Advance 2030. This is a plan for growth in the oil and gas industry and the outcome of the collaborative work of the Oil and Gas Industry Development Council and the Government. The strategy includes 17 focus areas, which include immediate, mid-term, and long-term actions.
- Two items under immediate actions, for which the projects are intended to inform, include:
 - Drive Exploration – Conduct research on international best practices for fallow field management; and,
 - Accelerate Development – Investigate an industry-led best practice on third party access to infrastructure

Analysis:

- Following the Public Procurement Regulations and sections 6.1 and 6.1.1 of the Public Procurement Policy Guidelines, the fallow field and third party access scope of work was issued on a limited call for bids basis the week of January 11, 2019 inviting five prospective consultant firms to bid on the project work including Fabian, Ledingham Chalmers, Wood Mac, Avalantic and Paul Precht Energy Economics. See BN-10224 regarding issuance of the scope of work on a limited call for bids basis.
- The deadline for proposal submissions was January 26, 2019 and the project completion date is March 31, 2019. This submission deadline was established to provide sufficient time to review proposals, make a decision on moving forward as well as execution and completion of the project study work in the 2018-2019 fiscal year.
- NR received two submissions from the limited call process, including Fabian (see Annex 1) and Ledingham Chalmers (see Annex 2). Wood Mackenzie, Avalantic, and Paul Precht Energy Economics did not submit proposals. Fabian and Ledingham Chalmers both submitted bids under the [REDACTED] budget. [s.35.1.f](#) [s.35.1.g](#)
- Under 6.1.3 of the Public Procurement Policy Guidelines, it is permitted to obtain two direct quotations and compare prices to determine whether competitive market forces have ensured that the prices are fair and reasonable.
- NR has completed an evaluation of the two proposals that were submitted. Some key considerations for the proposals include:

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s.29.1.a

s.35.1.d

s.35.1.f

s.35.1.g

- As noted above, this project work is intended to be completed by March 31, 2019 and both consultant proposals have indicated an ability to meet this deadline. A timely decision on awarding this contract is required by February 28 to facilitate overall schedule including contract execution and project kick-off next week as well as adequate time for delivery of the final report.

Alternatives:

1. Direct NR officials to award the project work to Ledingham Chalmers and issue a service contract for signature. (RECOMMENDED)

Advantages:

- Proposal demonstrates the in-house information, schedule, and team capabilities to execute this project.
- The proposed approach and areas of focus are more in line with NR scope of work and expected project deliverables.
- Bid price is within budget estimate.
- Will help implement and inform Advance 2030 actions

Disadvantages:

- Incur costs for the 2018-2019 fiscal year.

2. Direct NR officials to award the project work to Fabian and issue a service contract for signature. (NOT RECOMMENDED)

Advantages:

- Proposal demonstrates the in-house information, schedule and team capabilities to execute this project.
- The proposed approach and areas of focus are in line with NR scope of work and expected project deliverables.
- Bid price is within budget estimate.
- Will help implement and inform Advance 2030 actions

Disadvantages:

- Proposal did not demonstrate the same level of clarity and detail of analysis approach compared to the Ledingham Chalmers submission.
 - Incur costs for the 2018-2019 fiscal year.
3. Direct NR officials to cancel the limited call for bids process and issue a request for proposals on an open call for bids basis. (NOT RECOMMENDED)

Advantages:

- An open call may result in a lower bid for the work.

Disadvantages:

- Would delay completion of work into the 2019-2020 fiscal year.
- Stakeholders may question NR's commitment to the development of fallow fields and third party access to infrastructure (Advance 2030 initiatives)

Prepared/Approved by: A. Krakowka, I. Boddy / D. Corkey
DM Approval:



February 27, 2019

Annex 1: Fabian Limited Proposals

FABIAN LIMITED

Department of Natural Resources
 Government of Newfoundland and Labrador
 4th Floor,
 50 Elizabeth Avenue
 PO Box 8700,
 St. John's,
 NL A1B 4J6

21st February 2019

Proposal for Fallow Fields and Access to Infrastructure Work

For the Attention of:

Ian Boddy – Manager, Petroleum Engineering (Drilling & Production) and Ashley Krakowka – Manager, Petroleum Geoscience (Geophysics)

Dear Ian and Ashley,

I refer to my recent telephone call with Ian and to your subsequent email dated 15th Feb inviting Fabian to provide a proposal regarding Access for Infrastructure and Fallow Fields and thank you for thinking of Fabian.

I propose that the Fabian consultants, whose cv's are attached, will act as a team under my leadership. Please be advised that we have a close working relationship with Pinnacle who will be carrying out most of the Fallow Fields work. Each consultant brings their own individual expertise to the task in hand in order to satisfy the requirements of the Department of Natural Resources (DNR) in the required timeframe. They all have experience in communicating directly with Governments on either Fallow field or Access to Infrastructure policies and have a minimum of thirty years oil and gas experience in each case.

Attached to this letter are the following:

The Scope of work we will be working to for both the Access to Infrastructure and Fallow Fields;

Our deliverables [and preliminary suggestions for the future];

Our terms which should be included in the contract between DNR and Fabian should we be the selected company; and

An estimate of the time required to complete the work.

Should our proposal give rise to questions, or if you require clarity on any aspect, please do not hesitate to call me.

I look forward to hearing from you.

Yours sincerely

A handwritten signature in black ink, appearing to read "Julien K Brown", written over a light grey horizontal line.

Julien K Brown

Managing Director

Potential copyright material

If you wish to obtain a copy please contact the ATIPP Office at (709) 729-7072 or atippoffice@gov.nl.ca.