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Ministry of Energy and Mines

RESOURCE ROADS TO ACCELERATE OIL AND GAS DEVELOPMENT

VICTORIA – Leducor Projects Inc. of Vancouver, a B.C.-based firm, has been selected to enter final negotiations for a partnership to design, build and finance upgrades to the Sierra Yoyo Desan Resource Road and operate and maintain the road for 15 years, Ministry of Energy and Mines Minister Richard Neufeld announced today. The project has an estimated value of \$38 million. The Minister also announced \$9.5 million in funding for three resource road projects under the Oil and Gas Development Strategy.

“Upgrading and strengthening the Sierra Yoyo Desan Resource Road will improve safety and year-round use and generate an increase in oil and gas exploration and development activities in the northeast,” said Neufeld. “We’re on track and moving ahead to finalize the partnership agreement with Leducor Projects Inc. Given the short winter construction window, we will be working with the company to begin work on the new Fort Nelson River Bridge as soon as possible.”

The Sierra Yoyo Desan (SYD) road is a 173-km resource road that starts at the end of the Clarke Lake Road, a 15-km public road (maintained by the Ministry of Transportation) that connects to the Alaska Highway just south of Fort Nelson. Together these roads form the primary access to more than 27,000 square kilometers of oil and gas territory in the northeast of British Columbia. The SYD project is estimated to be completed by Dec. 1, 2005. The bridge and a new bypass will be complete and open to industrial traffic by Dec. 1, 2004.

Leducor Projects Inc. has assembled a capable team with extensive experience throughout northern British Columbia. The Leducor team is comprised of Leducor Highways Maintenance Ltd. of Fort Nelson, McElhanney Consulting Services Ltd. of Fort St. John, Vancouver-based Trow Associates, Vancouver-based Triton Environmental Consultants Ltd., Buckland & Taylor Ltd. from Vancouver, Peter Kiewit Sons Co. from Vancouver and Doug Gordon Contracting from Fort Nelson.

In May 2003, government announced \$10 million to be made available annually in royalty credits for resource road development under the provincial Oil and Gas Development Strategy for the Heartlands (OGDS). In November 2003 government increased this annual amount to \$30 million. Earlier this fall the Ministry of Energy and Mines received proposals from seven separate oil and gas operators competing for the initial commitment of \$10 million in royalty credits to improve roads and infrastructure. Three projects have been identified for the first \$9.5 million of those royalty credits. Companies provide matching funds, effectively doubling the infrastructure investment. The first three projects are:

- \$2.5 million royalty credits – Canadian Natural Resources Limited and Penn West Petroleum (a joint venture proposal) – North Petitot Access Road.

- \$7.0 million royalty credits – EnCana Corporation – Cabin Geetla Road project (\$4.5 million) and Elleh Road (\$2.5 million)

“Response to our royalty credits was so strong that we increased the available credits from \$10 million per year to \$30 million”, Neufeld said. “By matching our royalty credits dollar-for-dollar with industry’s contributions, we maximize taxpayers’ resources. Safe, reliable, year-round access to resource-rich properties will lead to more oil and gas development and more jobs and prosperity for British Columbians.”

“The BC Infrastructure group, under the Ministry of Energy and Mines, has worked well with Canadian Natural Resources Limited in helping to improve all-season access for our drilling operations and better access to our production facilities”, said company vice president Bill Clapperton. “The all season access from Fort Nelson to north of the Petitot River will not only extend the drilling season, but will also improve safety for all our activities, be they heavy hauls or light service traffic.”

These infrastructure-targeted royalty credits were approved under the province’s initial Oil and Gas Development Strategy for a renewable annual \$10 million royalty credit pool intended to accelerate oil and gas related road projects. This initial pool has been expanded to \$30 million.

1 backgrounder(s) attached.

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