

September 14, 2005

MINERAL RIGHTS INFORMATION BULLETIN 2005-03

SUBJECT: e-Bidding: Future Changes to the Bidding Process for both PNG and Oil Sands Rights

e-Tenure, the joint initiative between the Department of Energy (DOE) and industry, has successfully implemented the first two phases: e-Transfers and e-Postings. The third phase of the process is e-Bidding and the development of this phase is on track.

e-Bidding will be mandatory and will consist of two processes. The first process will see the move of all manual bid letter submissions for both oil sands and petroleum and natural gas (PNG) parcels to the DOE's secure web-based Electronic Transfer System (ETS). The second process will see the creation of electronic agreement documents for both the public sale and direct purchases. The electronic document replaces the manual mailed copy.

To be eligible to bid on either an oil sands parcel or a PNG parcel a company must be registered to do business in Alberta and be registered as a DOE client. If you are the successful bidder, all paperwork to hold an ETS account and to allow for an Electronic Funds Transfer (EFT) must be complete. Cheques will not be accepted. This may mean companies just starting up will have to create contingency plans to bid prior to being registered (such as using a partner company to bid or using a land company). In addition, the designated representative must also have an ETS account to pick up the electronic agreement.

The e-Bidding module of ETS will only become available when a company's ETS Site Administrator requests it be added to the company's ETS account. The time period for this will be announced in a future e-Tenure Times newsletter found at <http://www.energy.gov.ab.ca/> under Our Business, Tenure, Petroleum and Natural Gas Sales, e-Tenure. As with e-Transfers and e-Postings, a company ETS Site Administrator will create client accounts and assign roles to those company employees who plan to bid at the land sale. A company's ETS Site Administrator is responsible for who is using their account for e-Bidding.

Companies should review their bidding practices to ensure proper processes are in place to use the e-Bidding system. This includes ensuring the appropriate hardware and connectivity are in place. In addition, risk management plans should be re-assessed to ensure these plans are still adequate for e-Bidding. To assist with your creation of a risk plan, e-Bidding

will allow a company to re-submit a bid for the same parcel that they had already bid on prior to 12:00 noon on sale day. You will be able to submit bids and re-submit bids if new information is received prior to the sale closing.

The DOE is responsible for managing certain risks to ensure e-Bidding is adequately tested and secure prior to implementation. As an example, if the ETS went down on the morning of the sale, the sale would be extended past the normal 12:00 noon closing time and companies would be made aware in a timely fashion.

Critical to the success of e-bidding is effective two-way communication between the DOE and industry. Questions concerning this process can be addressed to anyone on the working group. The e-Bidding Working Group consists of representatives from small and large companies, representatives from the Canadian Association of Petroleum Land Administration, Small Explorers and Producers Association of Canada, Canadian Association of Petroleum Producers, various land companies, software vendors and government representatives.

The first sale using e-Bidding will be held on June 28, 2006. An information session on e-Bidding will occur on April 28, 2006. Training sessions will take place in May and June 2006, with specific dates to be announced.

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