



OIL AND GAS
COMMISSION



NEWS RELEASE

For Immediate Release
OGC NR 08-01
March 10th, 2008

OIL AND GAS COMMISSION AND MEDIATION AND ARBITRATION BOARD SIGN COORDINATION AGREEMENT

FORT ST. JOHN – The BC Oil and Gas Commission (OGC) and the Mediation and Arbitration Board (MAB) have signed a Memorandum of Understanding (MOU) providing enhanced services to parties seeking dispute resolution, OGC Commissioner Alex Ferguson and MAB Chair Cheryl Vickers announced today.

“Both organizations understand there can be confusion over which organization is best suited to address issues facing landowners and oil and gas companies,” Ferguson said. “The MOU provides coordinated support and information to parties through parallel dispute resolution processes.”

“The OGC and MAB retain distinct authorities for addressing unresolved issues with respect to subsurface resource development accessed through private land,” said Vickers. “Coordinating the application of those authorities provides better service and better outcomes for the parties involved.”

The MOU enables a combination of the independent dispute resolution processes of the OGC and the MAB. Landowners and oil and gas companies now have the benefit of working through both processes simultaneously, effectively coordinating available dispute resolution processes. The goal is to provide objective, comprehensive and streamlined dispute resolution to fully address the concerns of all parties.

The OGC is an independent, one-window integrated regulatory agency with responsibilities for overseeing oil and gas operations including exploration, development, pipeline transportation and reclamation. It is charged with balancing a broad range of environmental, economic and social considerations. Among its more specific objectives are public safety, conservation of petroleum resources, fostering a healthy environment, and equitable participation in production.

The MAB is an independent, quasi-judicial board established to resolve disputes between landowners and sub-surface holders with respect to surface access and compensation. If landowners and holders of sub-surface rights are unable to negotiate a surface lease agreement providing the subsurface holder with surface access and the landowner with compensation for that access, the MAB may issue a right of entry order and determine compensation and other terms. The MAB provides mediation and arbitration to resolve disputes.

A company wishing to remove petroleum and natural gas resources by accessing private land must first obtain development and operating approval from the OGC. Landowners have the right to be compensated for access to their land for the purpose of developing the subsurface resources. At times, one or both parties seek assistance or intervention from either the OGC or MAB to resolve issues the parties cannot resolve themselves.

BACKGROUND ATTACHED

If you have any questions regarding the above, please contact:

OGC contact: Steve Simons
Executive Director
Corporate Affairs
(250) 356-2755
Cell: (250) 889-6076

MAB contact: Cheryl Vickers
Chair
Mediation and Arbitration Board
(604) 775-3117



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Details of the Oil and Gas Commission And Mediation and Arbitration Board Memorandum of Understanding

In order to extract subsurface petroleum resources, the holder of the rights to those resources must first:

- Comply with the regulatory requirements of the Oil and Gas Commission (OGC), including requirements for public safety, protection of the environment, and minimizing interference with affected landowners; and,
- Negotiate surface access with the landowner or obtain a right of entry order from the Mediation and Arbitration Board (MAB).

The OGC and MAB may be engaged to resolve disputes between landowners and oil and gas companies with respect to the same land and proposed oil and gas installation. Often, while engaging in dispute resolution, issues may be brought before one agency that are within the jurisdiction of the other. Both organizations provide dispute resolution services within their respective spheres of jurisdiction, but neither may provide dispute resolution for issues outside of their respective jurisdiction.

TERMS OF AGREEMENT

The OGC and MAB agree to coordinate dispute resolution services within their respective spheres of jurisdiction to comprehensively address the concerns of landowners and oil and gas companies. In this regard, the OGC and MAB agree as follows:

- i.** The MAB will notify the OGC when it receives an application pursuant to section 16(1)(a) or (b) of the *Petroleum and Natural Gas Act* for a right of entry order or for damages caused by entry or occupation;
- ii.** The OGC will notify the MAB when it receives an application under the *Petroleum and Natural Gas Act* or the *Pipeline Act* requiring private land access on which the **applicant** indicates surface access issues have not been resolved;
- iii.** The OGC will notify the MAB when it receives a Notice of Unresolved Concern from a **landowner** with respect to any proposed project;

- iv. Each agency may refer the parties of a dispute before it to the other agency if it determines an issue arising in an application before it is within the jurisdiction of the other agency;
- v. The MAB and OGC will consult with each other to determine:
 - a. Whether an issue arising in an application before it is within the jurisdiction of the other agency;
 - b. Whether an issue arising in an application before it should be referred to the other agency;
 - c. Whether the dispute resolution processes of both agencies may proceed at the same time with respect to the resolution of any disputes involving the same land or whether one agency should proceed with its dispute resolution process with respect to any particular issue prior to the other agency proceeding with its dispute resolution process.
- vi. The MAB and the OGC may have access to each others files with respect to any application before it for which it also has an application respecting the same land and parties:
 - a. To the extent files and information is shared between the OGC and MAB in furtherance of this agreement, each agency shall protect any non-public records or portions thereof provided by the other agency from unauthorized disclosure in accordance with any particular law, if possible, and shall obtain the consent of the parties involved in the application before sharing non-public records;
 - b. To the extent files and information is shared between the OGC and MAB in furtherance of this agreement, each agency shall protect any non-public records or portions thereof provided by the other agency from unauthorized disclosure in accordance with any particular law, if possible, and shall obtain the consent of the providing agency before disclosing any confidential information;
 - c. Each agency will specify when information it provides is being submitted “in confidence” so that the receiving agency can refuse disclosure of that material in accordance with the *Freedom of Information and Protection of Privacy Act*, or other applicable legislation.
- vii. The executive management of the MAB and the OGC will meet annually to review cases that have followed the intent of this MOU;
- viii. Respecting all applicable privacy legislation, the OGC and MAB will co-author an annual summary of activities, cases and outcomes reviewed under this MOU and further provide that summary and possible recommendations for enhancement to the OGC Board of Directors, Deputy Minister of Energy, Mines and Petroleum Resources, and Minister of Energy, Mines and Petroleum Resources.

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Chair
Mediation and Arbitration Board
(604) 775-3117



OIL AND GAS
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Mediation and
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**MEMORANDUM OF UNDERSTANDING
BETWEEN THE
OIL & GAS COMMISSION
AND THE
MEDIATION AND ARBITRATION BOARD**

PURPOSE

The British Columbia Energy Plan, policy action number 54, targets “improved working relationships among industry and local communities and landowners by clarifying and simplifying processes, enhancing dispute resolution methods, and offering more support and information”.

The Oil and Gas Commission (OGC) is created under the *Oil and Gas Commission Act* and is responsible for regulating oil and gas activities and pipelines in British Columbia under the *Petroleum and Natural Gas Act* and the *Pipeline Act*.

The Mediation and Arbitration Board (MAB) is created under the *Petroleum and Natural Gas Act* and is responsible for resolving disputes respecting compensation for surface access between landowners and the holders of subsurface rights under the *Petroleum and Natural Gas Act*, *Pipeline Act*, *Mineral Tenure Act*, *Mineral Rights of Way Act*, *Geothermal Resources Act* and *Coal Act*.

In the spirit of the Energy Plan and enhanced service to parties seeking resolution, the OGC and the MAB wish to coordinate dispute resolution between landowners and oil and gas companies within their respective jurisdictions. The goal is to provide objective, comprehensive and streamlined dispute resolution to address the concerns of all parties.

BACKGROUND

Landowners in British Columbia generally hold title to the surface of their land, but they do not usually hold title to the sub-surface minerals including petroleum and natural gas. The Crown usually retains these rights, and has the power to dispose of them to companies that may subsequently wish to remove the resources.

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OIL AND GAS COMMISSION

MEDIATION AND ARBITRATION BOARD

#500-1675 Douglas Street Victoria BC V8W2G5
Ph: (250)356-2691 Fax: (250)356-2962
<http://www.ogc.gov.bc.ca>

#310-9900 100 Ave Ft St John BC V1J 2B3
Ph: (250)787-3403 Fax: (250)787-3228
<http://www.em.gov.bc.ca/subwebs/M&ABoard/>

The OGC is an independent one-window integrated regulatory agency with responsibilities for overseeing oil and gas operations including exploration, development, pipeline transportation and reclamation. The OGC has regulatory responsibility for industry activity from the exploration and development phases, through to facilities operation and decommissioning. It is charged with balancing a broad range of environmental, economic and social considerations. Among its more specific objectives are public safety, conservation of petroleum resources, fostering a healthy environment, and equitable participation in production. A company that wishes to remove petroleum and natural gas resources must obtain the OGC's approval for a project. The OGC provides consensual appropriate dispute resolution to address the unresolved concerns of persons who are affected by a proposed oil and gas operation.

The holder of a subsurface right has the legal right to access the resource but they must compensate landowners for entering and using the surface to access the subsurface resources.

The MAB is an independent quasi-judicial board established to resolve disputes between landowners and sub-surface holders with respect to surface access and compensation. If landowners and sub-surface holders are unable to negotiate a surface lease agreement providing the subsurface holder with access to the surface and the landowner with compensation for access, the MAB may issue a right of entry order and determine compensation and other terms. The MAB provides mediation and arbitration to resolve disputes.

In order to extract subsurface oil and natural gas, therefore, the holder of the rights to those resources must:

- Comply with the regulatory requirements of the OGC, including requirements for public safety, protection of the environment, and minimizing interference with affected landowners, and
- Negotiate surface access with the landowner or obtain a right of entry order from the MAB.

The OGC and MAB will frequently be required to resolve disputes between landowners and oil and gas companies with respect to the same land and proposed oil and gas installation. The parties to these disputes may raise issues before one agency that are within the jurisdiction of the other agency. Both organizations provide dispute resolution services within their respective spheres of jurisdiction but neither organization may provide dispute resolution for issues outside of their respective spheres of jurisdiction.

TERMS OF AGREEMENT

The OGC and MAB agree to coordinate dispute resolution services within their respective spheres of jurisdiction to comprehensively address the concerns of landowners and oil and gas companies. In this regard, the OGC and MAB agree as follows:

- i. The MAB will notify the OGC when it receives an application pursuant to section 16(1)(a) or (b) of the *Petroleum and Natural Gas Act* for a right of entry order or for damages caused by entry or occupation;
- ii. The OGC will notify the MAB when it receives an application under the *Petroleum and Natural Gas Act* or the *Pipeline Act* requiring private land access on which the **applicant** indicates surface access issues have not been resolved;
- iii. The OGC will notify the MAB when it receives a Notice of Unresolved Concern from a **landowner** with respect to any proposed project;
- iv. Each agency may refer the parties of a dispute before it to the other agency if it determines an issue arising in an application before it is within the jurisdiction of the other agency;
- v. The MAB and OGC will consult with each other to determine
 - a. Whether an issue arising in an application before it is within the jurisdiction of the other agency;
 - b. Whether an issue arising in an application before it should be referred to the other agency;
 - c. Whether the dispute resolution processes of both agencies may proceed at the same time with respect to the resolution of any disputes involving the same land or whether one agency should proceed with its dispute resolution process with respect to any particular issue prior to the other agency proceeding with its dispute resolution process.
- vi. The MAB and the OGC may have access to each others files with respect to any application before it for which it also has an application respecting the same land and parties;
 - a. To the extent files and information is shared between the OGC and MAB in furtherance of this agreement, each agency shall protect any non-public records or portions thereof provided by the other agency from unauthorized disclosure in accordance with any particular law, if possible, and shall obtain the consent of the parties involved in the application before sharing non-public records;

- b. To the extent files and information is shared between the OGC and MAB in furtherance of this agreement, each agency shall protect any non-public records or portions thereof provided by the other agency from unauthorized disclosure in accordance with any particular law, if possible, and shall obtain the consent of the providing agency before disclosing any confidential information;
- c. Each agency will specify when information it provides is being submitted "in confidence" so that the receiving agency can refuse disclosure of that material in accordance with the *Freedom of Information and Protection of Privacy Act*, or other applicable legislation.
- vii. The executive management of the MAB and the OGC will meet annually to review cases that have followed the intent of this Memorandum of Understanding (MOU);
- viii. Respecting all applicable privacy legislation, the OGC and MAB will co-author an annual summary of activities, cases and outcomes reviewed under this MOU and further provide that summary and possible recommendations for enhancement to the OGC Board of Directors, Deputy Minister of Energy Mines and Petroleum Resources, and Minister of Energy Mines and Petroleum Resources.

LEGAL LIABILITY

This MOU indicates the intentions of the Chair of the MAB and Commissioner of the OGC but does not create a contractual obligation between them.

Nothing in this MOU shall be construed to conflict with current legislation or regulations.

Nothing in this MOU is intended to create any right or benefit, substantive or procedural, enforceable at law by any person or organization against either agency, its staff, members or officers, or any other person, government agency or ministry.

OTHER PROVISIONS

Nothing in this MOU is intended to impose any funding obligations on either agency. Nothing in this MOU is intended to diminish or otherwise affect the authority of either agency to carry out its statutory, regulatory, or other official functions or to commit either agency to providing a particular service it would not otherwise provide in the scope of each agency's individual mandate.

This MOU may be amended or modified at any time by written agreement of the Chair of the MAB and Commissioner of the OGC.

EFFECTIVE PERIOD/TERMINATION

This MOU is effective as of the date of final signature by both agencies and will remain in effect until terminated by either agency. Either agency may terminate this MOU upon written notice to the other agency.

PERIODIC REVIEW/CONSULTATION

Respective of Terms vii and viii above, the agencies agree that on an annual basis the appropriate staff from both agencies will meet to review the content and continued relevance of this MOU. Proposals for change to this MOU can be made at any time, and appropriate amendments made as may be agreed upon.

APPROVED BY:

Original signed by

January 31, 2008

Cheryl Vickers
Chair
Mediation and Arbitration Board

Date

Original signed by

January 31, 2008

Alex Ferguson
Commissioner
Oil and Gas Commission

Date