

Vocal on behalf of rural landowners.
Independent of politics and profit.
Advice landowners can use.



Farmers' Advocacy Office

Independent Land Information & Advocacy Office - Dawson Creek, British Columbia

Quarterly Report
June 30, 2011

Aspen Grove
Property Services



New Harvest Media Inc.

Farmers' Advocacy Office
Progress Report – April 1, 2011 to June 30, 2011

A. Public Presentations, Meetings & Events

Date	Location	Event
April 7 2011	Stonebridge Hotel Fort St. John	Information Session Provident Energy Line
April 12, 2011	Supreme Court Dawson Creek	Vause vs. Spectra Energy Inc. – judicial review
April 29 2011	George Dawson Inn Dawson Creek	Rotary Meeting Guest Presentation on FAO services
May 5 & 6 2011	Stonebridge Hotel Fort St John	NEB Hearings re Provident Line
May 7 2011	Private home Hudson's Hope	Landowners' group
May 13 2011	FAO – conference call	Eco Justice, Pests, FAO
May 16 2011	Northern Lights College Fort St. John	West Coast Environmental Law Workshop
May 18, 2011	George Dawson Inn Dawson Creek	Northern Lights College Networking Meeting – input to President re course offerings and direction of college
June 13, 2011	FAO	Teleconference call with Eco-Justice lawyer Karen Campbell, PESTS Directors

B. Board Room Use:

Group Meetings	Mediation or Meetings w/o FA	Meeting with Land Agents With FA Advisor	Surface Rights Board Mediation or Arbitration	Other
3	1	11	1	0

C. Agency Liaison:

Date	Agency	Summary of Discussions
April 7, 2011	BC Hydro – Judy Regnier	Re: DCAT Line –

	& James Thomas	compensation for entry for soil and archeological testing, r/w compensation, routing of line.
April 14, 2011	AB FAO	Meeting with Jim Kiss of AB FAO
April 14, 2011	OGC	Meeting with Trevor Swan, Exec Dir of Regulatory Affairs re possibility of making registration of leases at LTO and filing of leases, r/w and rent renegotiations with SRB a condition of approval by OGC.
June 14, 2011	Surface Rights Board	Chad Anderson, FAO Isabella Chin, SRB re remote access

D. Clientele by Location: Quarter 3:

North Peace	South Peace	West Peace	Alberta
22	71	0	5

a. Clients Served by Issue Type (includes single client/multiple issues)

Concern or Issue by Type	Number of Clients	Background Info & Services Provided
Stakeholder Objections, Consultation/Notification Package	5	Provided forms, assisted with completion, reviewed submissions, assisted one client in appeal to O & G Tribunal. <i>This figure does not include telephone advice – helping clients locate the resources on the OGC website and offering suggested wording.</i>
Document review	3	Review surface lease documents for clients prior to signature. Review of documents self-represented clients prepared for Judicial Review.
Survey Concerns	10	Explained process and rights,

		particularly relating to activities taking place outside the proposed right of way.
Surface Lease Negotiations	21	Concerns are about new multi well compensation rates, access roads, borrow pits and temporary camps.
Surface Lease Rent Reviews	8	Shared rental rate information, directed clients to forms on SRB website.
Company Non-Compliance with Lease Terms, or Legislation	2	Activities outside lease area, Failure to remediate site.
Multi-Pad Lease Amendment Negotiations (incremental multi-pads)	5	Provided lease rate information gleaned from negotiations of which we are aware.
Pipeline R/W Negotiations	13	Shared pattern of dealings information that has been provided to us.
Trespass	1	Met with owner and land agent.
Surface Rights Board Preparation	1	Reviewed strategy with clients.
Surface Rights Board Mediation – Conference Call	1	Sat in on conference call, and provided advice.
Impact on Property Value	7	Discussion in relation to loss of top soil due to erosion on Spectra Midstream’s Bissette line, also Spectra and Murphy at Arras. Meetings with clients affected and collection of >100 photos to be used.
Erosion, Weeds or Other Damage, Contamination, Reclamation	9	Meetings with clients affected, and collection of over 100 photos. EROSION has been a major issue for land owners and it has been difficult for them to achieve resolution. See photos.
Compensation for Access Road	2	Provided compensation rates to client and assisted in negotiation.
Expropriation	1	This is an ongoing situation which has been referred to counsel. Our role at this time is minimal.
BC Hydro DCAT Line	5	Meeting with BC Hydro representatives and several land owners about possible re-routing of line, and providing information about rights during soil & archeological testing.
Highway widening	3	While this issue is primarily with the BC Ministry of

		Transportation, the widening is for upgrading roads to accommodate oil and gas industry traffic. Discussion and advice to land owners.
Compensation for Loss of Gravel Income	4	This is ongoing and has involved repeated meetings with client and land agent.
Judicial Review/Supreme Court documentation preparation	6	Provided self-represented clients with office facilities and assistance in wording using
Pipelines vs. Flowlines	1	In this case the company agreed that it was a pipeline during negotiations. The matter has been concluded, but had it not – an agreement under the Expropriation Act would have allowed the company to pay what it considered fair, build the pipeline, and the parties could proceed to Supreme Court to determine final compensation.
Impact on Farming or Ranching Operations	1	
Complaints about land agents and negotiation process	4	Elderly landowners who may lack capacity to contract are not being afforded the opportunity for independent advice. Land agents calling at a property when they have been told that meeting at with an advisor is the only method of negotiation. (Literacy issue, and illness in family).
Unregistered r/w or lease – property changed ownership	3	Once ownership changes, the company cannot register, and could be forced to re-negotiate with the new owner.
Miscellaneous	6	Traffic nuisance; how to void agreements signed by elderly parent lacking mental capacity; SRB Orders, going rates for water purchase from land owners, pipeline setback concerns; abandoned well – assignment of rents, rates for borrow materials and whether borrow pits and camps are legitimately part of a surface lease and entry order by SRB.
Total	121	

See photos of erosion issues on next two pages.





E. Virtual Office Update

The database of surface lease values has grown slightly, to 61 leases now plotted on the map. More leases are now accessible to the FAO via screen-sharing with the Surface Rights Board and they will be added to the map in the future.

The database of land sale values has more than doubled since our last report, and now includes data from 464 land sales.

Usage Statistics

Since April 1, the site has served:

- 745 visits
- 3315 pageviews
- 4.45 average pageviews

The most popular pages are (over 100 pageviews each):

- Know Your Property Rights
- Understand the System - Infographic
- Know Your Property Rights – Well Sites

- Surface Lease Map
- Do Your Own Research
- Compensation

Search engines sent 383 of 745 total visits to the site.

F. Issues and Recommendations:

1. **Wording of Surface Lease Agreements and failure to include mandatory wording from the PNG Act Surface Lease Regulation**

This continues to be an issue. Most companies persist in using a standard lease agreement that they use in Alberta. It incorporates a rental review every 5 years, whereas in BC it is four years.

Since our last report there have been some companies willing to use the Surface Lease developed by Ministry of Energy & Mines, CAPP and NEEMAC, which incorporates both the wording of the Surface Lease Agreement and the four-year review.

2. **Inadequate knowledge of BC Statutes and Regulations by land agents continues to be an issue, as do inappropriate negotiation tactics.**

We are encouraged with the willingness of Canadian Association of Petroleum Producers (CAPP) and Canadian Association of Petroleum Landmen (CAPL) to support the need for increased knowledge of BC Statutes and Regulations. A professional development day will be held in October and FAO will make a presentation.

However, the comment is still true that “all you need is pick up and a cell phone to be a land agent in BC” – in contrast to Alberta which has licensing requirements.

We continue to hear from relatives of elderly landowners who believe that there was not mental capacity to contract, and that their relatives signed without being given the opportunity to obtain independent advice.

We reiterate our recommendation that land agents operating in BC be required to have completed mandatory training in order to receive a certificate to operate in BC.

3. Filing of Surface Lease information with the Surface Rights Board as required by Sec 178 (1) & (2) of Petroleum and Natural Gas Act.

Since the last quarterly report there has been a glimmer of progress in the filing of Surface Leases with the Surface Rights Board. The following figures include both hard copy and electronic format, by company:

Encana	39
Spectra	3
Conoco	2
Chinook	1
Talisman	10
Shell	4
Plateau Pipeline	2
Cambrian	1
Canadian Spirit	<u>2</u>
Total	64

64 documents is by no means representative of the number of surface leases, pipeline rights of way and rental renegotiations (lease amendments) negotiated in the Peace River Regional District since filing became mandatory in October, 2010. Likewise the nine companies who have filed is not indicative of the number of companies negotiating surfaces leases in the Peace.

Note: this estimate is derived from the 23 hard copies reviewed June 8, and the electronic leases currently available to FAO staff by remote access. We have been told by the Surface Rights Board that they lack the staff to scan paper copies and it is not a priority.

4. Accessibility of Surface Lease information at SRB

Surface leases provide data crucial for landowners who are negotiating for fair compensation for oil and gas activities taking place on their land.

Petroleum and Natural Gas Act Section 178

(3) A surface lease or amending agreement submitted to the board must be available for public inspection at the office of the board during its regular office hours.

(4) The board may publish prescribed information derived from a surface lease or agreement submitted to the board in a form and manner the board considers appropriate, including on the internet or by other electronic means.

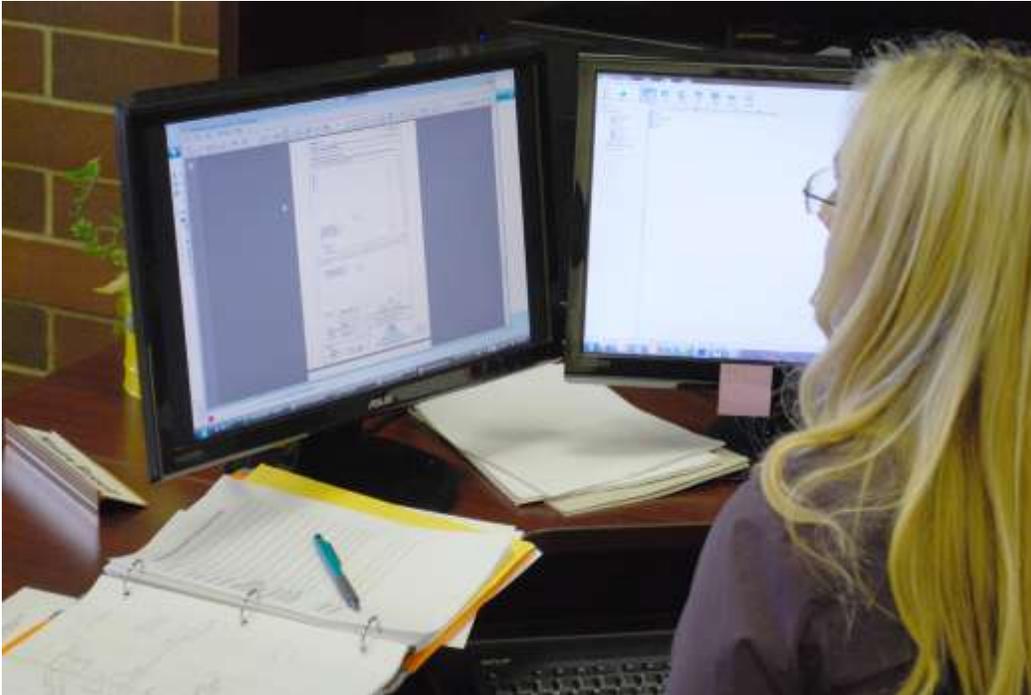
While technically accessible to the public, surface leases filed at the Surface Rights Board are practically inaccessible, given the 1200+ km distance between their primary audience in north eastern British Columbia and the SRB office in Richmond. The Petroleum and Natural Gas Act clearly outlines the legislature's intent to publish surface leases, but lacking regulations defining the "prescribed information," the SRB is not yet publishing surface lease information.

The Farmers' Advocacy Office considers it unacceptable that neither the prescribed information regulation nor the administrative penalty regulation have been passed, nearly 10 months after the implementation of the Oil and Gas Activities Act. This delay is particularly disturbing, given that in February 2011 the Oil and Gas Activities Act Administrative Penalties Regulation was passed, and in January, 2011 the Prescribed Roads Regulation was passed in a matter of days when access roads other than on crown land had not been included in the definition of oil and gas activity.

In June, 2011 this concern was again brought to the attention of the Management Committee.

While landowners await the open publication of surface leases as required by the Petroleum and Natural Gas Act, the Farmers' Advocacy Office is working with the SRB to expand access to that important information.

In June 2011 the FAO proposed to build upon the Act's requirement for leases to be "available for public inspection" by utilizing Internet screen-sharing software which allows us to remotely view the screen of a Surface Rights Board computer. Thus, from the Farmers' Advocacy Office in Dawson Creek, we would be able to view surface leases in Richmond without making copies (which could be considered "publishing.") This procedure is labour intensive, as can be seen from the photo below.



Chair of the Surface Rights Board, Cheryl Vickers, agreed to this request and the Farmers' Advocacy Office now has access to view the surface leases that have been filed *in electronic format* with the SRB. The FAO was advised by Cheryl Vickers that they do not have sufficient staff to convert paper documents to .pdf format and consequently, it is not a priority for the Board.

In order to access paper documents filed, FAO Research Assistant Monica Russell attended at the SRB in Richmond, where she was permitted to review and make notes, and copy by hand Individual Ownership Plans attached. She was able to retrieve information on 23 documents in 5 hours (excluding travel time). This was a one-time opportunity because she was in Vancouver for personal business.

It is our view that the government is not in compliance with its own legislation, and it is difficult for landowners in the Peace to conclude anything but that the Board has chosen of its own volition, or under instruction from government to delay enforcing compliance and making the information available in a manner accessible to the public.

Surface lease values are being collected and posted on the FAO web site as we access them from the Surface Rights Board or from land owners. A few are acquired from Land Title Office searches, but the vast majority of leases are unregistered.

Visit www.farmersadvocate.ca beneath "Leases & Sales" click on "Search Surface Lease Data" to view surface lease values throughout the region, some of

which were compiled thanks to this screen-sharing access to the Surface Rights Board.

5. Surface Rights Board Concerns – Decisions

The Farmers' Advocacy Office has concerns about the Board's apparent jurisdictional expansion by including non-regulator permitted land uses in their entry orders, and in the process awarding less compensation than Crown Royalties charged for those items. We are looking into whether or not this constitutes an expropriation of the freehold.

G. Going Forward:

- Tuesday July 25, 2011 Open House to meet Karen Campbell, of Ecojustice. This event is co-sponsored by PESTS and FAO.
- October 5, 2011 – CAPP/CAPL/SEPAC Land Agents' Professional Development Day – presentations by FAO, Surface Rights Board.
- Distribution of Infographic in community – to farm dealerships, community organizations, rural post office bulletin boards, and local government offices.
- Statistical sample of unregistered surface leases.
- Mapping workshop, if time permits.
- Public presentations in the North Peace and West Peace areas.