

MEDIATION AND ARBITRATION BOARD
Under the Petroleum and Natural Gas Act
114, 10142 101 Avenue
Fort St. John, BC V1J 2B3

Date: June 8 1999

File No. 1383

Board Order No. 301A

BEFORE THE MEDIATOR:

IN THE MATTER OF THE PETROLEUM
AND NATURAL GAS ACT BEING
CHAPTER 361 OF THE REVISED
STATUTES OF BRITISH COLUMBIA
AND AMENDMENTS THERETO:
(THE ACT)

AND IN THE MATTER OF A PORTION OF
THE SOUTHWEST ¼ OF SECTION
TWENTYNINE, TOWNSHIP EIGHTY-
THREE, RANGE SEVENTEEN, WEST OF
THE SIXTH MERIDIAN
(29-83-17-W6M)
(THE LANDS)

BETWEEN:

JET ENERGY CORPORATION
275, 999 -8TH AVENUE SW
CALGARY ALBERTA
T2P 2N9
(THE APPLICANT)

AND:

MONICA MARIE SPERLING
BOX 150
BALDONNEL, BC
V0C 1C0
(THE RESPONDENT)

ARBITRATION ORDER

BACKGROUND:

The Mediation and Arbitration Board received on 9 April 1999, an application and supporting documents from Jet Energy Corporation after all negotiation had failed to secure a right-of-way lease from the landowners. The application was for Right-Of-Entry to the above stated lands for the purpose of constructing, surveying, boring, producing, testing, soil sampling and/or abandonment of a pipeline right-of-way. The proposed pipeline in actuality is a water injection disposal flowline for well effluent products and byproducts.

Connie Shortt was designated Mediator and inspected the proposed right-of-way on 27 May 1999. A Mediation Hearing was held on 28 May 1999 in the Boardroom of Execuplace Business Center located at 10142 101st Avenue, Fort St. John BC, commencing at 9:00 a.m. The Mediation Hearing was unsuccessful in resolving the Right-Of-Entry issues; and all issues were forwarded to an Arbitration Hearing before an Arbitration Panel.

THE HEARING

An Arbitration Hearing was held on 2 June 1999 in the Boardroom of Execuplace Business Centre located at 10142 101 st Avenue, Fort St. John, BC, commencing at 9:15 a.m. The Arbitration Panel consisted of Chair Bud Hosker, Ivor Miller and Mavis Nelson. An onsite inspection had conducted by the Arbitration Panel on 1 June 1999. The Applicant was represented by Chad Dalke, landman at Pioneer Land Services Ltd., Kelvin Williamson, Jet energy Corporation, and Scott Watson, Jet Energy Corporation. The Respondent was represented by Wayne Sperling and Ed Sperling. It was agreed by all parties that the two applications of Jet Energy Corporation would be dealt with concurrently, as they involve the same pipeline and the properties are adjoining.

Students and instructor of the Land and Resource Management program, Northern Lights College, Fort St. John campus observed the Arbitration Hearing.

The Applicant

Mr. Chad Dalke of Pioneer Land Services Ltd. presented Exhibit "1" which included survey plans, description of materials to be used in the pipeline, details of meetings and discussions with the Respondents, details of ongoing discussions with the Mediation and Arbitration Board; and schedule of payments to previous landowners. The Applicant investigated the possibility of an alternate route, coming to agreements with some landowners, but were stalled on others. With no recourse other than arbitration, the proposed plan submitted in Exhibit "1", was deemed to be the least disruptive to the Respondents activities, as well as the shortest, most cost effective and the safest.

Jet Energy Corporation proposed compensation to the landowners for crop loss over a 4 (four) year period was: the first two years @ 100%, third year @ 75%, and fourth year @ 50%. The crop loss compensation was to be paid at completion of construction and reclamation, or not later than 6 (six) months from the date of beginning construction. Some discussion of the amount of forage production of the field, that is the number of bales and values were addressed and agreed that the Respondent's estimates were reasonable. The crop loss compensation is in addition to \$ 950.00 per acre (Right-Of-Entry) and \$ 100.00 for the temporary work station. Any additional damages unforeseen at this time would be paid when the "damage release" was signed, approximately 6 months after the construction of the pipeline.

The Applicant stressed that time was of the essence as they had been negotiating for the right-of-way since October 1998. Failing to come to any conclusion, Jet Energy Corporation applied to the Mediation and Arbitration Board on 9 April 1999; and was concerned that there was a considerable delay in setting the date of the Mediation Hearing. The Mediation Hearing date was set, and the letters of notice (of the Hearing date) mailed on 30 April 1999.

The Respondent

Mr. Sperling reiterated that they were opposed to any pipeline construction on their properties and will oppose any construction to the fullest means available. They suggested an alternative route that would by-pass their property. They expressed concern that a pipeline would restrict development of the land within certain areas close to the pipeline.

In reply to the Applicant's offer for a 4 (four) year payment for crop loss to be paid at the time of 'damage release', they requested the crop loss payment be paid up front and for a period of five years. The fifth year to be paid at 50%. They estimated a hay crop annual yield of 8 bales per acre valued at \$ 35.00 to \$ 45.00 per bale.

The Applicant's offer of \$ 950.00 per acre plus \$100.00 for the workspace was not disputed. Any other damages to be compensated at the completion of construction.

THE DECISION

The Arbitration Panel, having reviewed all the evidence presented at the hearing, and the arguments made in support thereof, have therefore considered the following: the Respondent's position in regards to the pipeline and his request that it be moved, the Applicant's position that they would be in the same position of having to go to the Mediation and Arbitration Board to obtain Right-Of-Entry for the pipeline right-of-way.

The Arbitration Panel feels the Applicant has tried to address all the concerns of the Respondents and have tried to enter into agreements with other landowners in order to change the route, these negotiations resulted in the same position, they did not want the pipeline crossing their land.

The Arbitration Panel hereby grants Right-Of-Entry to the above said lands as per the survey plan submitted, and awards the following:

1. Right-Of-Entry	consideration for 2.99 acres @ \$ 950.00 per acre	\$ 2,840.00
	consideration for workspace	\$ 100.00
2. Crop Loss	2.99 acres + 0.07 acres workspace = 3.06 acres, @ 8 bales/acre annually @ \$40.00 per bale	
	1 st year and 2 nd year @ 100%	\$ 1,958.40
	3 rd year @ 75%	\$ 734.40
	4 th year and 5 th year @ 50%	\$ 979.20
	Total compensation	\$ 6,612.50

IT IS HEREBY ORDERED THAT:

1. The Mediation and Arbitration Board hereby orders Jet Energy Corporation to pay to the landowner the amount of \$ 6,612.50 prior to the entry onto the said lands.

2. Upon payment of the sum awarded ordered in part 1 of this Order, Jet Energy Corporation shall be entitled to all the rights of an operator, to enter, occupy or use of land granted under the provisions of the Petroleum and Natural Gas Act and Amendments thereto, upon the lands referred to on the Individual Ownership Plan attached to the Application.
3. Any additional damages unforeseen at this time would be paid when the "damage release" was signed, approximately 6 months after the construction of the pipeline.
4. Nothing in this Order is, or operates as consent, permit or authorization that by enactment, a person is required to obtain in addition to this Order.

Dated at the City of Fort St. John, Province of British Columbia, this 8th day of June 1999.

MEDIATION AND ARBITRATION BOARD
UNDER THE
PETROLEUM AND NATURAL GAS ACT

Bud Hosker, Chair

Ivor Miller, Member

Mavis Nelson, Member