

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

**Date: July 30, 2001**

**File No. 1421**

**Board Order No. 325 A**

**BEFORE THE ARBITRATOR:**

**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  
S/2 OF DISTRICT LOT 643  
(S 1/2 DL 643)  
(THE LANDS)**

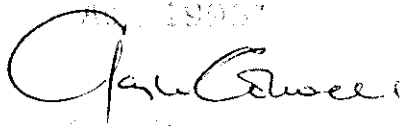
**BETWEEN:**

**CANADIAN NATURAL RESOURCES LIMITED  
BOX 6929 STATION "D"  
CALGARY, AB.  
T2P 2G1  
(THE APPLICANT)**

**AND:**

**BLUEBERRY RIVER FARMS LTD.  
C/O 9940 104<sup>TH</sup> AVENUE  
FORT ST. JOHN, B.C.  
V1J 2K3  
(THE RESPONDENT)**

Certified a true  
copy this 25<sup>th</sup> day  
of August 2001  
The original being in  
the custody of the  
Mediation and Arbitration  
Board under the  
"Petroleum and Natural Gas  
Act, 1993"

  
Board Administrator

---

**ARBITRATION ORDER**

---

## **BACKGROUND**

An application to the Mediation and Arbitration Board for survey purposes was made in December 1999. Permission to enter for survey purposes was granted by Mediation Order 316M in June 2000. A further Board Order to allow right of entry to construct was granted in September 2000. On November 29, 2000, an arbitration hearing was adjourned, as the construction was not yet complete.

On May 30<sup>th</sup>, 2001 an Arbitration panel of Mavis Nelson, Frank Breault, Bill Wolfe and Julie Hindbo convened to hear representation from the Applicant, Canadian Natural Resources Ltd. (CNRL), represented by Barry Taylor. Supporting C.N.R.L. were Kirk Fowler of Pioneer Land Services Ltd., accompanied by Chad Moffat as an observer. The Respondent was not in attendance and the Arbitration proceeded ex parte, the Board being satisfied that adequate notice had been given. Prior to the hearing the Board visited the location to view the current condition of the site.

## **POSITION OF THE PARTIES**

### **APPLICANT**

The Applicant presented Exhibit A referring first to the length of time it has taken to complete this project as the initial contact began in November 1999. During the entire length of time numerous letters were exchanged and discussions had taken place but the parties failed to resolve the issues. The flow line joins two sweet gas wells, and is under fair to good soil on relatively flat land. The Applicant believes they have complied with all Oil and Gas Commission regulations and that they follow good oilfield practices.

There was discussion about a riser site that was removed during the re-opening of trench to install the second line. Mr. Taylor spoke briefly about paying some monies for the previous years and this matter is to be left between the parties and is not considered in this Order.

In regard to the new right-of-way area for the pipeline constructed on the east side of the well site at c-18-D, 94-A-15, the Applicant offered

1. new right of way compensation in the amount of \$3,591.00, based on the rate of \$950.00 per acre for 3.78 acres
2. timber loss in the amount of \$1,000.00
3. re-seeding on the Right of way will be done with a Standard Forestry mix consistent with what is used on Government leases and will be done in a timely fashion so as to allow for settling of the line.

On the west side of the well site c-18-D, 94-A-15, the existing right of way was re-opened to place in a second line. For this re-entered right of way, the Applicant offered

1. crop loss in the amount of \$1,215.00, based on fescue production of 500 lbs. per acre x 0.90 cents per lb. X 2 years for 1.35 acres
2. temporary work space in the amount of \$ 352.00, based on \$475.00 per acre x 0.74 acre

3. and crop loss of \$666.00, based on the same rate as in # 1 above

The total compensation offered in this matter is \$ 6,824.00. The Applicant believes their compensation offer is consistent with other companies operating in the area.

## RESPONDENT

While the Respondent was not in attendance, the panel tried to address the concerns raised in a letter dated March 27, 2000 from Mr. H.J. Kopp and addressed to C.N.R.L. Ongoing correspondence presented in Exhibit "A" as well as letters to the Mediation and Arbitration Board indicates that discussion had taken place albeit not to the satisfaction of the Respondent.

## DECISION

The Arbitration Panel, having heard all the evidence presented at the hearing, and the arguments made in support makes the following observations;


1. The Board considers acceptable the Applicants offer of \$950.00 per acre for the new right of way area consisting of 3.78 acres x \$950.00 per acre = \$3,591.00.
2. The Board considers acceptable the value of \$1,000.00 for the loss of timber as presented by the Applicant.
3. The Board considers acceptable the value of the crop loss as presented by the Applicant, for a value of \$1,215.00 in the matter of the re-entry to existing pipeline right-of-way and for a value of \$666.00 in the matter of the temporary workspace.
4. The Board considers acceptable the Applicants offer for temporary workspace compensation in the amount of \$352.00.
5. The Board considered that re-entry into the area of an existing pipeline to lay a subsequent line constitutes re-opening of the soil for a pipeline trench and as such, a compensation sum should be calculated at a per acre rate as reflected in similar takings in the area. The per acre rate which this Board considers fair compensation is one-half the Right of Entry rate i.e. 1.35 acres x (\$950.00 per acre x ½)=\$642.00
6. The Board will reply to the May 19,2001 letter from the Respondent to the Applicant so as to acknowledge the Respondents concerns. It is the view of this Board that the majority of the concerns listed are covered by B.C. government regulations either through the Oil and Gas Commission or the Land Reserve Commission. While some disruption of privately owned land is inevitable due to oil and gas exploration and development, the purpose of the Arbitration process is to establish a fair monetary value to be paid to the landowner.

**IS HEREBY ORDERED THAT:**

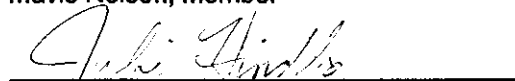
1. Pursuant to Section 21 of the Petroleum and Natural Gas Act, the Applicant will pay to the Respondent the amount of \$7,466.00 less the amounts ordered by Board Order# 316M and 325M within 90 days of the date of this order.
2. The Applicant is to include with this payment a copy of their exhibits presented at the arbitration hearing.
3. Pursuant to Section 25(3) of the Act, the Applicant is to forthwith file a Certified Copy of this Order with the Registrar of the appropriate Land Title district and to provide details of that filing with the Board.
4. No portion of this order varies the legislative, statutory or regulatory requirements of the Petroleum and Natural Gas Act or any other legislation effect regarding the construction of flow lines.
5. The parties have liberty to have other issues of compensation arising from the construction of the lines, which are the subject matters of this application, dealt with by further application to the Board.
6. 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.

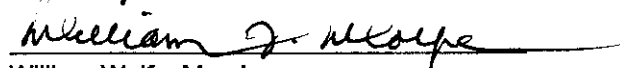
Dated at the City of Fort St. John, British Columbia, this 30<sup>th</sup> day of July 2001.

MEDIATION AND ARBITRATION BOARD  
UNDER THE  
PETROLEUM AND NATURAL GAS ACT

  
\_\_\_\_\_  
Frank Breault, Member

  
\_\_\_\_\_  
Mavis Nelson, Member

  
\_\_\_\_\_  
Julie Hindbo, Member

  
\_\_\_\_\_  
William Wolfe, Member