

MEDIATION AND ARBITRATION BOARD

10142 – 101 Avenue,
Fort St John, BC. V1J 2B3.

The Petroleum and Natural Gas Act, RSBC 1996, Chapter 361.

18 January 2005

File No: 1539

Order No: 386M

Between:

**Duvernay Oil Corporation
(Applicant)**

And:

**Wilderness Ranch Ltd.
(Respondent)**

A mediation session to discuss evidentiary matters relating to an application filed by Duvernay Oil Corporation (Applicant), under *Section 16 (1) (a)* of the *Petroleum and Natural Gas Act, RSBC 1996, Chapter 361* (Right to enter), was held at the Fort St John Mediation and Arbitration Conference Room 1, at 13:30 hours, 18 January 2005.

In attendance representing the Applicant, were Mr. Tim Krysak (Duvernay Drilling Engineer), Mr. Kevin Archibald (Duvernay Production Engineer), Mr. Kevin Aitchison (BV Land Consulting Ltd – Duvernay’s local Land representative), and Mr. Sam Mahood (Duvernay Construction Consultant). Representing the Respondent, were Mr. Robert Yorke (Land owner and President of Wilderness Ranch Ltd), and Mr. Arthur Hadland (Consultant for Wilderness Ranch Ltd.).

During discussions, mutual agreement was concluded to all issues presented at the mediation hearing by both Applicant and Respondent.

Following lengthy discussions, The Board under *Section 17(3)* of the *Petroleum and Natural Gas Act* hereby Orders that as agreed to:

1. The Applicant will pay to the Respondent a first year initial fee of \$11,500 (eleven thousand five hundred dollars) for entry into a proposed well location at 06-22-084-22-W6M.
2. The Applicant will pay to the Respondent an Annual Rent fee of \$3,500 (thirty five hundred dollars) for usage of the lands occupied by the lease.

3. The Applicant will pay to the Respondent an initial one-time fee of \$2,025 (two thousand twenty five dollars), covering nuisance and disturbance costs.
4. The Applicant will enter into negotiations with Devon Canada Corporation to increase Devon's yearly road use rental payment to Wilderness Ranch Ltd. by an additional \$ 4000 (four thousand dollars) per year. The road use rental increase will be paid by the Applicant to Devon Canada Corporation, and Devon Canada Corporation will in turn forward the \$4000 increase to the Respondent, Wilderness Ranch Ltd. The term of the negotiated agreement between the Applicant and Devon Canada Corporation will be in effect during the lifetime of Duvernay's well, or until Devon has no useful need for the road use agreement with Wilderness Ranch Ltd. At that time, negotiations will resume between all parties concerned.
5. The Respondent will not charge any road use rental fees to the Applicant for any additional wells that the Applicant may drill, that would require usage of the present access road, from the access road point of entry and along the full distance of the access road, to the 06-22-084-22-W6M location.
6. The Applicant will pay to the Respondent a water access fee, one time, of \$2,000 (two thousand dollars).
7. The Respondent will provide and install fencing materials, and installation services, around the location, with costs paid by the Applicant.
8. The Respondent will provide weed control services on the Applicant's lease at cost to the Applicant.
9. The Respondent will provide equipment, and perform the construction services of the initial lease preparation, and the lease restoration at the well lifetime end, providing that the Respondent has the manpower available to do so when the Applicant is ready to begin with the construction process.