

File No. 1611
Board Order # 1611-1

December 2, 2008

MEDIATION AND ARBITRATION BOARD

IN THE MATTER OF THE PETROLEUM AND NATURAL GAS
ACT, R.S.B.C., C. 361 AS AMENDED

AND IN THE MATTER OF
NW ¼ Section 13, Township 83, Range 18 W6M and
SW ¼ Section 13, Township 83, Range 18 W6M

(The "Lands")

BETWEEN:

Terra Energy Corporation

(APPLICANT)

AND:

Arthur Hadland and Laurel Hadland

(RESPONDENTS)

BOARD ORDER

Heard by telephone conference: November 18 and December 1, 2008
Mediator: Cheryl Vickers
Appearances: Rick Williams, Tim Blair and John Hrycyk on behalf of the Applicant
Gwen Johansson and Arthur Hadland on behalf of the Respondents

[1] Terra Energy Corporation (Terra) applies to the Board for mediation and arbitration seeking entry to Lands owned by Arthur and Laurel Hadland in order to survey, construct, install and operate a flowline serving to interconnect an existing Terra wellbore at 06-11-83-18W6 and a licensed but not yet drilled well at 14-12-83-18W6 with a third party processing facility at 10-23-83-18W6. The Hadlands have concerns with the route proposed by Terra and have suggested various alternatives. Both parties have expressed a willingness to engage with the Oil and Gas Commission (OGC) to determine the most appropriate route for this flowline.

[2] I am satisfied that Terra needs access to the Lands for the purpose of surveying and preparation of a construction plan, soil sampling and archaeological assessment in order to make an application to the OGC. Once an application is before the OGC, both parties can engage with the OGC with respect to whether the proposed route should be permitted and discuss alternatives.

[3] The Mediation and Arbitration Board orders:

1. Upon payment of the amounts set out in paragraphs 3 and 4, Terra shall have the right of entry to and access across the Lands commencing December 16, 2008 until January 31, 2009 for the purpose of completing the technical surveys or assessments required to file a Pipeline Application to the Oil and Gas Commission including surveying, soil sampling, and conducting an archaeological assessment.
2. Entry to the Lands for the purpose of surveying, soil sampling and archaeological assessment shall be subject to the terms set out in Appendix "A".
3. Terra shall deposit with the Mediation and Arbitration Board security in the amount of \$1,000.00. All or part of the security deposit may be returned to Terra or paid to the Hadlands upon the agreement of the parties or as ordered by the Board.

4. Terra shall pay to the Hadlands the amount of \$500.00 as partial payment for compensation under the *Petroleum and Natural Gas Act* and/or their costs of these proceedings.
5. Terra shall serve the Hadlands with a copy of this Order prior to entry onto the Lands by providing a copy of the Order to Arthur Hadland.
6. The application as it relates to right of entry to the Lands for the purpose of construction, installation and operation of a flowline is adjourned. The Board retains jurisdiction with respect to this application and to determine compensation payable to the Hadlands for this or any further right of entry granted in connection with this application or for any damages incurred by the Hadlands as a result of the entry.
7. Nothing in this order operates as consent, permission, approval or authorization of matters within the jurisdiction of the Oil and Gas Commission.

Dated: December 2, 2008

FOR THE BOARD



Cheryl Vickers
Chair

APPENDIX A

Right of entry to the Lands for surveying, soil sampling, archaeological assessment for the purpose of making an application to the Oil and Gas Commission is subject to the following terms and conditions:

- Terra shall make the least possible surface imprint by accessing only those portions of the Lands as may be reasonably necessary to conduct the work for which entry is authorized;
- Terra shall provide Arthur Hadland with 48 hours notice of any intended access;
- Arthur Hadland may accompany Terra's representatives and contractors at his option while they are accessing the Lands;
- Terra's representatives or contractors shall not use ATV's or other motorized equipment on any unfenced areas of the Lands;
- Terra shall remove any debris, stakes, markings or other things left on the Lands once the OGC process has completed or before then, at the request of Arthur Hadland, if the things are no longer required to be on the Lands