

File No. 1835
Board Order No. 1835-2

July 21, 2015

SURFACE RIGHTS BOARD

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

AND IN THE MATTER OF

THAT PART OF THE NORTH EAST $\frac{1}{4}$ SECTION 24 TOWNSHIP 78 RANGE 18
WEST OF THE 6TH MERIDIAN PEACE RIVER DISTRICT LYING NORTH AND
EAST OF PLAN H311 EXCEPT PLAN 23873

THE SOUTH EAST $\frac{1}{4}$ OF SECTION 25 TOWNSHIP 78 RANGE 18 WEST OF
THE 6TH MERIDIAN PEACE RIVER DISTRICT

(the "Lands")

BETWEEN:

ARC Resources Ltd.

(APPLICANT)

AND:

Darcy Dwayne Hommy

(RESPONDENT)

MEDIATION ORDER

On April 28, 2008, ARC entered into a Lease and Amendment to Surface Lease on November 26, 2009 with the prior landowner, which were assigned to the Respondent through an Assignment and Assumption of Surface Lease Agreement dated February 20, 2013. ARC has continued to pay the Respondent annual compensation in the total amount of \$8,200.

On November 27, 2014, the Surface Rights Board issued Board Order 1835-1 giving ARC Resources Ltd. ("ARC") access to the Lands for the purpose of carrying out an approved oil and gas activity, namely to drill, construct and operate a water source well, four natural gas wells and associated infrastructure related to Oil and Gas Commission Well Authorizations 24139, 26012, 26013, 26014 and 30592.

Order 1835-1 included partial compensation in the amount of \$1,000.

On February 24, 2015, the Surface Rights Board issued Board Order 1835-1amd, allowing a water disposal well.

The parties have consented to further amend the right of entry to allow for an additional four natural gas wells.

The parties have reached an agreement on the amount of compensation, which amounts include a significant bonus payment by ARC to avoid the need for Arbitration.

BY CONSENT, the Surface Rights Board orders:

1. ARC shall pay to the Respondent, DARCY DWAYNE HOMMY, an additional one-time payment of \$18,000 as compensation owing for access to those portions of lands required to drill, construct and operate a water source well, seven natural gas wells, a water disposal well and associated infrastructure related to Oil and Gas Commission Well Authorizations 24139, 26012, 26013, 26014, 30592, 31368, 31369, 31370 and 31371 and Oil and Gas Commission Order 15-02-002.
2. ARC shall pay rent to the Respondent, DARCY DWANE HOMMY, in the amount of \$12,500, commencing on November 27, 2015 and annually thereafter.

3. The parties will terminate the Lease dated April 28, 2008 and Amendment to Surface Lease dated November 26, 2009.

DATED: July 21, 2015

FOR THE BOARD

A handwritten signature in black ink, appearing to read "Rob Fraser". The signature is fluid and cursive, with a long horizontal stroke at the end.

Rob Fraser, Mediator