

**File Nos. 1900 and 1901 and 1918
Board Order No.1900-1901-1918-1amd**

November 4, 2016

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
THE SOUTH WEST 1/4 OF SECTION 15 TOWNSHIP 80 RANGE 15
WEST OF THE 6TH MERIDIAN PEACE RIVER DISTRICT

(The "Lands")

BETWEEN:

ARC Resources Ltd.

(APPLICANT)

AND:

Keith Allan Hankins and Cheri Lee Hankins

(RESPONDENTS)

BOARD ORDER

ARC Resources Ltd. ("ARC") seeks a right of entry order to access certain lands legally owned by Keith Allan Hankins and Cheri Lee Hankins (the "Lands").

By Board Order No. 1900-1901-1, the Board earlier granted ARC a right of entry to the Lands on the terms set out below on July 8, 2016 concerning SRB 1900 and 1901. On October 18, 2016, ARC commenced a subsequent application for mediation and arbitration services in respect of an additional well located on the same padsite (SRB 1918).

ARC proposes two projects: a pipeline (SRB 1900) and a padsite (SRB 1901 and 1918). The Oil and Gas Commission ("OGC") has issued permits for the pipeline (OGC Permit 9709710) and the padsite (OGC Permits 9643762, 9644159, 9644160, 9644161, 9644162, 9644163, 9644164, and 100100194). ARC requires access to the Lands to construct, operate and maintain flowlines, natural gas wells, a wellsite and associated infrastructure.

On June 14, 2016 I conducted a telephone conference call to discuss these applications. Subsequent to this call, the parties engaged in correspondence dealing with proposed terms and conditions. On November 2, 2016, I conducted another conference call to discuss a further application commenced by ARC in respect of an 8th well on the padsite (SRB 1918). The parties agreed that the existing right of entry order should be amended to include the additional well.

Under the provisions of the *Petroleum and Natural Gas Act*, the Board may grant a right of entry order to privately owned land if it is satisfied that an order authorizing entry is required for an oil and gas activity. "Oil and gas activity" is a defined term that includes the construction or operation of pipelines and natural gas wells.

Based on our discussions and on the fact that the OGC has issued permits for ARC's projects I am satisfied that ARC requires the Lands for an approved oil and gas activity.

I have reviewed the submissions from the parties regarding terms and conditions and I have included those I find relevant and within the Board's jurisdiction. I have included in paragraph 6 a reference to baseline water testing of the dugout, although outside of the right of way area, as ARC has committed to this testing and this testing is integral to ARC's projects in order to ensure the quality of the water is not negatively impacted.

The Surface Rights Board orders:

1. Upon payment of the amount set out in paragraphs 2 and 3, ARC shall have the right to enter and access the portions of the Lands shown outlined in red on the Individual Ownership Plans attached as Appendix "A" and Appendix "B" as necessary for the purpose of constructing, operating and maintaining flow lines and constructing, drilling, completing and operating natural gas wells and associated infrastructure.
2. ARC shall pay the following compensation to the landowner:

- a. a total amount of \$55,000 in respect of initial compensation for the seven natural gas wells and wellsite, consisting of a previous payment of \$35,000 in partial compensation paid by ARC to the Hankins pursuant to Board Order 1900-1901-1, and an additional payment of \$20,000, pursuant to Board Order Board Order 1900-1901-2;
 - b. a total amount of \$13,000 in annual compensation in respect of the seven natural gas wells and wellsite, pursuant to Board Order Board Order 1900-1901-2;
 - c. a total amount of \$2,500 in respect of the flow lines, pursuant to Board Order Board Order 1900-1901-2;
 - d. a total amount of \$3,000 for the Hankins' personal time and expenses, pursuant to Board Order Board Order 1900-1901-2;
 - e. a total amount of \$2,000 in respect of initial compensation for an eighth natural gas well on the existing wellsite, pursuant to Board Order Board Order 1900-1901-1918-1amd;
 - f. a total amount of \$500 in annual compensation in respect of the eighth natural gas well on the existing wellsite, pursuant to Board Order Board Order 1900-1901-1918-1amd;
 - g. reasonable legal fees in an amount to be agreed upon by the parties, pursuant to Board Order Board Order 1900-1901-1918-1amd.
3. ARC shall deliver to the Surface Rights Board security in the amount of \$2,500 by cheque made payable to the Minister of Finance. All or part of the security deposit may be returned to ARC, or paid to the landowner, upon agreement of the parties or as ordered by the Board. Following the completion of construction, drilling and completion operations ARC will fence the padsite.
 4. ARC will construct berms around the padsite, using both hay bales and the surface soils stripped from the padsite during construction, allocating as much as possible of the soil piles to berms located on the western side of the padsite.
 5. ARC will make all reasonable efforts to ensure that any artificial lighting at the padsite will be directed away from the residence located on the Lands.
 6. ARC will perform baseline water testing of the dugout, once ARC has their right of entry order.

7. Nothing in this order operates as a consent, permission, approval, or authorization of matters within the jurisdiction of the Oil and Gas Commission.

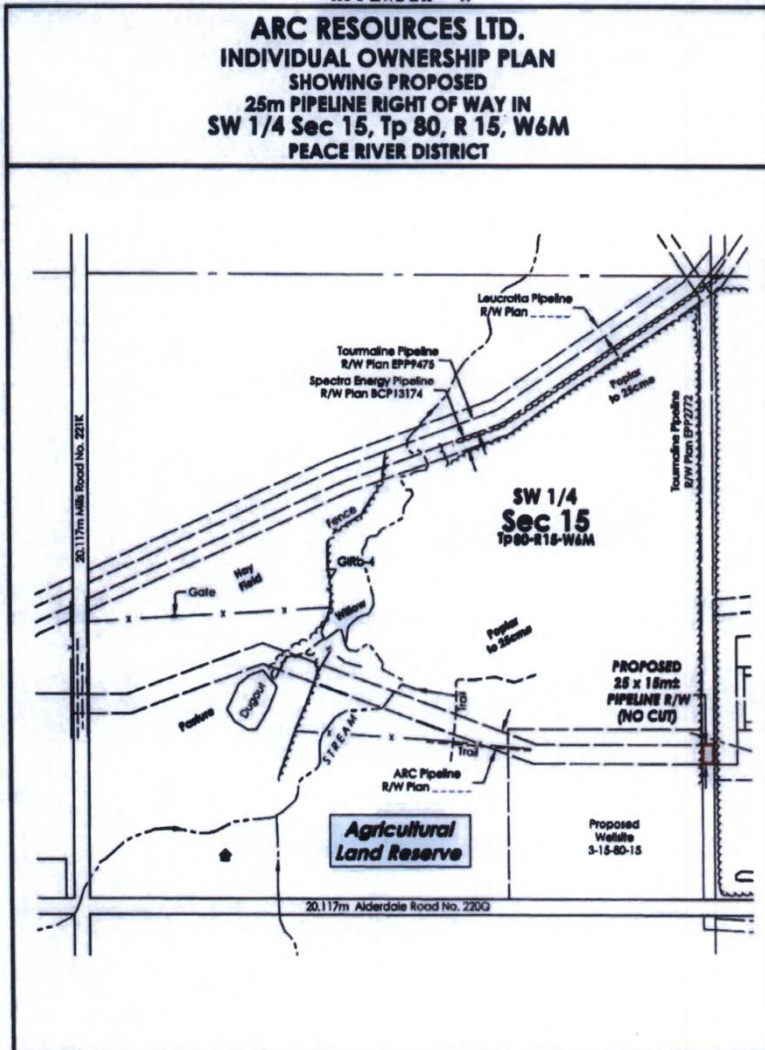
Dated: November 4, 2016

FOR THE BOARD

A handwritten signature in black ink, appearing to read "Rob Fraser", written in a cursive style.

Rob Fraser, Mediator

**ARC RESOURCES LTD.
INDIVIDUAL OWNERSHIP PLAN
SHOWING PROPOSED
25m PIPELINE RIGHT OF WAY IN
SW 1/4 Sec 15, Tp 80, R 15, W6M
PEACE RIVER DISTRICT**



TITLE No.: PP10446 P.I.D. No.: 014-459-515
OWNER(S): Keith Allan Hankins
Cherl Lee Hankins

NOTES
SCALE = 1: 5,000
Distances shown are in metres.
Permanent Portions referred to:
Certified correct this
7th day of June, 2016.

AREA REQUIRED:
25m Pipeline R/W 0.04 ha 0.10 ac
TOTAL: 0.04 ha 0.10 ac

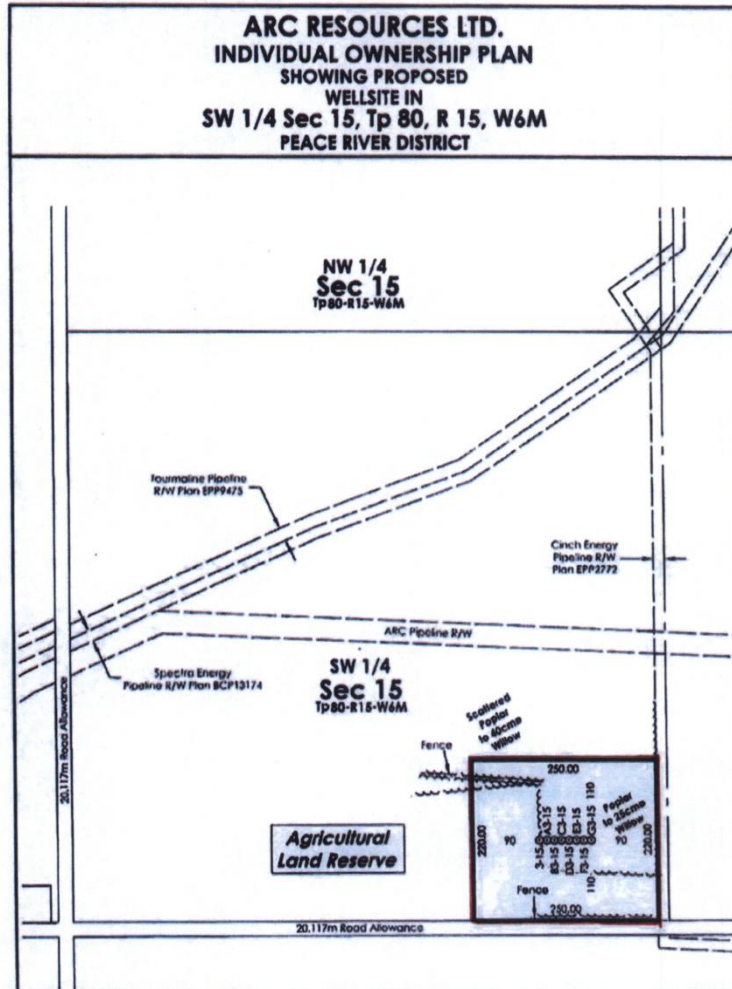
Jeff Thompson, BCLS 922

NO	DATE	REVISION	DRN	CKD
0	15/11/20	Original plan issued	SDH	CS
1	16/02/09	Revised Pipeline R/W Route	SDH	CS
2	16/05/10	Revised Workspace	SDH	TC
3	16/06/07	Revised Workspace	SDH	TC

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CAN-AM FILE: J20161168
CAD FILE: J20151168C014-3
Client File No.: E12180
APE No.: 13PPLD132
Land File No.:
REVISION 3

Order 1900-1901-1918-1amd
APPENDIX "B"



TITLE No.: PP10446 P.I.D. No.: 014-459-515
OWNER(S): Keith Allan Hankins
Cheri Lee Hankins

LEGEND
SCALE = 1: 5,000
Portions referred to:
Notes: Distances shown are in metres.
Certified correct this
22nd day of September, 2015.

AREA REQUIRED:
Wellsite 5.50 ha 13.59 ac
TOTAL: 5.50 ha 13.59 ac

Chris R. Sakundat
Chris R. Sakundat, BCLS 846

NO	DATE	REVISION	DRN	CKD
0	15/09/22	Original plan issued	AS	CS

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CAN-AM FILE: J20150446
CAD FILE: J20150446IOP-0
Client File No.:
AFE No.:
Land File No.:
REVISION