

File No. 1980
Board Order No. 1980-1

November 23, 2018

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 NORTH ½ OF SECTION 27, TOWNSHIP 82, RANGE 15
WEST OF THE 6TH MERIDIAN PEACE RIVER DISTRICT

AND

SOUTH ½ OF SECTION 27 TOWNSHIP 82 RANGE 15
WEST OF THE 6TH MERIDIAN PEACE RIVER DISTRICT

(The "Lands")

BETWEEN:

Leucrotta Exploration Inc.

(APPLICANT)

AND:

Frank Dorsey Miles and
Marion Leslie Miles

(RESPONDENTS)

BOARD ORDER

The Applicant, Leucrotta Exploration Inc. (“Leucrotta”), applies to the Board for mediation and arbitration services to resolve the issue of access and compensation. After filing their application, the Applicant and the Respondents reached an agreement with respect to the proposed terms of a right of entry order, which is found in the consent order below. The amounts of initial and annual compensation remain unresolved.

Leucrotta seeks a right of entry order to access certain lands legally owned by Frank Dorsey Miles and Marion Leslie Miles to carry out an approved oil and gas activity, namely the construction, operation and maintenance of a single well, padsite, access road and associated infrastructure. The Oil and Gas Commission has issued a permit for this project.

The parties understand that the amount found in paragraph 4 is for partial compensation and that neither the initial nor annual compensation have been determined.

The Surface Rights Board orders, BY CONSENT:

ORDER

1. Upon payment of the amounts set out in paragraphs 4 and 5, Leucrotta shall have the right of entry to and access across the portions of the lands shown outlined in red on the Individual Ownership Plan attached as Appendix “A” (the “Lands”) as necessary for the purpose of constructing, operating and maintaining a single well, padsite, access road and associated infrastructure in accordance with OGC Permit No. 100106206 issued by the Oil and Gas Commission on September 13, 2018.
2. Leucrotta shall provide a minimum of 48 hours advance notice in writing or by email to the landowners prior to any entry on to the Lands for the initial construction of the padsite.
3. Leucrotta shall ensure that its agents and servants close and lock all gates on the Lands, as required by the Landowners.
4. Leucrotta shall pay to the Landowners as partial compensation the total amount of \$35,000.
5. Leucrotta shall deliver to the Surface Rights Board security in the amount of \$5,000 by cheque made payable to the Minister of Finance. All or part of the security deposit may be returned to Leucrotta, or paid to the Landowners, upon agreement of the parties or as ordered by the Board.

6. The Board retains jurisdiction to provide mediation and arbitration services with respect to construction damages off the Lands, if any, and the parties are at liberty to return to the Board if necessary to resolve any issue respecting such damages.
7. Nothing in this order operates as a consent, permission, approval, or authorization of matters within the jurisdiction of the Oil and Gas Commission.
8. Leucrotta agrees to be bound by the conditions listed in attached "Appendix B".

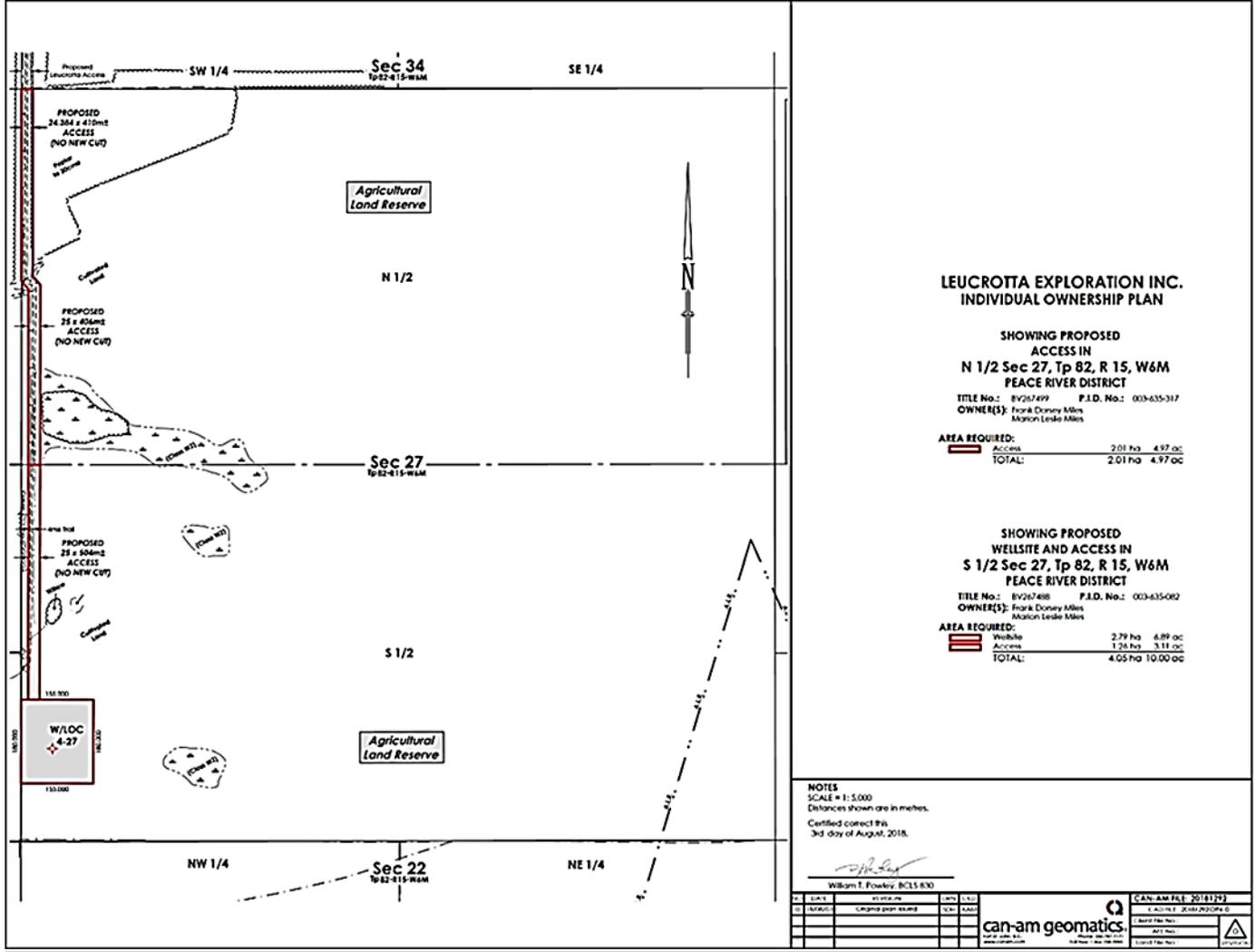
DATED: November 23, 2018

FOR THE BOARD

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

Rob Fraser, Mediator

APPENDIX "A"



APPENDIX "B"

AGREED CONDITIONS FOR RIGHT OF ENTRY

Leucrotta agrees to:

1. pay all rates and taxes that may be assessed and levied against the Lands by reason of its entrance on and operation on the Lands;
2. make all reasonable efforts to ensure existing patterns of drainage are maintained following its entry on to the Lands;
3. make all reasonable efforts to ensure proper weed management on the Lands, using soil sterilants only with the written consent of the Owners;
4. steam clean any vehicles used for construction, drilling or completion operations prior to them being brought onto the Lands;
5. ensure that any new access construction on the Lands will include a crossing that allows the Landowners to cross between fields using farm vehicles and farming equipment; and
6. construct and pay for a good substantial fence for the well pad and access (e.g. 4-strand barbed wire) and gate at a location to be determined by the Landowners; replace all fences and gates that it may remove for its purposes; and promptly repair all fences and gates that it may damage in the course of exercising its rights, including any existing gates which have been installed by the Landowners on the Lands.