

File No. 1606  
Board Order # 1606-2

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December 5, 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 The North West ¼ of Section 6, Township 77, Range  
17, West of the 6<sup>th</sup> Meridian, Peace River District

(The "Lands")

BETWEEN:

Huron Energy Corporation

(APPLICANT)

AND:

J. R. Rodeo Company Ltd.

(RESPONDENT)

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**BOARD ORDER**

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Appearances:

- Kevin Carroll (Huron Energy Corporation) and John Hagen (Prospect Land Services (BC) Ltd.) on behalf of the Applicant
- Murray Minor and Rosanna Laloge (Occupiers)
- No one on behalf of the Respondent

On December 5, 2008, I conducted a pre-hearing telephone conference to discuss Huron Energy Corporation's application for Mediation and Arbitration Services. The Board notified the Applicant (c/o Mr. Kevin Carroll), the Applicant's agent (Prospect Land Services (BC) Ltd c/o Mr. John Hagen), the Occupiers (Mr. Murray Minor and Ms. Rosanna Laloge), and the Respondent (J. R. Rodeo c/o Ms. Rhonda Smith). The Board sent Ms. Smith's notice via courier as the Board has no other contact information.

Huron has not been able to contact any representative of J. R. Rodeo to discuss their desire to construct a well on the Respondent's land. This situation is the same as occurred for the mediation resulting in the Board's Order 1606-1, where after exercising every possible resource the Board was unable to locate a representative for J. R. Rodeo.

The Board scheduled the conference to begin at 9:00 a.m., and I waited until 9:10 a.m. to begin substantive discussions to allow time for all participants to attend. Participation was by dial-in, so a party could attend from any location. No one participated on behalf of the Respondent.

I am satisfied that the Board served or made reasonable efforts to serve all the parties with the notice and all parties had the opportunity to participate.

[1] The Applicant, Huron Energy Corporation ("Huron") has applied to the Board for mediation and arbitration respecting right of entry to the Lands owned by the Respondent ("J. R. Rodeo") Huron wants access to the Lands to construct, drill, complete, operate and produce a well. J. R. Rodeo has neither granted nor refused entry.

[2] In British Columbia, the holder of rights to develop a subsurface resource has the right to surface access to lands for the purpose of exploring for, developing and producing the subsurface resource. The development, exploration and production must conform with various regulatory requirements, and owners of the

land are entitled to compensation for the entry and for any damages that result from the entry.

[3] Regulation of the oil and gas industry is the responsibility of the Oil and Gas Commission ("OGC"). The OGC must be satisfied that any proposed development meets the regulatory requirements.

[4] Board Order 1606-1 allowed Huron to access the lands in order to complete the investigations necessary to apply to the OGC for well authorization, permission to construct a wellsite, and access and cutting permit. On November 21, 2008, the OGC gave their approval to Huron's application for the wellsite know as Huron COP Sundown 13-06-077-17 (OCG File 9630437; Well Authorization 24979).

[5] Huron Energy acknowledges that Mr. Murray Minor and Rosanna Laloge are the Occupiers of some or all of the Lands, and although they are not a party to this application, they regard them as the steward of the Lands, will conduct their operations in consultation with them and will work with them to address any of their concerns.

[6] Huron will produce to the Board a copy of the lease and access road, when prepared.

[7] Huron acknowledges that the Respondent is entitled to compensation. However, since the Respondent chooses not to participate in this process, Huron cannot resolve this issue. Huron is particularly concerned since the Occupiers are impacted by the initial work and ongoing operation and ought to participate in any compensation paid.

[8] Huron will pay directly to the Occupiers the portion of the compensation that reflects their immediate involvement, being crop loss and nuisance and disturbance, and compensation for their efforts and time in acting as stewards of the Lands and representing the interests of J. R. Rodeo.

[9] Huron will pay the balance of their calculation of the first year's compensation to the Board to be held in trust until such time as J. R. Rodeo applies for its release.

[10] Huron retains the right to apply to the Board for an order to construct a flow line.

[11] Huron agrees to work with the Occupiers to erect gates and fencing as necessary and agreed upon.

[12] The Board retains jurisdiction to deal with the overall issue of compensation upon application by the Respondent.

[13] I am satisfied that Huron has the necessary authorization to complete and operate a wellsite on the lands. Therefore, I make the following Order pursuant section 19 of the *Petroleum and Natural Gas Act*.

[14] The Mediation and Arbitration Board orders:

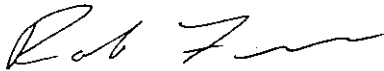
1. Upon execution of this Order, Huron is entitled to enter the lands and perform the work necessary to construct, drill, complete, operate and produce a well as set out in the OCG File 9630437.
2. Huron offers \$12,295 as first year compensation, based on amounts typical for the area.
3. Huron agrees to pay to the Occupiers a first year payment of \$5,150 prior to mobilization to construct the well.
4. Huron agrees to pay to the Board the balance of their estimate of the first year payment of \$7,775, to be held in trust for the Respondent, prior to mobilization to construct the well.
5. Huron agrees to pay directly to the Occupiers, to acknowledge crop loss and ongoing disturbance, an annual amount of \$1,825, beginning on the first anniversary of the issuance of the first year payment. Huron and the Occupiers acknowledge that this annual payment ought to be considered as part of the annual compensation due to J. R. Rodeo, but is paid to the Occupiers to compensate them for their direct loss of crops and quiet enjoyment of the Lands.
6. The annual payment of \$1,825 is limited to the current Occupiers and is not transferable to other Occupiers and will cease if the current Occupiers discontinue their occupation of the Lands.
7. Huron acknowledges that the Respondent is entitled to annual compensation payments.
8. J. R. Rodeo is free to apply to the Board to reopen this application as it relates to compensation and damages.
9. Huron shall serve J. R. Rodeo or the Occupier with a copy of this Order prior to entry onto the Lands.
10. The Board retains jurisdiction with respect to this application and to determine compensation payable to J. R. Rodeo for any further right of

entry granted in connection with this application or for any damages incurred by J. R. Rodeo as a result of the entry.

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

Dated: December 5, 2008

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

Member – Mediation and Arbitration Board