

MEMORANDUM OF UNDERSTANDING

BETWEEN

THE NATIONAL ENERGY BOARD

AND

THE DEPARTMENT OF INDIAN AND NORTHERN AFFAIRS CANADA

CONCERNING

THE PROVISION OF ADVICE ON RIGHTS MANAGEMENT ACTIVITIES AND THE EXCHANGE OF INFORMATION WITH RESPECT TO OIL AND GAS WORKS AND ACTIVITIES ON NORTHERN FRONTIER LANDS.

THIS MEMORANDUM OF UNDERSTANDING

- BETWEEN** The National Energy Board (the NEB) and the Department of Indian and Northern Affairs Canada (INAC) (the "Participants");
- WHEREAS** the NEB has the legislated responsibility for administering the *Canada Oil and Gas Operations Act* (COGOA), has specific regulatory and technical responsibilities under Parts III, IV, VII and IX of the *Canada Petroleum Resources Act* (CPRA), and has specific responsibilities under Part II.1 of the *National Energy Board Act* (NEBA) in respect of both CPRA and COGOA;
- WHEREAS** INAC has administrative responsibility for the *Canada Petroleum Resources Act* on northern frontier lands and advises the Minister of Indian Affairs and Northern Development (the "Minister") on policy and legislative matters regarding application of CPRA and COGOA for areas under the administrative responsibility of the Minister;
- WHEREAS** technical resources supporting the regulation of oil and gas activities under COGOA and CPRA were transferred to the NEB in 1991, to assist the NEB in undertaking its regulatory role and provide the technical advice and support to INAC on technical matters relating to the management of oil and gas resources;
- WHEREAS** the NEB may require information and staff may require advice from INAC in regard to rights issuance and other matters of policy;
- WHEREAS** INAC may require information and technical advice relating to the management of oil and gas resources;

WHEREAS INAC and the NEB share a mutual interest in efficient and effective regulation and administration;

WHEREAS it is appropriate to describe more formally the process by which staff of the NEB and INAC will exchange advice and support;

RECOGNIZING that the NEB, as an independent tribunal and regulator, is not involved in promoting regional development interests within Canada; and

THEREFORE, and not exceeding the limitations imposed by law, the Participants undertake to provide technical advice and support to each other in respect of oil and gas management and other energy related matters, and to exchange data and information in the following manner:

DEFINITIONS “northern frontier lands” means frontier lands in the Northwest Territories, Nunavut and northern submarine areas as described by the *Canada Petroleum Resources Act*, which are under the administrative responsibility of the Minister of Indian Affairs and Northern Development.

1. GENERAL

1.1 Participants acknowledge that the staff activities provided for by this Memorandum may be subject to the staff and financial resource constraints of each organization, and any limitations imposed by law.

2. INFORMATION ON OIL AND GAS INDUSTRY ACTIVITIES

- 2.1** Information described in Annex I will be exchanged on a routine basis.
- 2.2** For the NEB to fulfil its responsibilities under Parts III, IV and VII of CPRA, INAC will provide NEB staff with current information regarding land disposition and rights.
- 2.3** For INAC to fulfil its responsibilities under Parts II, III, IV, VI, VII, and IX of CPRA, and for the Minister to fulfill administrative responsibilities under both COGOA and CPRA, NEB will provide INAC staff with current information regarding applications, activities and production affecting northern frontier lands.
- 2.3** Any other information that either the staff of the NEB or INAC may require on activities related to COGOA and specific provisions of the CPRA may be exchanged.

3. PROVISION OF ADVICE AND TECHNICAL SUPPORT

- 3.1** Staff of the NEB and INAC will exchange advice, analysis and information on matters related to northern oil and gas activities where appropriate to ensure efficient use of the staff and expertise of the two organizations.
- 3.2** The staff of the NEB will provide, on request, information to INAC on exploration, development, production, applications and activities, and on related environmental and land issues, and provide analysis on implications of recent exploration for discovered resources and petroleum geology.

- 3.3 INAC will advise the NEB on relevant matters relating to northern energy policy and federal-territorial and federal-aboriginal relations, land claims, and other negotiations and agreements which may affect mutual responsibilities under COGOA and CPRA.
- 3.4 The Participants may provide other services to one another in addition to those identified in this Memorandum which will be provided on terms and conditions as may be agreed upon by the Participants.
- 3.5 On written request, the NEB, pursuant to subsection 101(2.1) of the CPRA, may disclose to INAC such privileged information as is required by INAC for the purposes of administering COGOA, CPRA and Part II.1 of NEBA or for the purpose of legal proceedings there under.
- 3.6 The Director, Oil and Gas Management, to assist the Chief Conservation Officer in administering disclosure of information and documentation submitted to him under section 102 of the CPRA, shall provide direction to the Chief Conservation Officer on policy regarding periods of confidentiality and related Access to Information Act exemption for classes of information specified under section 101(7) of the CPRA, after that information or documentation is no longer privileged under the CPRA.

4. EMERGENCY RESPONSE AND SIGNIFICANT EVENTS

- 4.1 The staff of the NEB will ensure that relevant information and updates on any significant event or emergency situation and response arising from oil and gas activities regulated by the NEB on northern frontier lands and on adjoining lands regulated by the NEB are transmitted to the designated INAC official in a timely fashion and, whenever reasonable, prior to public announcement, in addition to any INAC representative who may be identified in a specific emergency response plan.
- 4.2 Notification of INAC pursuant to clause 4. 1 shall be performed in accordance with the procedures set out in the Schedule.

5. LEGISLATION AND REGULATIONS

- 5.1 The staff of the NEB will consult with and keep INAC informed on the status of legislation, regulations, guidelines and supporting materials pertaining to the Board's regulatory responsibilities on northern frontier lands.
- 5.2 INAC will consult with and keep the staff of the NEB informed on the status of legislation, regulations, guidelines and supporting materials pertaining to INAC's management of northern frontier lands.

6. FRONTIER INFORMATION OFFICE

- 6.1 The NEB, in support of its regulatory role, will maintain a Frontier Information Office to provide data management and information services to the public.
- 6.2 The NEB agrees that, subject to operational constraints, INAC may use the NEB's facilities to disseminate INAC information materials related to oil and gas.
- 6.3 INAC agrees to ensure that materials and information supplied by INAC are adequately stocked and current.

6.4 The NEB agrees to provide, at the request of INAC, designated staff and secure facilities for the receipt of nominations and bids by industry.

7. COMMUNICATION

7.1 INAC and NEB staff will endeavour to meet prior to the passage of legislation to effect the transfer of authority for the regulation of petroleum resources to any territorial government or as necessary to review the operation of this Memorandum and to consider any necessary amendments.

7.2 INAC and the NEB recognize that communication is essential to understand mutual interest in efficient and effective regulation and administration of the regime governing oil and gas on northern frontier lands and will seek regular opportunities to meet.

8. AMENDMENTS

8.1 This memorandum and annex may be amended by the agreement of the Participants hereto. Unless another day is agreed, an amendment will become effective upon its signature by the Participants.

8.2 Notice of amendment shall be performed in accordance with the procedures set out in the Schedule.

9. TERMINATION

9.1 This memorandum may be terminated by either Participant upon the serving of written notice on the other Participant at least one month in advance.

9.2 Such notice shall be performed in accordance with the procedures set out in the Schedule.

10. NOTICES

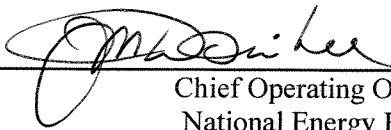
The Participants agree that the Schedule, being an operational procedures document subject to more frequent changes, may be amended at any time by either participant serving a copy of a new schedule on the other participant.



Assistant Deputy Minister, Northern Affairs,
Indian and Northern Affairs Canada

21. 2. 06

Date



Chief Operating Officer,
National Energy Board

1 March 2006

Date

ANNEX 1

THE NEB AND INAC WILL EXCHANGE THE FOLLOWING DATA AND INFORMATION REGARDING OIL AND GAS ACTIVITIES ON NORTHERN FRONTIER LANDS ON A ROUTINE BASIS

From the NEB to INAC

Notification of application, copy of unsigned authorization form and copy of approval for the following activities:

- Authorization to Conduct Geophysical/Geological, Geotechnical and Environmental Programs
- Diving Program Authorization
- Drilling Program Authorization
- Authorization to Drill Well
- Development Plan Application, Part I
- Production Operations Authorization
- Cancellation of Authorities or Approvals

Weekly status report summarizing activity for drilling and completing wells and the progress of geophysical/geological activities.

Statistical information on the use of the Frontier Information Office, and updates on the frequency of requests for INAC information materials. Status report on quantities of INAC materials remaining.

Notification of the status of area requested for a Significant Discovery or Commercial Discovery and regular updates on the status of processing of applications.

Notification on the approval of program reports for purposes of allowable expenditure administration.

Monthly production statistics in electronic format

Regular updates on wells coordinates and data from the NEB well system database in agreed format.

From INAC to the NEB

Updated data and information from INAC regarding land and rights issuance, in an electronic format useable by the NEB.

SCHEDULE TO MEMORANDUM OF UNDERSTANDING
made between the Department of Indian and Northern Affairs Canada
and
the National Energy Board.

- 1.1 The NEB shall notify INAC pursuant to clause 4.2 by telephoning at:

Director,
Oil and Gas Management Directorate,
Northern Oil and Gas Branch
Department of Indian and Northern Affairs Canada,
tel. (819) 997-0878 (office hours), (613) 295-1186 (after hours);

or by facsimile transmission at (819) 953-5828,

and by e-mail to Greeng@ainc-inac.gc.ca

- 1.2 The NEB shall serve notices on INAC pursuant to clauses 8.2 and 9.2 by mailing the notices to:

Director,
Oil and Gas Management Directorate,
Northern Oil and Gas Branch
Department of Indian and Northern Affairs Canada,
10 Wellington,
Gatineau, Quebec
KIAOH4

or by facsimile transmission at (819) 953-5828,

- 1.3 INAC shall serve notices on the NEB pursuant to clauses 8.2 and 9.2 by mailing notices to:

Chief Conservation Officer,
National Energy Board,
444-7TH Avenue S.W.,
Calgary, Alberta
T2P-0X8

or by facsimile transmissions at (403) 292-5876.