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WEDNESDAY, JANUARY 24, 2007

PUBLISHED MONDAY THROUGH FRIDAY IN FORT ST. JOHN, B.C.

Arbitration hearing could set precedent for companies: lawyer

Landowner accusing
Terra Energy of not
negotiating in 'good faith'

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ALASKA HIGHWAY NEWS

An arbitration hearing that one lawyer says could set a precedent for energy companies to refuse negotiations with landowners and take their arguments to the Mediation and Arbitration Board (MAB) started in Fort St. John Tuesday.

Since last spring, Terra Energy Corp. has been seeking access onto the land of Rhyason Ranch Ltd. in order to drill three proposed wells on two well sites. A mediation hearing in August did not settle negotiations.

In his opening statement, Terra Energy's lawyer Rob Bourne stated that the amount of compensation — which was based on industry standards and an appraised land value of \$600 per acre — was the central issue in the arbitration.

But Rhyason Ranch Ltd. representative Shauna Specht accused the energy company of not negotiating in "good faith" by bypassing proper negotiations and taking the case straight to the MAB to obtain right of entry.

"This case can set a precedent that any corporation can refuse to negotiate a surface lease and go straight to the Mediation and Arbitration Board...which puts the landowner in the position of waiting until the damage is done," she said in her opening statement.

The Rhyason Ranch is a 7,000-acre cattle and organic buffalo ranch locat-

ed near Mile 68 in Lower Cache Creek. A main point of opposition on Tuesday was the construction of an access road that would extent southbound through the property.

Landman Brian Dunn, who negotiated on behalf of Terra Energy, testified at the hearing that negotiations submitted by the energy company last year were reasonable for the size of the lease and the length of the access road.

But in a heated cross-examination of Terra Energy's vice president of drilling Tim Beatty, Sprecht questioned whether an alternate route that would incorporate the use of a public road was put forth in the negotiations.

Beatty defended the extent of the negotiations and added that the alternate route was explored.

"It is my job to make this process happen as quickly as I can...but the list of (landowner) demands is too high," he said.

Other issues surrounding the property include the construction of gates, security and the introduction of weeds into the ranch.

About 20 people showed up to view the hearing, and the second and final day of arbitration starts Wednesday at 9 a.m. at the Northern Grande. Both sides are expected to call witnesses and deliver closing arguments.

The role of arbitration is to issue a binding board order awarding compensation according to provincial legislation. The MAB is an independent, quasi-judicial body operating out of the Energy Ministry that aims to resolve disputes between landowners and energy companies seeking to explore or develop subsurface resources, including oil and natural gas.