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Second Session — Thirty-Second Legislature

of the

Legislative Assembly of Manitoba

STANDING COMMITTEE

on

LAW AMENDMENTS

31-32 Elizabeth II

Chairman
P. Eyler
Constituency of River East

VOL. XXXI No. 2 - 8:00 p.m., THURSDAY, 7 APRIL, 1983.

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MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Second Legislature

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TIME — 8:00 p.m.

LOCATION — Winnipeg

CHAIRMAN — P. Eyler, River East:

ATTENDANCE — QUORUM - 10

Members of the Committee present:

Hon. Messrs. Evans, Kostyra, Mackling, Parasiuk, Pawley, Penner, Plohman and Storie;

Messrs. Corrin, Doern and Enns, Mrs. Dodick, Messrs. McKenzie, Eyler, Filmon and Mercier, Mrs. Hammond, Messrs Johnston, Lecuyer and Manness, Mrs. Oleson, Ms. Phillips.

WITNESSES: Messrs. Bob Andrew, J. Truin, W. Gabriel, R. Kohaly, P. Francis, D. Leslie and F. Eilers - Manitoba Surface Rights Association;

Messrs. Cal Folden, H. Pockrant - Chevron Canada Resources Ltd.

Mr. D. R. Temple - Agricultural Producer

WRITTEN BRIEFS SUBMITTED AND INCLUDED IN THIS TRANSCRIPT:

Chevron Canada Resources Ltd.

Concerned Group of Agricultural Producers (Waskada, Manitoba)

MATTERS UNDER DISCUSSION:

Bill (No. 5) - The Surface Rights Act; Loi sur les droits de surface.

* * * *

BILL NO. 5 - THE SURFACE RIGHTS ACT

MR. CHAIRMAN: Committee come to order. We are receiving public input on The Surface Rights Legislation Act, Bill No. 5. At 12:30, we were in the middle of a presentation by Bob Andrew. Mr. Andrew, would you like to continue with your presentation?

MR. B. ANDREW: Honourable members, ladies and gentlemen, we were presenting our presentation in the form of having members of the association taking separate sections of it. I would now call on Mr. Jim Truin to deal with the Right of Entry portion of Bill No. 5.

MR. CHAIRMAN: Could you state your name for the record.

MR. J. TRUIN: Jim Truin from Waskada. Mr. Chairman, ladies and gentlemen. I'm from Waskada and so happen to live right in the middle of the oil boom down there; lucky. I've been farming the family farm for the past 15 years. My dad farmed the same farm for the past 50 years. It was a section of land that was completely cleared, with the exception of a couple of stone piles.

In July of '81, the oil came to my farm. They started to drill wells and in August of '82 had completed 18 wells on that section of land. This took up some 55 acres. At harvest that same year the oil company decided to put in a pipeline to each well. This divided each of my mile-long fields into five small squares which I had to harvest around. This is why I feel that the Right of Entry is a very important issue.

My section of prime agricultural land went from a flat, clear section to one with 18 pump jacks, roadways, and this all happened within 14 months. I feel that a farmer must have sufficient time to consider all these things that could occur before he signs a contract. During seeding and harvest it is a real problem out in our area. The closest legal advice is 40 miles away, and it's not always that easy to get ahold of someone. It's pretty tough for him to make a decision which could affect his farm, his life, and everything within a few days.

At the busy time of the year farmers are likely to put in a 16-hour day and has many problems of his own that occurs throughout the day without worrying about oil companies coming along wanting a lease, wanting to know where to put the well site, roadways, and something that could be there for the next 25 years. At those times of year, which are very important to agriculture, as well as to the future of the owned-farm operation, it is very hard to put a time limit on such an important issue as Right of Entry. Let's not forget that the oil companies have had these mineral leases for five, or possible even 10 years, to negotiate a contract and they always have to leave it until you're right in the middle of seeding, harvest.

In closing, I would just like to say if we get a good agricultural-minded Board, that they will understand the problems that we go through with farming and understand that time is very important during our busy season. Also, I would like to ask not to restrict us from a few short days to make major decisions about our future. We are not trying to keep the oil companies off our land, just to give us time to consider what is being put forth to us.

I thank you. If there are any questions, I will try to answer.

MR. CHAIRMAN: Are there any questions for Mr. Truin? Seeing none, on behalf of the committee I would like to thank you for coming here today.

MR. J. TRUIN: Thank you.

MR. CHAIRMAN: Mr. Andrew.

MR. B. ANDREW: Thank you, Mr. Truin. Mr. Chairman, our next section deals with compensation. Mr. Wallace Gabriel would like to address that point.

MR. W. GABRIEL: Mr. Chairman, members, ladies and gentlemen. Wallace Gabriel is my name. I started farming in the area north of Virden in 1951. Oil exploration arrived on our land in 1955. Since that time there has been 25 wells, two former battery sites, a supply yard, situated on our lands; 70-plus hydro poles, plus a sizable number of pole anchors on cultivated land; between 5.5 to 6 miles of graded roadways to well sites and former battery sites, miles of pipelines, flow lines, salt water lines, injection lines, marketing lines and six annal beds. Well sites and roadways use up 74.58 acres of our land. I do not own any of the minerals on any of these lands. It pertains to 1.5 sections of land in total.

Now, going to determination of compensation in 26(1), The value of the land having regard to its present use. That is (a) section. The Manitoba Surface Rights Act, Bill 5, supports the principle only by the use of the words in section 26(1)(a) the value of the land having regard to its present use. This unnecessarily and unfairly restricts the parties and the Board to a specialized value that has absolutely nothing to do with the marketplace. Few, if any, farmers are ever going to agree to the taking of any one of a series of small irregular parcels from his farmland for the purpose of farming. He may grant an accessible corner to his children or parents, the community for a church, school or cemetery at farm prices, or no price at all, but this is quite a different matter. This is a well-known and recognized principle of our society that, as urban centres expand, either for residential or industrial purposes, they tend to encroach upon the adjacent farmlands. It is beyond dispute that all such adjacent lands that are actually taken are inevitably sold at a price much higher than the going farmland price for quarter sections or more. Purchasers accept this as a reasonable and anticipated fact. Any land developer or builder of an industry on farmland approaches the acquisition of these lands more on the basis of the value to the taker, rather than the value as it is to the farm owner. The installations that develop are a little different from the location of small industries and are, therefore, industrial sites and certainly not farm installations. Owners in other parts of western Canada are able to successfully argue that their compensation should be closer to the industrial price rather than the farmland price, because their legislation does not include the restrictive clause found in Manitoba Surface Rights Act, Bill 5.

We know of no other element required by the operator in producing their profits that is artificially restrained in value. It is hard to accept that this limiting feature of The Manitoba Surface Rights Act, Bill 5, is adequate for the protection of the holders of surface rights. It is clearly for the sole protection of the operator. The value of the land is once and all payment that is not reviewable and therefore, should be considerable more than in regard for its present use.

26(b) Loss of use of land or an interest therein. Where land is taken out of circulation it represents not only a loss of use of these acres but also a loss of use of acres that are bearing a share of the overall costs of the farm itself. There can be little or no argument that the ower should be entitled to the gross value of the loss of use, based upon the value of grain or livestock as the case may be. In addition, through losing the acres from the total farm the remaining acres which are the sole responsibility of the owner must now bear the full cost of taxes, buildings, machinery, and management as well as the cost of money. Without the support from the lost acres, in addition, it is often the very best producing lands that are selected. It is therefore not sufficient that the owner be reimbursed upon the average yield on the total acres spread over a series of years or worse still, based upon an entire municipality's production based over many decades.

An additional element for these extra costs must be added; it must also be remembered that this element is not the same for every farmer even in the same district. It is well-known that some lands and some farming operations repeatedly yield better to one owner than even his neighbour. Installations falling into this category would, of course, include not only the well site and roadway but also tank batteries, disposals, injector and source wells, flow lines, service lines and pipelines together with above-ground installations, power poles and anchors and all other areas required or considered necessary by the operator. Now, that is the loss of use or an interest therein.

Are there any questions on any of these things that you would like to ask while I go through them or would you want to wait until we are finished?

MR. CHAIRMAN: The usual procedure is to wait until you're finished.

MR. W. GABRIEL: 21(6)(c) The area of land that is or may be permanently or temporarily damaged by operations of the operator. This is usually an after-the-fact decision since it cannot be forecasted by the parties in advance. It is often argued by the operator that such damages on the lands taken are not payable until abandonment and restoration. This is the wrong principle. If the land should be compensated on an annual basis, then it is similar to a tenancy. An ordinary commercial landlord is certainly entitled to compensation for any damages done to his property by his tenant and to receive such compensation when the damage occurs. He surely should not be bound to wait until his lease terminates. The problem results through a lack of respect by the operator or his agents driving over adjoining land for the matter of convenience or allowing substances to escape to adjacent land through negligence or disregard.

26(1)(d) Increased cost to the owner and occupant, if any, by reason of the works and operations of the operator. Well sites are generally chosen as squares or rectangles with a roadway connected for the use by the operator, in its simplest form creates eight additional corners. All farmers attempt to eliminate corners in their farm fields by the desire to have larger farm fields. The installation creates at least seven new headlands. These corners and headlands cannot be cultivated and, therefore, additional areas of loss are created or alternatively uneconomical; overlaps are required. These costs occur in every operation of cultivation, including preparing the seedbed, summer fallowing, spraying, swathing, combining and hauling grain. Seeding and fertilizing more than is required is not only added cost, but also the yield is reduced.

It must be remembered that it was not the owners choice that the lands be taken for the use by the

operator, and that just and fair compensation is his only remedy. In respect to flow lines, service lines and pipelines, as well as power poles and other above ground installations, the same question of severance arises, either temporarily or permanently. In addition, he is faced with the danger of collision of his expensive machinery with the property of the operator; damage to the equipment of the operator and the owner occurs. Power poles, guy wires and small above ground installations are the greatest offenders. He must either remain far back from these structures, whereupon additional severance is created, or he may endanger his equipment and that of the operator by coming close. He can never come close enough to cultivate all of his land. If he does come in contact much time can be lost at a critical time and expensive repairs are necessary.

Of course when we use increased cost to the owner what we are really referring to is severance. There is a well site in red outlined on this plan with a roadway connected. Of course, when you create severance, you take that piece of land that the operator is going to use for his well site out of the parcel of land and we have this, and this is severance. This is severed from the farm field itself; this is gone; this belongs to the operator and that's what we call severance, and that is the added cost to the severance portion, if you can get my point, I don't know whether it's clear or not.

Myself, I refer to this section as meeting that particular word "severance", but in general I think (d) does cover that part of what it is supposed to.

The adverse effect of the Right of Entry on the remaining land, that's 26(e). The adverse effect to the remaining land by reason of the severance - that's just what we have gone through - are the losses and extra costs incurred on the remaining lands each side of the severed land and extending to the farthest reaches of the farm unit away from the part we have severed out of the middle of the field. Most operators have difficulty understanding the difference between the element of adverse effect to the remaining land by reason of severance. The two are quite different, and are separate. If the owners are to be fairly and justly compensated for the compulsory taken then both features have to be clearly identified.

The result of disturbance on the farm fields by one or more wells, roads, etc., upsets the farming procedure on the adjoining farm field. Any of you who have flown over farm fields after seeding or swathing, can easily see the peculiar effect that exists on the outer edges of the farm fields. When you start going around a well site, it continues right out to the outer edges of the field. So it does have an effect on the remaining land very seriously.

26(1)(f) Payment or allowance for a nuisance, inconvenience, disturbance or noise to the owner or occupant, if any, or to the remaining land that might be caused by, arise from, or is likely to arise from, or in connection with the operations of the operator and damage, if any, to adjoining land of the owner, and including damage to the loss of crops, pasture, fence or livestock, and like or similar matters - it goes on.

One of the clauses - the first one - is for nuisance. When an owner becomes host to a series of oilfield installations, he also becomes host to a multitude of individuals, vehicles and machines coming and going from his property at all times of day and night. They are the operators, their agents and their independent contractors. It would be impossible for the operator to contact the owner as to their identity and their purpose. It is also necessary to check for leaks and spills, blowouts, downed lines or poles, locating agents to report damage and other similar problems which the farmer did not have until the operator arrived.

Inconvenience. There is always a danger of leaving large, expensive farm equipment for a short time in the field and particularly if it happens to be close to an access roadway to an installation. It also becomes more difficult for less experienced family members or hired help to work family farms in an oilfield because of the dangers of working small areas caused by the operator's facilities. Because the lands are opened up, livestock men find great difficulty in keeping track of their cattle and keeping them inside the fences. This often takes time and creates a loss to, first of all, locate them and return them to their pasture. The uncertainty creates as much cost as the actual loss.

Disturbance on ice. It is disturbing to a farmer to see even one, let alone a number of oilfield installations appear on his farm operation. He must leave his own operations at the wishes of the operator, usually without any prior arrangements made. They usually expect him to halt his operations there and then, stop and go over a complicated document or offer with the operator or agent.

All operators and agents are always in a hurry to get back to Calgary immediately. The owner seldom has the opportunity to take the document to his advisors. Failing to agree with the wishes of the operator or agent generally brings a reply that it be referred to the Board. This is also disturbing and that much more assuring since it too may require him to attend at a distance when his farming operation also needs his attention.

These issues did not exist until the owner was forced to accommodate the operator. While some companies do try to recognize good public relations, even the best find themselves concerned more with their own problems than with his. If fairness is to be granted, then a sum of money being the only alternative available, it must be allocated as compensation.

Noise. Noise can be a serious problem if the installation is located near buildings. Even installations at a distance can be a problem. If the wind is in the right direction, the comings and goings of vehicles, large equipment as well as gas-operated pumps can destroy an otherwise tranquil and happy farmstead. It continues day and night. Noise also attracts livestock which disturbs their feeding and watering habits. They are also in danger of moving equipment that is normally not supervised. It is disturbing to find how many installation that are located almost in the farmyard and, in some cases, installations on at least both sides. A cost for noise must be allocated as compensation.

Smell. Installations near buildings, prevailing winds carry smell. It can be overpowering and seriously disturb all of the occupants. It too is constantly there and cannot be escaped. No amount of deodorants can prevail against it. It did not exist before the oil fields were discovered.

Debris. Often company individuals attending at the installations, and more often than not, bottles, grease

rags, cans and similar matter must be disposed of. The easiest way is to throw it into adjacent crops where it is hidden from the owner until suddenly he finds a serious gash in an expensive tire that must be repaired or replaced, that creates significant down time. It is almost impossible to trace the persons responsible, except that this was not a common danger before the operator acquired the property.

There are numerous other problems also where operators require land for their operations on a mixed farm where livestock is raised. The farmer may have to temporarily move his livestock while the operator does his work. This not only disturbs the livestock but it also is an added cost to the farmer, to somehow come up with suitable pasture at a critical time of year. Although there are many other factors to be considered, such as flow lines, underground power lines, cathodic equipment, service lines, pipe lines, salt water lines, injection lines, metering systems, pumping stations of a pipe line company, it would seem Paragraph (f) would probably cover most of these.

Paragraph (g), The nature, type and quantity of any machinery equipment and apparatus to be established, installed or operated by the operators. It is not found at every well site, but all of it is found on one well site or another. I think that it's hard to visualize the amount of equipment that is used on different installations in the oilfields. It's, like I say, on one well site you wouldn't find one equipment, but on another you would find more equipment, and so on. I think I have a supply yard right close to my building site which contains probably the biggest part of that equipment in there and it would make any garbage dump look like a rose garden, as far as I'm concerned.

The interest rate, Paragraph (h) Where applicable in the opinion of the Board, interest at a rate prescribed by the regulations. Of course, we don't know what the regulations are prescribing but I'll give you what our views are on the way interest rates should be set up, as far as the farmer is concerned.

Interest has become a very significant economic factor for all of us, whether you are borrowing money or putting money at interest. Both the initial consideration and the annual payments are often delayed for one reason or another, particularly in matters of Board awards. There are also delays in compensation for crop damage, final payments, other damage that may occur. Interest should also be paid on compensation arising through adjustments following periodic reviews of their annual rent, which is usually delayed through negotiating procedures, and/or the necessity for hearings established by the Board at a later date.

The Manitoba Surface Rights Association feels interest rates should be paid by the borrowing rate rather than the investment rate because our money is usually borrowed for the operating farm expense.

Section (i) Any other matter peculiar to each case, including the cumulative effect. When an operator creates a producer he automatically thinks of development on the adjacent drilling unit. The owner is now faced with the demand for additional well site and roadway and flow lines, and following it's successful completion more poles, more flow lines and more everything, and so on and on. What represents enthusiastic success to the operators spells a degree of disaster to the owner's farm fields. One merely needs to look at the development of an oilfield to see the truth of these statements.

In the course of off time, depending upon the size of the drilling patterns permitted, the dominant industry is oil and the serving industry is farming. Gathering systems are necessary and then pipelines. The result on a farm field, which nowadays could easily occupy a full section, is one installation after the other. To the owner this is known as a cumulative effect. This effect has occurred in Manitoba; a visit to the field will prove the point conclusively. The elements or factor of compensation for a single installation have been outlined when a series of installations are imposed in the same farm field. The subsequent installation create the same factors for themselves and a new factor for both the original and the subsequent installation.

The adverse affect to the remaining land by reason of severance in each installation tends to run into each other, thus create a new factor or element altogether. They react on each other as does the stone dropped into a pond. The pattern is well-known. If two or more stones are thrown into the same pond at the same time each of the patterns reacts on each other creating an additional series of patterns. This is exactly what happens in the oilfield as it affects the farming operation.

It should be apparent to even non-farmers that if one obstruction is placed in the field it is possible to so arrange your farming procedures as to minimize the losses. When two or more obstructions are placed in the same field, particularly when connected by additional obstructions called connecting roads, then it becomes impossible to arrange the field in any acceptable farming pattern, except very small parcels. Where modern equipment is simply ineffective, an additional element of compensation must be provided and allowed.

Where the operation elects the profiliation of his installations to create his maximum recovery and profit each of the installations creating the cumulative effect create an additional factor or element of compensation. The first installation is part of the accumulative response. This is a serious and substantial factor or element. It is usually expressed in a percentage added to the sum and total of the factors of elements of compensation.

Paragraph (j) Such other factors as the Board deems proper, relevant and applicable. There are many important but isolated issues that arise in the competition between the owner and operator for the same land. These are matters which are peculiar to each case. The Board must give latitude to accommodate fair and just compensation when they arise. Because of the complexities and variations that develop in the oilfield industry wide authority must be given to the Board to entertain each of these situations, but only as the occur. New oilfield recoveries are constantly being developed which require new installations or added features to existing installations.

An example, in the installations of cathodic equipment, which presumably protects flow lines, service lines and well casings, the operator often requires the service of other industries on all or part of his installations. An example would be a metering system pumping stations of the pipeline company, pumps and other equipment where an injection system

is being created for the purpose of secondary recovery. It is common that the interests of a tenant may vary with that of the owner, and this section covers most of those situations.

I would just like to go back to the cumulative affect for a moment, I have a small map here of 9 well sites on one of my half-sections of land that has an in-field well in the centre at the bottom here, and those are the well sites cut out of the 320 acres. There doesn't really look to be all that much left when you look at it. You might wonder how we manage to farm it; it's difficult, very difficult. That would give you some indication, and with the placement of in-field wells, of course, create a new factor where it is doubled up on the old factor where the cumulative affect is certainly there on these. Whereafter the first one every one that went in with a roadway created another factor on the remaining land, every direction, it didn't matter which way you went from it.

I suppose if I would have had a whole section I would have had 17 holes instead of 9, so that is about my presentation, Mr. Chairman, I hope you got some help from it.

MR. CHAIRMAN: Mr. Parasiuk.

HON. W. PARASIUK: You say you don't own your mineral rights, how long have the mineral rights been owned by people other than those who are farming the land. Do you any idea of that?

MR. W. GABRIEL: Well, I think it started in the '50s when people sold land, they automatically kept their mineral rights which was quite natural. I think anybody would if they thought there was oil around in the area, or anywhere in Manitoba today, I suppose if you bought a piece of land that they would probably reserve the mineral rights and sell you the land.

HON. W. PARASIUK: But in your case, did you sell your mineral rights?

MR. W. GABRIEL: I never did own them.

HON. W. PARASIUK: You never owned them. You don't know when they were sold by the farmer who was — (Interjection) —

MR. W. GABRIEL: They were never sold, they were retained by the original landowner.

HON. W. PARASIUK: So, the original landowner kept the mineral rights and didn't do much with respect to farming for possibly a long period of time, and whoever's farmed that land for a long time did a number of things to that land; possibly put drainage ditches in; tilled it in certain ways; might have rotated crops; done a whole set of things. But there is a big difference between the compensation given a person if they own both surface rights and mineral rights, than that given a person if they only own the surface rights.

MR. W. GABRIEL: There probably would be, but there shouldn't be really. What is the difference? I don't know. I've never had mineral rights, so I don't think of it that way. I think, surely the people have the right to retain their mineral rights. It belongs to them, if they don't want to either sell them, or give you some of the land.

HON. W. PARASIUK: Have you ever heard of complaints from people regarding surface rights violations if they, in fact, owned the mineral rights, as well as the surface rights?

MR. W. GABRIEL: Oh, definitely.

HON. W. PARASIUK: They have complained as well? Are there members of your association who have mineral rights in addition to surface rights?

MR. W. GABRIEL: I suppose yes, I imagine there were some. I don't know what the percentage is.

MR. CHAIRMAN: Are there any other questions? Mr. McKenzie.

MR. W. McKENZIE: Mr. Gabriel, you mentioned in your comments there, additional elements must be added when you were speaking, I think, to Section 21. What are you suggesting there? In your remarks, under the compensation section, you mentioned "additional elements must be added." That was your remarks. I was wondering what you were referring to?

MR. W. GABRIEL: I don't recall that one . . . oh, I meant there might be other factors that should be added.

MR. W. McKENZIE: I was wondering what are you suggesting should be added to the legislation, what other elements?

MR. W. GABRIEL: It's such a complicated situation that with new technology and new things happening in the oil field that I have no idea. I don't suppose the operators have. We have seen things happen in our lifetime that we never heard of 20 years ago.

MR. W. McKENZIE: Well, just one more question. Then therefore, it's left to the discretion of the Board, that hopefully these elements that you have mentioned will be dealt with.

MR. W. GABRIEL: I presume mainly, yes. We should be aware that the possibility is there and they can arise.

MR. W. McKENZIE: Thank you, Mr. Chairman.

MR. CHAIRMAN: Mr. Manness.

MR. C. MANNESS: Thank you, Mr. Chairman. I'd like to tell Mr. Gabriel that I sympathize with him in one regard, and that is his comments on severance or disturbances. As somebody who farms flat land in 80 or 100 acre chunks, I can certainly appreciate the extra time that it must take to work around these types of disturbances, particularly if they end up in triangular fields.

I'm wondering if you have any supportive evidence at all to indicate how much longer it would take you

to, as a farmer, work around an 80-acre field with say, one or two of these, as you call them, severances? Without ballparking it at all, have you done any analysis by doing nothing more than by looking at your watch; from going into a good field to one where you have encountered this type of problem?

MR. W. GABRIEL: I have never really done a real study on it, no. I've asked the university to try and do a study and so forth. It's very difficult. There's so many things to a farm operation too that you have to do in different years to grow a different crop and so forth. Are you meaning just one operation of making summer fallow or something of this nature?

MR. C. MANNESS: No, I'm talking about specifically one pass, whether it's the seeding operation; whether indeed it's the harvest operation. Like you mentioned swathing, because again I'm fully cognizant of the extra time it takes, although I too cannot define it. I'm wondering if indeed any of your people can . . .

MR. CHAIRMAN: Excuse me, Mr. Manness, could you move your mike a little bit closer, Hansard's having trouble picking it up.

MR. W. GABRIEL: You have these factors happening in every operation you do on the farm, whether it's harrowing, seeding, cultivating, swathing, combining, spraying. Every time you go over the field, you have the same problem.

MR. CHAIRMAN: Are there any further questions? Mr. Harapiak.

MR. H. HARAPIAK: Mr. Gabriel, I'm interested in the payment for allowance for noise. I'm wondering if there is compensation for noise in Saskatchewan and Alberta, and how you would arrive at a dollar figure for noise?

MR. W. GABRIEL: It's difficult. I have a roadway that goes right past my house only about 150 feet, and I get a lot of noise; I get a lot of dust; I get a lot of everything. How I would actually put a figure on it, I've never had that problem yet, because I've never been able to review the leases. It's interesting. They're difficult situations. It's not just difficult for the operator, it's difficult for everyone involved, because they are, like you say, we don't have an actual figure we can say that's what it is; a dollar for a pound of noise or anything like that.

MR. H. HARAPIAK: Is there compensation for noise in Saskatchewan or Alberta?

MR. W. GABRIEL: Yes, it's included in their Act.

MR. CHAIRMAN: Are there any further questions? Hearing none, I'd like to thank you for taking the trouble to come here today, Mr. Gabriel.

MR. W. GABRIEL: I'd like to thank you.

MR. CHAIRMAN: Mr. Andrew.

MR. B. ANDREW: Mr. Chairman, we've now dealt with two points. As you are aware the Right of Entry by Jim Truin; compensation by Wallace Gabriel, and in addition to those, we have three more to deal with. We thought that possibly we would have Mr. Kohaly deal with the technical points on those two items in the interests of keeping continuity, if that meets with your approval?

MR. CHAIRMAN: Mr. Kohaly.

MR. R. KOHALY: Mr. Chairman, ladies and gentlemen, unfortunately, my lack of attributes were already detailed this morning and I don't need to repeat them, but admit immediately that I am a lawyer and that I have had some nodding acquaintance with legislation that ceased rather quickly.

I won't be long. I'm not going to repeat the items which have been dealt with quite effectively by the previous two speakers. I direct your attention, however, to a problem in 16 subsection 3. The Right of Entry is one in which the operator is keenly interested. It has absolutely no interest to the owner. They would prefer not to have the Right of Entry at all, because they don't need it and don't want the installations there. But we must recognize that the two industries must live together for the benefit of all concerned, and therefore, the Right of Entry provisions must be as reasonable as possible.

16(3), you are to be commended. This is one of about six different areas in which Manitoba is taking the lead in Western Canada, and showing some guidance to both Saskatchewan and Alberta where far more well sites are involved. Their legislation is behind you on that. This is one of them. The waiting period is an excellent idea, particularly when you bear in mind that these agreements are going to last for more than a lifetime if there is production. They are for 25 years, generally renewable for 25, which is just so long that it's wise to take a minute or two anyway to take a look at them. The waiting period is an excellent idea to give them some chance to take a look at it.

The no-waiver provision, an excellent provision because many of them are really not aware of how serious a problem they are getting into. That time frame does at least give them an opportunity to speak to their neighbours who may have had some experience and would advise them to get some help. If not that, of course, within the three- or four-day period, their wife will at least tell them to take another look at it and don't hurry so fast.

So, it is a good provision. It is not found in either Saskatchewan or Alberta. The time frame you have selected, borrowed from Mr. Nugent, three days. Generally speaking if you get to such short time frames in courts, and/or anything else, they are at least clear days. It would seem to be reasonable that they should not include a Saturday and a Sunday and a holiday. Despite the fact that lawyers in country places work seven or more days a week, they're sometimes found missing on Saturdays and Sundays and hard to get ahold of to give them some help. So, it should be clear days and I commend to your committee to give that some thought.

Secondly, bearing in mind this is for 25 years renewable, it should be for a little more than three days. If I had my choice, I would recommend that seven

days, bearing in mind the seeding, harvesting, and calving season that is involved, but if not, at least you should look at your own direct sales, your Consumer Protection Act, I believe it is called, direct sales. They're four days. Again, a good piece of legislation, but four days is realistic. I believe they are clear days in there but I don't know the legislation that well. Surely if it's realistic to have four days for pots, pans and magazines contracts, something like this for 25 years and the whole farm to be operated, should at least have the same amount of time.

I really can't debate the three and four days, but I do leave it to you that if judgment was four days for the direct sales, surely four days clear here would be realistic.

The provisions that I don't touch are ones in which I again commend you. They're excellent, they're going to solve your problems and help the Board to solve their problems and farmers and operators will be much better off in this province as a result of the passage of these sections. So, I don't touch them.

18(2), may I just briefly draw to your attention that when this Act comes into effect, it will apply to, by good judgment, and I must have been agonizing for you, to decide to make it cover all agreements in existence from whatever date. That was good judgment. You will find that it will be supported by, not only the owners enthusiastically, but I think you will find that it will be supported by the operators as well. They cannot afford to have two groups of citizens or two groups of people in the community who are lessors to them, one being looked after fairly and squarely and moderate in fashion and one not because it would be aggravation. It would just be a simple set of new disputes.

Secondly, you will find that when this occurred in Saskatchewan, they did do it in '68, they covered them all. They had to agonize over the thing. It was a serious problem particularly for lawyers to swallow that you interfere, as they say, with private contracts. There is a good case to be made for it. Your courage will be borne out, I predict for you as it was in Saskatchewan.

Alberta made an effort to do otherwise. Their 1972 Act covers only those installations from '72 on. They therefore attempted to make the division. But in effect, the operators found that this just didn't work and so there wasn't a division to any marked degree. I am impressed that in the Standing Committee established in Alberta of Members of the Legislature, that's how they deal with it there to investigate these matters and to hear briefs and reports, that the Landmen made a recommendation that distinction be taken out of the Alberta legislation. The commitee accepted that, the Standing Committee of Alberta accepted that, and during a recent election campaign in Alberta, the Premier adopted all of the recommendations of the Standing Committe and said, when he got time, he was going to put them all into effect.

That is all available to you, so I support what you are doing here. I commend you, you have bit the bullet. It is a difficult one to bite, but you have done so and your people will be better off for it and your industries will both foster and help each other as a result of this courage.

But in section 18(2), you have left a loophole here that may haunt your Board and the best possible people on the Board will have difficulty with this, Particularly if you take agriculturally familiar people and not necessarily lawyers with that type of technical background.

You have elected to not follow the provisions of either Section 23 in Saskatchewan or Section 12 in Alberta, in which the rights are specified. In the Saskatchewan one, there are only five rights, but those five rights cover a multitude of operations of various natures. But, there are only five. In Alberta, there are two sections involved, together they total only six. It would be wise for your to reconsider whether you couldn't take the little bit of extra space and specify it for the assistance of the Board, the rights which can be granted.

They are not difficult really, and they do cover the whole picture and they are very clear:

The right to enter upon land for the purpose of drilling for a mineral. That covers the whole normal drilling process and there is no problem then when the Board makes its order, it says, we order that the oil company named so-and-so shall have a right to enter upon the land described for the purpose of drilling for a mineral.

And, the land for a well site and roadway. Very clear.

Then, whatever details they want for specialized equipment on the land.

The right to enter upon, use, occupy, take land for purpose of constructing a power line, very clear and finally, land for a battery site.

Those are the types of orders which can be made and you will have less difficulty with courts.

I am trying to interpolate what the Board meant and you have simply said, specify the rights granted, in the second line. An order and so on and so on, specify the rights granted. With respect, I hope the committee would take a look at Sections 23 Saskatchewan and Alberta 12 and come up with a solution that should accept it or leave it to the Board to wander their way through.

Over to service of the notice and the effective date of the notice on Section 24, there's another point to be made here. Again we are dealing with Rights of Entry as well as all other matters, a notice to be served, personally as provided for, but it's really not one that is going to be exercised. I cannot recall in 30-plus years any operator ever, under any circumstance, serving a notice personally, unless he was going to be there anyway. That is, he came already prepared for his entry application, trying to get the lease signed. He knew in advance he was going to have some difficulty, so he may well have had his application to the Board for immediate Right of Entry in his pocket. Those isolated cases they just hand them one, the fellow says no way, I've had two leases before, I know what the problems are, I don't want the document. Too many things in there, well then he hands him personally the notice of immediate Right of Entry, but otherwise they don't. It goes by registered mail, certified mail nowadays.

However, in your Section 24(2), I don't know whether this is a drafting misunderstanding, or whether it is an intention on your part to have a principle. In the third line, "of the receipt of the postmaster" is the date that you are showing when the seven days shall start to run, the receipt of the postmaster.

I was enthused in reading that because I assumed, therefore, that Manitoba was receiving far better postal service than we are in Saskatchewan. It's not possible in Saskatchewan to really get mail across town in seven

days and certifying it and/or registering it seems to ensure that it would be delayed even longer. Really, to send it out to country places, bearing in mind that most of these will come from Calgary and they will be coming to small communities in Manitoba on occasion, particularly in the spring and the fall, believe it or not there isn't mail service to the door in a lot of these farm places, and they don't always go in to town to pick up their mail every day. So the seven days could very easily expire in the hands of the benevolent postal service and/or not picking it up, never mind having time to react to it.

So we encourage you to change that to be the same as you have in your County Courts Act, for instance; the same as in your Highway Traffic Act, if you were losing your licence and you get a notice, that's equally important. Your Farm Machinery and Equipment Act, in each case you say, the date of receipt, and there's nothing wrong with that. Now you have eliminated the problem of postal service and/or picking it up. Unless you really do mean that you're not going to give them very much time and you're going to just leave it in the hands of the postmaster, that really should say the date of receipt, rather than the receipt of the postmaster, the date of receipt of the addressee if you want. It's only fair, and remember that you are dealing with extremely short time frames because these sections deal with the interim Right of Entry, which is restricted to seven days. If you don't make your application and you have to get it turned around and back again and received by the Board within the seven days or you're lost, so at least the date of receipt, ladies and gentlemen, should be considered by the committee.

I spoke this morning that in the spring and the fall if there's some way you can recognize the time frames there and then those time frames to make it much longer. Thirty days would not be unrealistic in that season of the year for farmers.

Section 25(5). Again, I don't know why this has happened. I hope it is simply a drafting problem but let us get it out of there if you will, Committee members, before the Board have a problem with it, and two smart lawyers get arguing through three or four court cases over this one. If you will look at Section 57(1) which deals with a somewhat similar situation, and 25(5), they don't dovetail; they deal with the same thing. Section 25(5) says six-month period, and 57(1) says three months. Really here is a case where, if you want to shorten time frames, you're quite welcome to do this with the support of the owners. This should be three months in both cases. This just may be a mistake here; I don't know. If the draftsman is available he'll tell you.

If it were three months it would be the same as Saskatchewan and it has worked well; there is no problem with it. In Alberta it is two months and has always been two months and it has worked well. Six months would be an inordinately long period of time so probably 57(1) is the one that was intended to be and it should be three months.

The matter of compensation is not one that concerns me, except to tell you that it is, with one slight exception, very similar in nature to that which has effectively worked in Alberta and Saskatchewan in many thousands of cases and this is a help to the Board. It is like a check list for the Board. It is a help to the owners. They get an idea of what they should be asking for under the various headings. It is a help to the operators to follow this and explain it to owners and to put figures beside each one. Having said that then, of course, in (a) you immediately have a problem of what is the fair market value or the going rate for an irregular piece of property selected out of the centre of a large parcel because there aren't many comparable sales available in any community. It just doesn't happen, so you've got a real problem with the value of the land.

Boards have traditionally settled this by acknowledging that the black-stock formula doesn't exist anymore, but immediately applying that and it works fine for all concerned.

Why the Province of Manitoba elected to put in the last phrase, "having regard to its present use," I wish someone would ask the draftsman that question and get a response. It detracts significantly from the meaning of the value of the land. Just one example for you. It could well be that an installation is taken on a piece of native pasture today which, in the course of time and common sense in agriculture, becomes cultivation tomorrow. Then, of course, since (a) is a once and for all payment, this is not part of the annual rent, this is the initial payment, it's a once and for all. It is not reviewable in your review provisions so obviously the value of native pasture, as against the value of cultivated lands, never mind irrigated lands further down the road, and so on. Having regard to its present use, fixes him forever and you give him no review and you just create aggravation. It serves no useful purpose. Both Saskatchewan and Alberta in the compensation which is similar to your own, has only the value of the land, period, and it has worked.

If you're looking for a way to cause some excitement I think you've got one there and it serves no useful purpose. I commend to the committee that you have a long look at whether you really need that, having regard to its present use.

On compensation, which was dealt with, I was impressed that you did not accept the Nugent Report recommending an element of force taking. That was another leading edge. Alberta, of course, their committee is recommending it. The Premier, as I said, in the last campaign said he supported it and would present it. You'll find it in the Alberta report of their Standing Committee similar in nature to this one. On Page 15 it cites recommendation (c)(2) and they do recommend it. You can expect other surface owners in years to come, as and when this comes into effect, that they will be on their doorstep and you will be dealing with force taking, and one of the supports for it will be the Nugent Report who commends this to you. You might want to take another look at Mr. Nugent's recommendation on that subject on Page 31, Section 4.07. It has merit but taken all in all your material is excellent and you should be commended for it.

I'd like to finalize my comments on Sections 27(1), the Interim Order. Again this is one that causes a great deal of problem, aggravation and this is what gets farmers mad. They get mad at, first of all, the operator, very rapidly at the Board, and when they get mad at the Board they tend to say it is no good, I won't go there; it is prejudiced; that's wrong, but it does, this is the one that makes them mad, this Interim Order. Really what gets them upset is this short time frame. I appreciate that we'll have to live with a short time

frame because of the tendencies of the oil industry despite, as you heard this morning, that they have spent hundreds of thousands of dollars and some considerable time thinking of where they're going to drill. They must have known where the land was, but they never addressed themselves to the acquisition of the surface on which they need to stand to do this multimillion-dollar operation until the very last minute. I don't know who it is in the towers in Calgary that suddenly makes the decision, hey, we need the land to do this job, because it's always at the last minute somebody rushes out and says, oops, the rig is coming over the hill, can you see the dust, we have to have this site and we want to spend millions of dollars for you. Nobody ever thought of LSD7 which they need and yet they have been dealing and zeroing in on that with all the geological information and everything else for two years trying to decide where it's going to be. Then the answer is, look guys, we can't hold this up, you heard it this morning in different language, gosh, we need this right away, and that is the truth.

So, we have to go along, the owners have to go along to some degree, we would ask you to make that as reasonable as possible. We have the selfsame problem in Alberta for years and years. The people that stood here from Landmasters this morning telling you about this problem came from Alberta, and in Alberta they understand exactly what this is and the oil operators live with it in Alberta, and have since 1972, without any problem. When the Standing Committee met there was no objection from the Landmasters in any way about this time frame. The report is here, you have it in your library. They start out in Alberta with 14 days, Section 18(1) of The Alberta Act, 14 days; you cut that in half. In addition, the Standing Committee of the Legislature of Alberta, on this subject, recommended - and the Premier said he was going to implement it - it be increased to four weeks. Where were the Landmasters Association of Alberta where they have so many more wells and 750 people working, where were they. But here they are objecting to short time frames like your seven days. Now, ladies and gentlemen, if you want to really stir the farmers up and hurt your Board, before it is even started, stick with the seven days; otherwise, take a look, 14 days now in Alberta recommended to four weeks.

I hate to mention Saskatchewan, but Saskatchewan does have seven days initially, but if the owner sends in an objection in any fashion and says I object to the right of entry, then the Board must, within 21 days, they give him 14 days further notice, so what you end up with is seven plus 21 as a maximum, which is 28, which is four weeks, which is what they're talking about in Alberta, but yours is within seven days, it is terribly short and you might give some thought.

There certainly is need for urgency at that time and short time frames, not measured in months now, but certainly not measured in seven days. I commend to you to take a long look at that type of thing and see if you can't give the owners a little bit more leeway. One would wonder why there was objection in Manitoba to seven days when Alberta, with their 14 and there isn't an objection in going to 28. So, I wonder if it was as bad as the operators sometimes put it.

I don't have any other technical problems with your legislation that I can draw your attention to on behalf of the owners. If there are any questions on any of the Right of Entry or Compensation principles I would be glad to try to answer them for you.

MR. CHAIRMAN: Are there any questions for Mr. Kohaly? Does that finish your presentation then?

MR. R. KOHALY: No, I think they're going to have some of the members of the association, the farmers, make a presentation on abandonment and then I have one or two technical points to raise with you on that. Our format will continue to follow the way we have been, with your permission.

MR. CHAIRMAN: You're finished temporarily then.

MR. R. KOHALY: Finished temporarily, yes.

MR. CHAIRMAN: Mr. Andrew.

MR. B. ANDREW: Mr. Chairman, our next section is on Abandonments and Mr. Philip Francis will address the committee on that item.

MR. P. FRANCIS: My name is Philip Francis, I come from Virden. First I would like to thank the Chairman and Members of the Committee for the opportunity of addressing you. I'll be addressing myself to Part 4, Abandonment, of Bill 5, The Surface Rights Act.

First I would like to draw your attention to Section 37(3), it reads, "Upon notice of termination or abandonment having been given to an owner or occupant by an operator, the operator shall forthwith deposit with the Board such security as may be fixed by the regulations as assurance of due and proper completion of abandonment and restoration in accordance with this Act and the provisions of The Mines Act."

Now, I draw your attention to the words, "such security as may be fixed by the regulations." Why not state in the bill what such security might be, $5,000, $10,000 or . . . But abandonment of a well site or battery site it may be very difficult to determine hard and fast rules for costs of reclamation and compensation for loss of productivity. In my experience of reclamation on land where spills have occurred off-lease the costs can be very high. It will depend on the type of soil, type of spill, as well as many variables, such as, amount of rainfall and snowfall, as well as accessibility to the area to be treated. Sandy soil is most affected by oil soak; clay soil by salt water soak; other soil types by one, or other, or both of these. My experience has been with sandy soils. I have found reclamation can take longer than 25 years. So I would suggest that such security be at least $10,000.00.

To add to this losses during reclamation may prove hard to determine also as most of these areas will be away from the boundary of the field. This will require travel through, or over, growing crops during most of the period when treatment may be carried out. The trampling of crops may cause as much, or more, loss as the effected acreage does. All costs of reclamation, whatever methods used, must be borne by the operator. All spills, on- or off-lease, must be treated in the same manner on abandonment of an area where oil recovery

is no longer carried out. Yearly payments should continue unabated until owner or occupant are satisfied the areas in question have been completely reclaimed or restored.

I draw your attention to Section 40(1), the period of up to 10 years when owner or occupant may apply to the Board for a determination of a matter relating to abandonment, at first glance would seem to be very generous, however, this may not be so when you consider that Section 41(2) says, in part, "Where the Board does not receive an application from owner or occupant, if any, under Section 40, within three years from the date specified in a notice given pursuant to Section 37." Why should the onus be put on the owner or occupant to make application within three years, or for that matter any limited time up to ten years. New areas may be found at any later date, partly because often flow lines and salt water lines are not removed on abandonment. These lines may be full of oil or salt water or both. Time will rot and spill the contents. I don't see anywhere in the proposed legislation where there's any mention of flow lines or salt water lines. I would like to see in the legislation that all pipes, flow lines, salt water lines, and underground equipment be removed on abandonment at operator's cost.

An inspection system, will I believe, have to be set up to see that the operator does not bury any pump basis or other garbage at a well site or battery site on abandonment. Yes, this has happened.

I believe Bill 5 is a good bill. It only needs a few changes to make it an excellent bill. Let's see those changes made now. I thank you all for your attentiveness.

MR. CHAIRMAN: Are there any question for Mr. Francis? Mr. McKenzie.

MR. W. McKENZIE: Thank you, Mr. Chairman. Mr. Francis, you've experienced the abandonment process, I understand from your comments.

MR. P. FRANCIS: I've experienced abandonments, yes.

MR. W. McKENZIE: How do you come out of it financially up to now?

MR. P. FRANCIS: Zero, because the contracts we signed gave nothing on abandonment because, on abandonment, usually, when the operator notified you of abandonment he had already gone out and cleared the site, possibly, and in one particular case, buried a pump base, which I found some years later. They come to you and say, is it cleared up to your satisfaction? At that point, you have no way of knowing what is buried.

MR. W. McKENZIE: Have they removed all the pipe up to now or do you still have pipe on your property?

MR. CHAIRMAN: Are there any other questions? Mr. Mackling.

HON. A. MACKLING: You referred to spills. How often did you occasion spills on your property?

MR. P. FRANCIS: I don't think I could itemize the number of spills.

HON. A. MACKLING: They were that frequent?

MR. P. FRANCIS: Some of them, the greater number were accidental spills, some of them were not accidental. Some of them that happened as much as 25 years ago were strictly due to the failure of the operators to know what the effect would be, I would think. Because in one case, a flow line was laid on top of the ground for a little over half a mile inside our fence line during the winter, of course with water mixed with the oil, it froze. During this period, they poured oil along the top of the line and then set fire to it to heat the pipe. The next year the pipeline was removed from there and buried somewhere else. The effects of that are still evident on that property right now.

HON. A. MACKLING: The operation is that they pump into a tank if they don't have a line leading to the central people. They pump into a tank and then doesn't it automatically shut off when it is full?

MR. P. FRANCIS: That may be the case today, but it certinly wasn't the case. There were many, many, many pits that were used for salt water as well as oil and many of these, particularly after drilling a well, a great amount of oil and stuff was buried right in the pits. It is still there today if you want to dig it up, I should imagine.

HON. A. MACKLING: Before an abandonment takes place, what you're suggesting is that there should be inspection and confirmation of clean-up.

MR. P. FRANCIS: Definitely, definitely yes.

MR. CHAIRMAN: Are there any further questions? Seeing none, I would like to thank you for appearing here tonight, Mr. Francis.

MR. P. FRANCIS: Thank you.

MR. CHAIRMAN: Mr. Andrew.

MR. B. ANDREW: Mr. Chairman, I would like to interject just one note. Back earlier when Mr. Gabriel was addressing the Committee, there was a question from one of your members regarding the additional costs in operating due to installations. I think that your Committee will find information on that later, whether it's this evening or later on by other presentation. I just thought I would bring you up to date on that. There is some information coming on that.

The next item is The Tortious Act and Mr. Doug Leslie will deal with that item.

MR. D. LESLIE: My name is Doug Leslie. I farm in the Virden area. For anyone who doesn't know what a Tortious Act is, I have some pictures here of a spill that occurred on my farm last year. I think Mr. Parasiuk maybe recognizes these. When put together, this shows three acres. For Mr. Parasiuk's information, I have yet to receive any compensation for those three acres. We have done numerous dealings with Suncor to get them to negotiate, but they seem to refuse to want to deal with it.

As a matter of fact, our last correspondence from them was to the effect that, their wording was, "if any damage had occurred". It seems quite apparent, by those pictures that there is damage. Even some of their employees who observed it during the summer agree that there is damage, but we can't seem to get their land department to do anything about it.

To deal with the Tortious part of your Act in Part 5, we have no problem with the part of liability. It is very good. As this bill is reported the liability part of it comes into play immediately. The operator is liable. Proven fact. The problem occurs when we get down to number 45 on page 24 with the 90 days. The operator or owner has 90 days to report this spill to the Board. The problem would arise with the 90 days. If it occurs in the winter, the following summer that field is in summer fallow, you already have almost a year-and-a-half passing before the extent of the damage can be determined because you have to wait till you have a sown crop on there in seeing the exact extent of how far the spill has run. It could have looked to you in summer fallow maybe a half-an-acre and in essence ran maybe two-and-a-half, three acres and in every direction. As you can tell in those pictures, salt water only runs in fingers. It goes to the lowest spot all the time. You don't get a square chunk or a round chunk, you get all over the place. So 90 days is not - I don't see where at all that this comes into play. I think that part of the Act should be stroked out. How can anyone determine in 90 days the extent of the damage? I think you should have all the time possible to see the extent of this damage.

Also, a possibility that could occur is the oil company may pay you damage for a length of time, and then all of a sudden, maybe two years later say, I'm not paying you anymore. Well, your 90 days has gone by from the time the spill was originally reported; you're out. What are you going to do about it? So, your 90 days is really no good there.

Over in 46, Section 3 of that, and after six months the claim is barred forever. It seems to deal back again with 45. Why the time period is on there, I don't know. Is it there to protect the operator or what? I feel there's no necessity at all for this time limit stuff. Other than that, the part of liability is good.

The one thing that could be placed in here is maybe a penalty clause which Mr. Nugent referred to in his Commission, the fact that any operator not reporting a spill, and if he did report it, not looking into it properly in the area of restoration and not fixing the problem that caused the spill, his operation must be shut down.

I would like to see the proper authorities in government, such as Mines and Gas Conservation Board have the authority to put a lock and key on any operation that a farmer is having trouble with in the area of leaks and spills. It should be followed up maybe with the environment people to see what the operator is doing to clean this stuff up. That particular spill that I showed the pictures for, I asked the government department in Virden the other day, I said, "Did you fellows ever go back out there last summer when it was in crop and see the extent of the damage? Did you check and see what the oil company was going to do about it to fix it up?" "Oh no, nothing we can do about it; all we do is file the report." What good is that? Fine, they've filed a report, but from there, what recourse do I have? None.

So, maybe there should be a substantial penalty placed on the operator to make sure that he follows up on his spills, and maybe they would start to clean up their act. They keep saying that in these last few years, they've done all kinds of work to stop these spills, but as evidence has it there, myself, I have just lost another three acres out of production. Just a rough estimate on that one quarter section, there's 8.34 acres taken out for surface lease alone, but also when you add up the spills, comes to almost-one half that again, which comes to a total of four acres.

How long the oil company is going to be here yet, we do not know. But how much more land are we going to lose through this stuff; these spills? They only made so much productive land in this country and if we continue to ruin it at the pace we're going, we're going to run out of it. The environmental people are always after the farmers for their practice of farming and checking up on them and giving us the devil if we don't do things properly. What are they doing to the oil companies? Not too much. I think maybe that some of those people should be looking into this matter. Maybe in this piece of legislation here, maybe there should be something put in here instead of all this time limit stuff put onto the owner. Let's put some onus on the operator to clean up his act.

Thank you.

MR. CHAIRMAN: Are there any questions for Mr. Leslie?

Mr. Harapiak.

MR. H. HARAPIAK: Mr. Leslie, was this an oil spill or a salt spill that's in those pictures?

MR. D. LESLIE: That is a combination spill. That certain location; that's four of 20, produces 98 percent salt water, 2 percent oil.

MR. H. HARAPIAK: I know it would be difficult to apply, but is there any fertilizer that would neutralize this?

MR. D. LESLIE: The oil companies are experimenting in different areas on this; Chevron Standard are doing a lot of work now in reclamation. It's a little late, but they are no doubt doing it. We commend them for it. They have taken the initiative in the field. They're doing quite a bit of work on it. It's a slow process; and expensive.

MR. H. HARAPIAK: Has there been compensation paid on other areas? You said you received no compensation on yours.

MR. D. LESLIE: The reason I have not received compensation is because, I suppose being a little radical, I expect that I should receive a little bit more than they're used to paying. I'm looking for an annual rental on that piece, because to me it creates more problem in the shape and form that it is and how it affects the field, than an ordinary lease site which is marked off on a square.

Their usual compensation payout for these spills has been, they step them off roughly with you in the fall before you combine, and then they send a landman

out from Calgary area, and some time in November, December, they come down - "Okay, you have this many acres, what crop did you grow on there?" You'll say, "Well, I had wheat on there". "Well, what did it average?" I'll say, "Oh, around 45 bushels to the acre". "Forty-five bushels to the acre? How come you got 45 bushels to the acre, the average in this area is 30?" Right away you're a liar, because the average is 30. They never take into account what your operation entails.

Then they ask you what price, and you say so much. "Well, how come yours is more?" "Because it's No. 1, not No. 3". The same follows for all. So, why should we have this hassle every year? We don't need this hassle. Why don't they measure them out, pay us an annual rental on them. We have to deal with them whether they're in summer fallow or crop anyways. I think Suncor, this is their problem now. They do not want to step out and make the presence, as they say it.

MR. CHAIRMAN: Mr. Mackling.

HON. A. MACKLING: I take it that you're concerned that if a spill occurs to the knowledge of the operator, that communication should be given to the owner of the land.

MR. D. LESLIE: True. It does not always happen.

HON. A. MACKLING: Were you notified by the operator when the spill occurred on your land?

MR. D. LESLIE: On that one, I was, yes. It was hard not to notify me. I could see it from my house.

HON. A. MACKLING: But there were other spills that you're aware of, either on your land or neighbouring land, where it was a matter of the owner of the land having to discover . . .

MR. D. LESLIE: That's true, yes.

HON. A. MACKLING: . . . and the operator may or may not have known that a spill occurred?

MR. D. LESLIE: Most times they know. They don't want you to know about it until they maybe have time to cover it up some way or another. Some are very hard to cover up. When you start spilling two or three acres, it's pretty hard to cover up two or three acres.

HON. A. MACKLING: So what you'd like to see is an obligation in the Act that where a spill does occur and the operator is aware of it, that he's duty bound to notify the owner of the land?

MR. D. LESLIE: That's right, yes. You've already provided for that.

HON. A. MACKLING: Well I didn't see it in here.

MR. D. LESLIE: It's not in there?

HON. A. MACKLING: Well, I don't think it is.

MR. D. LESLIE: It isn't, but I believe Mr. Nugent made comment on it. Maybe that's where I took for granted it was in there. Yes, it should be in there.

MR. CHAIRMAN: Are there any further questions? Mr. McKenzie.

MR. W. McKENZIE: Mr. Leslie, on this you said that the provision of this Act is the notice of loss or damage within 90 days. Did you say that should be removed completely or a period of, say, a year and a half or two years put in place of the 90 days?

MR. D. LESLIE: I don't think there should be any time limit on a type of thing like that. It takes a long time to determine your extent of your damage there. Really, why is it on the owner to have to do that reporting?

MR. W. McKENZIE: Apparently that's to notify the board.

MR. D. LESLIE: True.

MR. W. McKENZIE: That's all I have, Mr. Chairman.

MR. CHAIRMAN: Any further questions? Seeing none, I'd like to thank you for coming tonight, Mr. Leslie. Mr. Kohaly.

MR. R. KOHALY: Mr. Chairman, the technical side of an owner's position on abandonments, you should take note . . .

MR. CHAIRMAN: Order please. Mr. Parasiuk.

HON. W. PARASIUK: I'm just wondering. We are trying to accommodate virtually everyone who appeared, and I don't want to rush the submissions too much, but this one particular submission has taken a very long time in relation to the others. Since we do have the written presentation, where possible, I'd just like to ask Mr. Kohaly if he could just try and keep it brief so we can try and accommodate all the other people who I know are wanting to make presentations.

MR. R. KOHALY: I'm mindful of that, Mr. Minister. However, the matter is an enormous matter and it's very difficult to telescope all of this detail into even a few hours. It is a new Act. The technical side of it is not one which can be expressed by owners very well because they haven't had the experience with it. This is why I'm trying not to repeat what they said. They say the principles, and I'm just giving you the details. We're trying to minimize it, but we're not doing very well maybe, Mr. Chairman; we'll try to do better. I will try to start.

Under abandonments, there are a series of different types of abandonments. You must be congratulated on ploughing some new ground here with abandonments. Abandonments are going to be a very serious problem for you. As your fields age, the abandonment question rises. Your field at Virden, a large one, is over 30 years old, by and large, so abandonments are going to be extremely important and they are starting to appear now in large numbers.

I would suggest to you, if your intention is as it appears, that you should move Section 38, which is the principle of restoration, up after Section 36, so there would be no question about that the restoration is the problem of the operator and that he should continue to observe his responsibilities. If you put it where it is, you have mixed it and it would be unfortunate if the board had to stumble through this problem. It's not really much of a problem if you just simply move Section 38 up underneath what is now Section 36. I won't belabour the question of the notices, but they are very short, having regard to the time frames that are necessary to restore properties, and most of it cannot be restored at all.

You have a reference in 37(3) to The Mines Act again. I spoke this morning about the dangers of doing that. No other jurisdiction does so, but you are combining the two; although you propose this to be a comprehensive Surface Act and you're combining the two, they will not live together. They have different purposes and different approaches and there are two different boards, quite properly, and here is another in 37(3) where you combine them.

Apparently, the draftsman seems to be following a yet unpublished procedure of the Saskatchewan Legislature. It has not as yet been made public where they established, for abandonment, a new procedure. Mr. Nugent was aware of that. You may have lifted this from Nugent. If you did, there is one portion left out that is very critical. The proposed amendments for abandonment in Saskatchewan, and you have a different situation in Alberta, provides for a special fund and the fund is contributed to from the deposits made at the time and through contributions by the operators towards this. This permits the 10 years to exist. It also permits the other problem of releasing the operator as soon as possible. It's very awkward for the operators - we will grant them that - to remain liable for a 10-year period, because companies don't stay in existence even that long and to keep it on the records and the liability, it's an extreme difficulty. We'll grant the operators that; yet, you need the 10 years. You've put the 10 years in, but you then reduce it to three years and destroy the good that you have done.

Now, the manner in which they dealt with it in Saskatchewan is reflected in your paragraphs (b) and (c) of Section 39. You say that there can be an order of the board - that's final, that's good - or there can be a certificate of the board. The certificate of the Board is to release the operator but to transfer the liability of any future abandonment costs over to the fund. The fund is established, as I have told you, but you haven't established a fund. Therefore, there is no difference between a certificate and an order and, therefore, you are to be commended on your 10 years, which is a minimum time frame for the restoration, but then you reduced it to three and provided for no way around it.

The alternative course is to take a look at the fund idea and see whether it meets with your approval. If it doesn't, then the second alternative is to have the companies make some contribution by way of a deposit and that money stays in place for the 10-year period, earning interest to the benefit of the operator if there is no further obligation. If there is, the interest plus the deposit goes to the owner to compensate him for his losses, which were not ascertainable earlier, and a 10-year time frame is quite realistic.

This problem is shot through all of the sections up to and including Section 41, and it's a problem which this Committee will have to wrestle with. The alternates are available, and we hope you would accept those which would be better for both industries; that is to have some reasonable period of time for them to work on it and to be assured of being compensated to some degree, not fully, but to some degree.

Section 42 - this one creates all kinds of problems as well. In your Section 52(4), for some reason, you have included petroleum and natural gas leases as part of a surface, which is not very wise. The rules concerning petroleum and natural gas leases have no correlation with rules concerning surface leases. They're just two different areas altogether. Their method of compensation, for instance, is royalties as against payment of an annual rent; or, once and for all, they simply don't live together. So in the interest of time, I draw your attention to Section 52(4) that it's quite foreign to this Act. It would be a wonderful place in The Mines Act, just a marvelous place, and since the Mines Act wants to get in on this Act maybe you could trade off a little bit and dump 52(4) where it belongs and get the mines people out of the surface business here as fast as you can.

I made my point this morning and I won't belabour it, this is removal of caveats here and if you are going to leave the mines people in the business then, of course, the caveats concerning petroleum and natural gas leases, not just surface caveats, must also be removed. On Tortious Acts, well dealt with by Mr. Leslie, I will not trouble you. There are technical problems but of a modest nature and when you come to the notice question which was raised by one of your members, may I draw to your attention for one reason or another 46(4). I really know why you have moved away from your Limitations of Actions Act which, in respect to land - and this is a claim in respect to damage to land - you use six years. There's a great difference between being barred after a short period of time such as you have here and six years. Ninety days is one thing and six years is another, quite a difference. One would wonder the wisdom of allowing anyone to make a claim for a period of six years under normal circumstances but surface, which is one particularly susceptible to claims of this description it is confined to an extremely short time frame and you go away from your normal six-year time frame. It's just hardly logical but I draw to your attention in the other jurisdictions they leave it to the normal time frames which is wise. Six years is none too long and it won't cause any great problem for anybody and they are barred only at six years but not barred in such a short time frame as you have here. These are major claims. The vast majority of them are settled very quickly by a settlement figure.

I will, again in the interest of time, take over on the appeals section, Mr. Chairman, we won't present anyone on that beyond myself. This is a great problem. The courts have great difficulty understanding specialized legislation. The only case that went to the Supreme Court of Canada on surface rights in Canada in any jurisdiction dealt with this very subject and admonished the courts which included the courts of appeal and of the Queen's Bench and the District Court of a province,

not to deal with this matter adversely to the decisions of the Arbitration Board. The Supreme Court of Canada . . . Canadian reserve upheld the position that the Arbitration Boards are a specialized Board with specialized familiar people and that courts ought not to interfere with their decisions on these matters unless there was obviously an error in law or of jurisdiction and those aren't the case because you're only dealing with questions really of compensation. You have eliminated the question, really, of a Right of Entry as there is no appeal in the Court of Appeal. You have an appeal in the Court of Queen's Bench.

These cause a lot of trouble, more than you would expect. Farmers are somehow or other inherently afraid of courts, just the phrase seems to bother them whereas to oil companies it's no problem. If you read the recent history of Dome in Alberta you will find that they seem to be appealing every single one that they get the opportunity to do. What it is, is a pressure tactic that stops them from going to the Board in the first place because it's not the end of the line and they will be dragged from one court to another for an indeterminate period of time. Court cases are terribly long and farmers will not take the first step because the first step will automatically lead them to the next and subsequent steps.

So this is why in the Province of Saskatchewan in the original Act in 1968 there was appeal procedure but by 1975 they found it wasn't working for either party and it was basically removed so that now you have Saskatchewan, just a point of law and Board jurisdiction, natural justice type of a thing and there's no argument about that in any way shape or form. If somebody gets out of jurisdiction under natural justice of course it should be corrected for both sides.

In Alberta there is no appeal except on the question of compensation. That's a weakness in Alberta but it does exist and you're seeing the weakness happen, one court case after another in Alberta appealing the amount of the compensation set by the Board.

I'll answer any questions, Mr. Chairman.

MR. DEPUTY CHAIRMAN, H. Harapiak: Are there any Members of the Committee who have question from Mr. Kohaly. Okay, thank you.

Mr. Andrew.

MR. B. ANDREW: Mr. Chairman, the last item in our presentation is on caveats and Mr. Florien Eilers will address the Committee on that.

MR. F. EILERS: Mr. Chairman, ladies and gentlemen, my name is Florien Eilers and I'm going to be dealing with caveats. Section 42, removal of caveats, Manitoba Surface Rights Association finds this section quite satisfactory. Section 64(1) and 64(2), filing of caveats under the Real Property Act, Mantoba Surface Rights Association agrees with these except there is no mention of costs. We definitely feel the operator should be responsible for all costs involved for removal of caveats. Section 64(3) under The Registry Act, the Manitoba Surface Rights Association is in agreement with this section.

Section 64(4) states that the operator is responsible for all costs in having caveats removed. We are certainly in agreement with this and feel it should apply to both Acts.

Serving of notice to an operator to have caveats removed, we feel should be done only by registered mail and never in person. This would help to ensure that the operators keep their address current in the Land Titles Office. I have some personal experience with caveats. On one particular quarter section after five oil companies ceased operations on this land I was left with five caveats. Three oil companies were still in business, the fourth had been taken over by another company and the fifth one had disbanded and was no longer in business. I feel the removal is quite costly and should not be borne by the owner.

MR. DEPUTY CHAIRMAN: Are there any questions from any members of the Committee? If there aren't, thank you for your presentation, Mr. Eilers.

Mr. Andrew.

Mr. Kohaly.

MR. R. KOHALY: Again I hear the admonition and we will deal just with a technical matter, 52(1), you have a phrase in the centre of that lengthy paragraph. This is common in both other jurisdictions, doesn't cause any problems but you have injected a phrase that I would caution you to take a long look at, "or because of other special considerations", which you don't elaborate upon at all. One would wonder what that is, your paragraph is the same as Saskatchewan and Alberta except for that, and I don't see anything in Nugent that recommended it. You are opening a Pandora's box for the Board there that will cause all kinds of problems and I don't know problem it would resolve for you. I draw your attention to that one so you might take another look at it.

I have already spoken to you about the question mark in the minds of the surface people of why you have 52(4) in there respecting mineral rights. This just seems not the place for it at all.

We spoke of topsoil this morning, that's going to be a problem. Caveats, 64(2), you have two systems I know in your province for registration of lands and/or caveats, agreements, mortgages, etc. I'm told that The Real Property Act is the one which is adopting the Torrens System and taking over in the course of time. I hope you will take note that in your 64(3) and also the payment of costs in 64(4) you confine the ability to remove caveats that have not been removed to The Registry Act, which is the lesser of the two.

In fairness, you speak of The Real Property Act in 64(1), then you speak of only The Registry Act in 64(3) and when you pay costs to the owners for getting them off when the companies have refused to do so or not done so, you confine it to The Registry Act which is the lesser of the two. You also leave them with the only method of getting it off as an application to court. This is extremely expensive. Quite properly your Real Property Act, like all jurisdictions that have a Torrens system, has a notice to lapse which is a relatively simple, cheap and quicker procedure. It has some problems, but it is quicker and cheaper and you exclude that by not referring to it in 64(3). Maybe the draftsman intended to have another section pick it up, but it did not happen. So the notice to lapse procedure is not available in the

Province of Manitoba which is the one that is used. The other provinces have exactly this, but because of your two Acts, you seem to have left a hiatus and the pieces drop down through the middle, and you might well want to direct your attention to that.

My final comment in the interests of time is the last section, Section 70, when the Act will come into force. May I draw to your attention that Mr. Nugent, who discussed these matters and on which much of your Act is based, drew attention to the fact there'd been some considerable delay in his presentation, then there was the change of government, and then the bill came forward. We are working now really from the date of his reference, the 10th of December, 1980.

You are trying to address yourself to clean up problems. You've bit the bullet; you have made some great decisions here. You're going to help your people, both operators and owners, and unless you look at the retroactivity of some portions of this Act, we recommend to you that you consider the date of the terms of reference to Mr. Nugent. If you don't, you will leave a section of people who have been waiting patiently for this legislation to come in place, and putting aside their differences, because this is going to solve them; suddenly it is not going to solve them, because the Act only becomes effective on the date of assent which is some time in the future. So the hiatus between the date Mr. Nugent approached the problem and everybody was satisfied the government collectively was facing the issue, and we should simply wait for the procedures to occur, two years or no, and there would be a serious problem.

May I remind you that the Province of Saskatchewan faced the same problem on two different occasions when they changed from seven years to five year reviews to three reviews? This comes up each time and they always make it retroactive to cover everybody, so it won't be a problem. I know you have a resistance to making Acts retroactive, but it's retroactive to assist and it will assist all concerned, not just the owners. It'll assist the operators as well in peace and quiet in the industry.

Mr. Chairman, members of the Committtee, I want to thank you for your generosity in hearing me through. I must be tedious, I am sure. I find it exciting to be here and to see a third jurisdiction in my short lifetime that are facing a serious problem for the owners and facing up to it. I certainly commend you for excellent legislation and great courage in facing two or three issues that the other jurisdictions, albeit they are not ahead of you on some of these issues. You're giving good leadership, and I'm sure the other provinces will follow. I'm going to find myself in front of another committee in another province saying, "And you should follow what Manitoba has done in about five or six different areas." You've done an excellent job; you should be commended. Your citizens should thank you for what you have done for them.

Once again, thank you very much, Mr. Chairman.

MR. CHAIRMAN, P. Eyler: Mr. Parasiuk.

MR. W. PARASIUK: I had one question. When one starts bringing in retroactive legislation, you start dealing with another very difficult principle, and any retroactive date is always an arbitrary date because it could be October, 1980, as opposed to December, 1980. The Act itself provides for review of existing leases. We, in fact, are making the Act retroactive in that sense. I'd like clarification as to what you mean by retroactivity on that?

MR. R. KOHALY: Of course, assuming review of leases as an example, Mr. Minister, will be as of the date of their application, so that couldn't occur. You couldn't have a review of the lease actually taking place.

Say Mr. Leslie's LSD4 couldn't take place until, first of all, the Act was passed; secondly, your board was set up, which can't go forward until your regulations are established. So you're looking at some time this fall and then he makes an application under the Act for a review of LSD4. Well, when it comes, it will be effective as of the next anniversary date, bearing in mind that rentals are paid in advance. So it will be 1984 when his rentals will be corrected, unless there is a retroactivity procedure which was the procedure used in both Alberta and Saskatchewan; in Saskatchewan three times, and Alberta once, because they only moved from seven to five-year review. They put it in place each time and said it shall be as of a certain date, then the board knows when there's a great backlog of all these reviews - one might assume even as many as 700, if the companies don't operate. Well, the board can't simply deal with all those at once. So the first man in, at least, he's going to get reviewed for '84. The last man in of the 700 may be getting reviewed for '86. That's not really the point; that's just aggravating your point, I think.

So what you would do is select a date; the date is arbitrary. If the only date that we can think that would have any meaning at all is the date when the matter started to be addressed by government on the appointment of Mr. Nugent. You can pick another date - first reading, I suppose, of the bill. I suppose you could take a reading that is the date of assent if you wish. Certainly you can.

MR. CHAIRMAN: Any further questions?

Mr. Mackling.

HON. A. MACKLING: In respect to the concern about retroactivity, I believe you've indicated that retroactivity was an aspect of the legislation in our sister provinces.

MR. R. KOHALY: Yes.

HON. A. MACKLING: Have you any knowledge as to the reaction of the oil industry in respect to retroactivity?

MR. R. KOHALY: No adverse reaction from them. The committees that sat in the two provinces had representation from owners - representation - just one of each, it works out real well - recommend it to you. It was an agreement that's the way it should be. The Legislature, I guess, had some assistance, because they had struck a committee of the parties involved who had no objections. I would think that a company would object to having any retroactivity because of the cost factor; just on principle, it would be common sense. I wouldn't want to have shares in a company that didn't

object, because they're not protecting the shareholders very well if they didn't object. The common sense of it is because the owners have stood aside and not pestered you, the Legislature with protests and placards on your front steps to get going with this. We had assurances that were lived up to by both governments; this current government and the previous government. They lived up to it and said we know it takes time. Now is the time to return the compliment and say fine your patience is rewarded, we will make it retroactive to a realistic date.

Again, thank you, Mr. Chairman.

MR. CHAIRMAN: Any further questions?

Seeing none, I'd like to thank you, Mr. Kohaly, for your presentations tonight.

Mr. Andrew.

MR. B. ANDREW: Mr. Chairman, that concludes the presentation of the Manitoba Surface Rights Association. On their behalf and all our membership, I wish to thank the committee for hearing our submission. Thank you.

MR. CHAIRMAN: The next organization on my list is Chevron Canada Resources represented by Mr. Cal Folden and Mr. H. Pockrant.

Could you state your name for the record, please.

MR. H. POCKRANT: Mr. Chairman, members of the committee, ladies and gentlemen. My name is Harvey Pockrant and I'm a senior land representative with Chevron Canada Resources Ltd., responsible for all surface acquisitions in Canada. Our presentation today is twofold and on the completion of my part, our Mr. Cal Folden, area superintendent of our Manitoba operation in Virden, will also have a short presentation.

Chevron Canada Resources Ltd., has been operating in the Province of Manitoba since the late 1940s, in what we consider within the guidelines of good oilfield practices, and overall, have experienced few problems in our relationships with landowners in Manitoba. However, we do wish to congratulate the government for the introduction of Bill 5, in which we consider comprehensive legislation in the area of Surface Rights and if properly structured will allow for a more harmonius atmosphere between our industry and the agriculture industry.

It's been a long day and in the interest of time, I think I will shorten my presentation particularly as to a clause-by-clause review. I will say that I, myself, as a member of the CAPL and my company, a member of CPA, Canadian Petroleum Association and the Independent Petroleum Association of Canada and I personally, having assisted in the CAPL brief, I just wish to state that I and my company are in total agreement with their brief and their response to Bill 5, as presented earlier today. Again in the interest of time, I urge you to review their brief as to its clause-by-clause review at the end. In other words at the end of their brief.

This government has stated on several occasions that it wishes to encourage drilling activity in the Province of Manitoba. We are sure with a hopeful result of a more diversified economy with increased financial benefit to both government and individuals. We at Chevron wholeheartedly agree with this philosophy. However, we do wish to caution that with the proposed legislation you will be passing in the near future, you'd be reasonable and give your close attention in those areas that could have a detrimental effect in delaying our industry, carrying out its functions at a level of efficiency necessary for profitabilily and continued operating and exploring in this province.

We have circulated a written brief, which I believe you have just received. I trust that you will have an opportunity at some point later to review it. At this point in time, I would like to touch up on a couple of points that are important to us, a couple of points that are a major concern and also a couple that have not been touched on so far today.

Firstly, I would like to bring up the proposed Surface Rights Board. It certainly appears it will have considerable authority. It will cover the Right of Entry process through abandonment and mediation right through to the restoration. I suggest that it be established with members who are judged to be fair, with varied backgrounds in the petroleum and agriculture industries and with no conflicts of interest in the community in which they may be making decisions.

It was brought up earlier today that our company in one of its earlier briefs stated that we were looking for members with impartiality and with experience in the agriculture industry and certainly, we have not deviated from that. But when I do look at the considerable authority that this Board will have in this overall process, I do feel again that to be fair and reasonable that you do give some consideration to someone with a varied background in petroleum industry.

I also wish to state, that in a Right of Entry process, particularly clause 4, which was addressed - pardon me - Section 16, clause 4, which was addressed here earlier tonight with respect to the waiver, I still feel that inner experience, a substantial amount of negotiations for surface acquisition are satisfactorily arrived at upon initial contact. Therefore, I certainly feel the landowner has the right to waive the three day period as set out in your Act. If he is happy, he's satisfied and he understands the agreement, he's dealt with companies before, allow him that right. It certainly will eliminate unnecessary delay and cost.

I also would ask that you give serious consideration to a portion of Section 23(1) where application to Board for hearing - I am not sure if this was addressed to you the day - but in this section, "the wording or where any dispute arises between them as to the interpretation of an agreement or as to the exercise of any right or the performance of any obligation under an agreement and further, may serve a notice of intention to have those matter determined by the Board. It appears to us that the matter of interpretation of any existent agreement is in a proper jurisdiction of the courts of law, particularly in view of the limit of qualification for the members as set out in Secton 6, subsection 2."

I jump along to Sectons 25 and 26, Notice of Hearing and Interim order. We strongly urge consideration be given to the allowance for a reasonable and predictable time frame for Right of Entry, particularly if a disagreement is one of compensatory nature. In our experience, the majority of Rights of Entry before a Board, are generally of compensatory nature. In other

words, it's money. A company should not have to prove undue hardship in this instance and therefore seven clear days after the filing of a notice to us, should be ample time for a decision to grant Right of Entry.

I would also like to jump along to Section 26, subsection 1, which is the determination of compensation. We suggest that in it's present form of 10 categories, that the Board shall consider in determining compensation, could and may lead to dual or overlapping compensation. We suggest that the headings for compensation could be represented fairly, under six headings. Rather than go through them, they're outlined in the Canadian Association of Petroleum Landmen brief. It just pares it down, what we think might be fairer.

For example, if you look at Section 26, subsection 1(c), it places the Board in the position of a forecastor of damages envisioned. We also would ask your consideration to reversion area and residual interests as in some recent court cases in Alberta. These have been recognized in determining compensation.

In abandonments, we do suggest that the notice period could be pared down from six months to one month, that is under Section 37, subsection 1, particularly in the case of new wells which are often drilled, dry, abandoned and cleaned up within a reasonable period of time, usually within a year. A six-month notice period could in many cases cause a rental payment having to be made on lands satisfactorily restored.

Section 37(3), we suggest a deposit in a form of security bond or cash to a maximum of $50,000 could be posted by an operator. Under Section 40, subsection 1, a three-year time frame should be adequate to apply to the Board for determination of the matter of restoration and a three-year period would also be consistent with Section 41(2), particularly in the view of the Board having the powers to make the decisions as to whether the sites are cleaned up or perhaps settling things in a compensatory way. I refer briefly to registration or removal of caveats under Section 42 which was alluded to earlier. It did state, "Compensation shall continue unabated until all caveats or other instruments registered by the operator have been discharged."

I urge you to realize that this could present a problem in a lot of older leases. A lot of older mineral leases had a surface clause, and one caveat on one property protects a lot of interests so it may become difficult; it's just a working-type thing.

I also skip over to Part 5, Liability for Tortious Acts and I refer you to Section 46(1). In this section, we urge your consideration to an upper limit of something like, maybe, $5,000 being placed on the Board's jurisdiction to award damages for Tortious Acts. We suggest that amounts over this sum could very well be of a very serious matter and should be left in the jurisdiction of the courts.

In closing, with respect to proclamation we suggest the Act be proclaimed on the assented-to date or on the first day of the year in which it is assented to, particularly in view of the proposed three-year variation of an order and agreement for compensation payable. I pared my presentation down considerably. I think it would be in order that we offer to make ourselves available to the Committee at any time or place should they later feel the need to discuss any clauses of the bill as it relates to the oil industry.

I thank you for your patience and trust that in your later discussions on Bill 5, you will give sincere consideration to our concerns of the sections that I've addressed and those in our written brief. Thank you.

MR. CHAIRMAN: Thank you. Are there any questions for Mr. Pockrant? Seeing none, I thank you for coming tonight.

Could you state your name for the record, please?

MR. C. FOLDEN: I'm Cal Folden with Chevron. Mr. Chairman, honourable members, ladies and gentlemen, it gives me pleasure to be here. I will expand on one point that Harvey Pockrant has already mentioned. The proposed Surface Rights Act will most likely increase our operating costs and have impact on the economics of our operation. An increase in operating costs will result in some wells being abandoned because the minimum economic rate that we would operate a well at would be increased. This would affect the current marginal wells, plus accelerate the abandonment of wells in the future. Also the economics for other operations would be affected. After the wells are abandoned there would be no revenue for anybody. The Province of Manitoba currently receives about 30 percent of the gross revenue on average from our operations here in Manitoba. Also the province receives in the order of 5 percent from freeholders in addition to the 30 percent noted.

For your information, in regard to damages caused by spills from our operations during 1982, the total damaged acreage was approximately five acres. I think the Act should have some flexibility so that the currently used negotiation process can still be used. We are always open to discussion and negotiation. As previously mentioned, most agreements are reached without having to go to the Board. We just recently had a general informational meeting with the local landowners which was well-received and, I feel, beneficial to both of us.

In closing, I would like to second Harvey's comment that we are definitely available for future questions or comments on our operations in the oil industry. Thank you.

MR. CHAIRMAN: Are there any questions for Mr. Folden?

Mr. McKenzie.

MR. W. McKENZIE: Thank you, Mr. Chairman. Mr. Folden, how many marginal wells has Chevron got that you are talking about that this legislation will affect?

MR. C. FOLDEN: That depends on what you call a marginal well. I know that we have a significant number of wells that are making a few barrels a day, and depending on how much of a change in operating costs you will affect more wells. An order of magnitude would be in the order of 50 wells, potentially.

MR. W. McKENZIE: What would you call a marginal well?

MR. C. FOLDEN: What I'm looking at is a well that's almost at the break-even point where it's not making

any more profit — (Interjection) — No, it would be in the order of a barrel-and-a-half a day, but it depends - these are average numbers and each situation is specific. If it makes a lot of water there are a lot more costs involved in producing that well.

MR. W. McKENZIE: Thank you, Mr. Chairman.

MR. CHAIRMAN: Ms. Phillips.

MS. PHILLIPS: At the beginning, you made some statements about if we pass this Act we would run into all kinds of abandonment of wells in the industry. Is that what you were implying?

MR. C. FOLDEN: Yes, that depends on what happens as a result of the Act. If our operating costs go up as a result of that and I have no reason to suspect they wouldn't because if rental rates go up by whatever number, $500, $1000 a year, that means you have to receive that much more income from a particular well to make it economically feasible.

MS. M. PHILLIPS: From some of the presentations made already today, I understand that this is quite similar except for a few places to the legislation in Saskatchewan and Alberta. Do you have documentation from your experience in other provinces or the industry's experience in other provinces where this has caused a concern in terms of abandonment?

MR. C. FOLDEN: The clause that would have the most impact upon us would be the area of compensation and what I'm suggesting is that, in determining compensation, there are a number of things laid out in the proposed Act. If all of them are included to the fullest extent, that will make a substantial difference in annual rentals from what we're currently paying. As a result of that, there would be some wells that would have to be abandoned. As far as other provinces go, I'm not familiar with their legislation.

MR. CHAIRMAN: Mr. Parasiuk.

HON. W. PARASIUK: I just wanted to pass on one note of commendation actually to Chevron for having the full-day session on land procedures which you had with landowners and other interested people in the Virden area. We are dealing with an Act that will deal with issues but, at the same time, so much will have to be dealt with between farmers and oil-industry people and municipal people on their own. I think that the informational meeting that you had some time ago was a step recognizing that, and I hope that is a sign of things to come by other actors in this triangle of farmers, municipal and oil-industry people. Legislation doesn't solve everything and we certainly want to make the legislation as good as possible, but I think what's required is good will and good effort by all parties. I think your having that informational session was a good thing.

MR. CHAIRMAN: Are there any further questions? Mr. Storie.

HON. J. STORIE: In the brief that you presented, you in particular referred to Section 23(1) and suggested that rather than the Board having jurisdiction in all cases, particularly where a dispute arises between them as to interpretation of an agreement or as to the exercise of any right and so forth, and suggest that they should be properly heading to the court system. From you experience in other jurisdictions, how have Boards worked and what has been you experience with appealing decisions from Boards or your success with them?

MR. C. FOLDEN: I cannot answer that question because I don't have any experience. Maybe Harvey will have some comments.

MR. H. POCKRANT: If I may, Mr. Chairman, attempt to answer that question, it was in my part of the presentation. What I was getting at was the Board, the way I interpret the clause, has the right to interpret existing agreements not only what it might set out under Board orders, but any agreements that are existing and in place, disputes arising therefrom, or from the operations that are being conducted under those agreements. I felt, and we feel strongly that there should be a limit. It's placing a tremendous onus on the Board.

I could use an extreme example where there could be loss of life or there could be a blowout, for example, that we recently experienced in Alberta. That would put a terrible onus on the Board, so I just suggest that the Board have a monetary limit and, yes, in Alberta, they do. I believe it's $5,000 or $10,000.00. I just, as a safety factor for the Board, suggest that any of those major things - and once they get over $5,000 or $10,000, I consider them major - it was a caution.

HON. J. STORIE: Thank you.

MR. CHAIRMAN: Any further questions? Seeing none, I would like to thank the two people who appeared on behalf of Chevron Canada.

The next delegation on my list is Mr. Don Tough from Saskatchewan Oil and Gas Corporation. Is Mr. Tough here tonight?

All right. The next person is Mr. Cliff Calverley, private citizen. Is Mr. Cliff Calverley here?

Is Mr. Don Temple present? Could you state your name for the record, please?

MR. D. TEMPLE: My name is Don Temple from Waskada, Manitoba. I am an agricultural producer in the area.

Mr. Chairman, honourable members, ladies and gentlemen, I would like to thank the members of the Law Amendments Committee for the opportunity to meet with you. As members of the Waskada farming community who are directly involved with the surface lease rental, we are concerned about the future of our farms, our community and the future of agriculture production in Manitoba. When you live in the middle of an area affected by oil, the dreams of having oil are somewhat diminished by the real problems associated with the practicalities of farming around it. It does not necessarily have a positive effect on our community. The landowner without oil rights is particularly vulnerable to the effect of an oilfield. His future is in farming, not in collecting royalties. He should be treated fairly.

Could you turn over to Page 1, please, Part II, Surface Rights Board, 6(2) Qualifications. The following should be considered when selecting the members of the Board, that members have agricultural experience so as to understand the ecology and cultural problems plus the problems of adverse effect to their business created by the presence of an oil well on their property. People with non-agricultural experience cannot adequately relate to these ecological, cultural and adverse-effect problems since they have no practical experience as an agricultural producer.

This Board really deals with the protection of a soil resource and related compensation of that resource from oil companies to the landowner. It does not seem logical to me that people from the oil industry should sit on a Board that deals with the protection and compensation of a soil resource when their only real interest is in retrieving the minerals under that soil resource.

On Page 2, Part III, Right of Entry, Determination of Compensation, 26(1)(a),(b), and (c), the amount of land lost in a drilled out situation per quarter-section is a minimum of 8.5 percent or 14 acres, which are roadways and wellsites. One oil company suggested that the oilfield could cover 250,000 acres. This would mean more than 20,000 acres would be taken out of the land base of Manitoba's agricultural economy. This percentage of loss could probably rise to more than 40,000 acres permanently damaged due to associated oil-field practices such as placement of batteries, treaters, injection well, disposal wells, hauling of salt water, servicing of wells, placement of pipelines, etc., plus the potential of damage from salt water spillage. An example of salt water spill reclamation in Saskatchewan has placed the cost of replacing the subsoil on an acre at $40,000 per acre. This does not include the black topsoil.

As Manitoba citizens, we are concerned about this potential loss. We are also concerned about the future loss to individual farmers. The land in southwestern Manitoba is 80 percent Class 2 soil, which makes it some of the most valuable soil resource in western Canada. In addition to loss of land specifically affected by the oilfield, the rest of the arable land associated with the well sites is subjected to a loss in value.

Both bankers and land realtors state that one-third of the arable land value is lost once a quarter-section is drilled out, four wells per quarter-section. They believe that the land in southwestern Manitoba provides one of the best returns-per-dollar invested compared to other land in western Canada. The loss of value of arable acres not associated with the well sites should be part of compensation consideration.

The losses accumulated to the landowners and the Province of Manitoba in this situation, especially when viewed as an oil development of 250,000 acres are staggering. These losses will greatly reduce the resale value of the land base, plus cause reduced value to the tax base.

These many problems associated with the present day method of oil field exploration could be reduced substantially by using new oil field techniques such as cluster drilling, i.e., angle or a slant-hole drilling. By this process the amount of land needed or taken for exploration could be reduced from 8.5 percent of the land to 2.5 percent or less. With this type of drilling one 7 to 10 acre site can serve one section of land.

On the next page you'll see a display of the cluster drilling. The top picture if you look closely will display pump jacks in a rather scattered fashion, with the bottom picture showing the cluster of pump jacks, that particular site has 32 pump jacks on it. It's taken out of the northern heavy oil area in Alberta and that particular site is serving one section of land.

On page 4, 26(1)(d), Increased Costs to the Owner and Occupant.

Costs associated with the placement of the oil well site in the centre of a 40 acre LSD are demonstrated under the following:

(1) Crop production efficiency loss

(2) Direct cost of working around a well site

(3) Additional direct costs:

1. Crop yield reduction on the headland.

To go on further on that, the headland is the area in which you turn when you approach the roadway and/or well site. The procedure or the field activity that it takes when you turn, and then you turn again and go and cover that with what we call a Headland, or where you again cultivate it on the outside of that area. I'll go on further in the display further on.

2. Extra input cost on the Headland area

3. Crop loss on the well site area.

Figures in table 1 were obtained through the use of a formula in the insert down here.

Research Economics Branch of Alberta Agriculture information bulletin.

"An Overview of Compensation for Well Site Leases in Alberta" prepared by Frank Hanus, Research Economist.

He used in the formulas:

(1) Determining the area of headland

(2) Determining the amount of time to work the headland

(3) Determining the amount of turning time on the headland

These formulas establish the amount of time spent working around the well site over and above the normal working time. They also establish the direct cost of having to work around the well.

Figures 1 and 2 to follow have been photocopied from the Alberta Agriculture publication. The well site shown only serves as an example of the diagonal and perpendicular working patterns. The formulas shown are the actual ones used to determine the amount of exact time spent working around the well site.

Table 1, on the next page, I won't go through all the technicalities here. It shows 11 operations which are typical in our area. In fact, to say there could be only 10, there could be easily 12 or 13, so 11 is what we used. What I will draw to your attention is the total time spent on the extreme right hand side of the page, 8.65 hours. That is the extra time spent working around one well site in 40 acres.

The next page is figure 1 and I'll just draw your attention to the formulas there and the headland area as by the legend, at the bottom left hand corner of your page, shows the headland area and the turns that occur there. That is what entails the amount of time spent working around that well site that you would not normally do if it was not there.

Figure 2 on the next page again does the same thing only in a diagonal working pattern rather than a perpendicular.

On Page 5. It takes an extra 8.65 hours per year to work around the well site. This costs $966 a year on Table 2 which is the following table. The data used to establish the direct costs were obtained from the 1982 Rental and Custom Charges for Farm Machinery published by Manitoba Agriculture.

The greater cost is the total effect on the efficiency of the farming operation. The "Crop Production Efficiency" loss to the farming operation is the time lost to that operation in the form of extra time spent around the oil well site in the middle of 40 acres.

The extra time spent around the well site is 8.65 hours per year. The normal time to work that 40 acres 11 times, would be 17.6 hours per year.

This additional 8.65 acres means a 49 percent increase in time spent on the 40 acres. For a quarter section the time annually lost would be 34.6 hours. This means that on the quarter section 34.6 hours more time per year spent to farm 8.5 percent less land.

There is a real concern for a "drilled out" farm. Given the normal seeding time with a normal machinery complement the farmers could only complete two-thirds of his acreage. In order to seed his whole farm he would need mor machinery and/or labour. His efficiency is reduced by one-third, which probably means he would no longer have a viable operation.

Table 2 on the next page shows the operations and the time spent in each one at the custom rate to arrive at the $966.00.

On page 6, Additional Direct Costs Due to Center Well Site.

1. "Compensation for Crop Yield Reduction."

Overlap of cultural practices, soil compaction and trampling of crops on the headland area have reduced crop yields and have been recorded to occur by various researchers, ex., Study done by F. Hanus, Assessment of Effects of Power Lines on Farm Operations in Alberta.

The formula used to determine the crop yield reduction as per article "An Overview of Compensation For Well Site Leases In Alberta", Alberta Agriculture is:

Average area of headland (Acres)
Times
Crop Yield (bu/acre)
Times
Crop Price ($/bu)
Times
0.2 (or 20 percent yield reduction factor)

2. "Cost of Inputs used." again out of the same article.

These are occurences of overlap of seeding, fertilizing, herbicide and pestiticide spraying, which result in extra material being used.

The formula used to calculate the extra material:
Average area of headland (acres)
Times
Cost of Material ($/acre)
Times again 20 percent of the area of the headland where overlap occurs.

3. "Crop Loss on the Well Site."

This loss is calculated by: Target Yield, by Price, by the Acres.

On page 7, Terms and Conditions of Interim Order 27(3):

It is imperative that no interim order be granted unless the dispute is strictly monetary. Any dispute which involves the lack of settlement over roads, well site placement, cultural problems or ecological damage should be heard by the Board prior to any Right of Entry being issued. Without this hearing the land owner has no recourse or no avenue with which to protect his interest in his soil resource. We recommend that the Act be changed so the interim order may be issued for monetary disputes.

In summary, we would appreciate it if consideration would be given to the following: that people be aware that up to 40,000 acres of Class 2 soil could be permanently removed from agricultural production; that land surrounding well sites loses one-third of its market value; that the amount of land permanently removed from agriculture could be significantly reduced by the introduction of cluster drilling; i.e., slant or angle drilling; that one well site considerably reduces farm efficiency; that farms that are totally drilled out would only have two-thirds of normal efficiency and probably woul not be viable; and that if the board members are to appreciate the impact of oil on agriculture they should have an agricultural background.

Thank you very much, ladies and gentlemen, for your time.

MR. CHAIRMAN: Are there any questions for Mr. Temple?

Mr. McKenzie.

MR. W. McKENZIE: How many of these slant outfits are working the Waskada field now?

MR. D. TEMPLE: We are currently waiting for one outfit to come which will be now after spring breakup. We got tired of listening to when they were going to come because each time we asked they gave us a different date. The lease has been signed for them to drill. I was in contact with Mr. Moster ok today of the Energy and Mines Department and asked if indeed the permit had been granted, or licence. He said, no, they had no application as yet, but I have no knowledge as to the time involved for that, I would think that would be a fairly quick procedure.

MR. W. McKENZIE: That's all I have, thanks.

MR. CHAIRMAN: Mr. Manness.

MR. C. MANNESS: Thank you. Well, firstly, thanks for providing quite a number of the details that I was asking for previously in another question. However, on the bottom paragraph of Page 2 you say both bankers and land realtors state that one-third of the arable land value is lost once a quarter section is drilled out. Are they telling you this individually? Is an association of bankers and realtors indicating this to you? Who makes this claim?

MR. D. TEMPLE: Okay, to give you a little background as to why we're in this situation, myself and the three other gentlemen that drew up this document - one of the gentlemen is currently in a law case with his decision now pending before the courts - and we approached both our local banker and realtors out of our southwest area who asked their feeling on this because this is material that we have wished to present before the

court. We did not get it in because it was new material and it had to be agreed upon by both parties and the other party would not agree to that, the oil company, but we have signed affidavits from both the local banker and the three realtors in our southwest region stating that particular fact.

MR. C. MANNESS: So in fact these are local bankers within your area that are making this claim?

MR. D. TEMPLE: Right.

MR. CHAIRMAN: Any further questions? Mr. Storie.

HON. J. STORIE: Mr. Temple, I must say that I'm impressed with the work that you've done as well in your preparing your brief and certainly some of the facts are revealing and I think somewhat more dramatic than many of us would have anticipated. I'm if you could put a dollar figure, or make a comparison, between what the Act would entitle landowners to and what you presently get. It seems to me that from the facts that you've given us there would be a significant number of deterrents for a farmer to get involved in granting surface rights. What kind of improvement is this Act going to mean in terms of the compensation that farmers get?

MR. D. TEMPLE: I believe in my personal opinion, and we are not interested really in their compensation in dollars, the members that have produced this draft are firstly interested in protecting our soil and none of the members that produced this draft can possibly have a loss in efficiency that could happen here, bear in mind I'm farming 1,800 acres, totally arable, worked in quarter sections and half sections.

Firstly, we want them to seek an alternative to being out in the middle of our quarter sections that our machinery, the time lost, that third would virtually, if they came in and drilled us out in two years and we've had a section in our area drilled out in less than eight months, totally, this would probably put my operation in great jeopardy and I may not be able to function in the same way. I would have to probably sell machinery if I could in today's market and get out of it. It has great economic reprisals for me, but the important thing here is that were stressing that we not lose our soil resource. The mineral resource is a short-time thing and I realize everybody and including myself in the past have looked at the dollar in hand and not the long-term outlook.

The long-term outlook is in the soil and it'll be here taken care of for many generations. My family has four generations on the soil now and the fifth one is pretty near there. We have no intention of selling out and our hope is to perpetuate that down the line. Our concern is we have been stewards to the soil and we wonder what our soil will be like in 25 years.

I realize what you're asking, you're asking me for a monetary figure. I could probably give you one. The oil company would probably fall out of their chairs, but I think that can be decided in a different time. The amount of compensation paid now is greatly varied between company to company and what we're trying to point out is that possibly we should, in the backs of our minds if not immediately, look at something with a little different twist to it. Keep in mind when we're looking at compensation that this isn't just soil, per se, the dirt that gets on your boots, this is the livelihood of Manitoba down the line.

I know I'm not answering your monetary question and if you feel that I'm being evasive but I don't think that's the problem. I think we can establish a case to the Surface Rights Board to say, this is what it costs us, this is what we need. I feel confident we can do that through the research we've done so far and we've really only touched it. I've been talking on and on here.

MR. CHAIRMAN: Mr. Storie.

MR. J. STORIE: You mentioned the fact that really the hope is in the ability of industry, I suppose, to restore the land. In your experience or if you've had any experience, what is the present capability to undo the damage that is hopefully temporarily done when drilling occurs?

MR. D. TEMPLE: I don't have that experience myself. I have no wells on my own property. I am currently being approached on one. My father has one, it has been abandoned. We don't know about it yet but everything's gone. My brother does have one on there and, as I said, we looked at the almighty buck right at the start and have since realized that there's other things to be considered.

My personal feeling is, and in conversation with gentlemen within the Surface Rights Association, that this land is not reclaimable and even though there is research going on - and thank goodness there is an oil company that has decided to do some - anything that has come of yet has had no long-term effect and I doubt if it will.

We take soil salinity problems that occur naturally in the soil from water being held and soil salts coming up, those problems cannot be adequately solved, it is done by nature, which does not deposit the salt in the soil that saltwater will, in my feeling anyway. So I think as far as saltwater damage goes, to date there is no real good reclamation.

MR. J. STORIE: Other than the excavation of the area down . . .

MR. D. TEMPLE: Right. Total excavation and replacement of somebody else's soil and personally if somebody comes and asks me, can I have a third of an acre of your topsoil to put on your neighbour's oil spill - I like my neighbour - but I don't like him that much that I'm going to give up my soil. We're working with anywhere from five inches to a foot of black topsoil and that's all we've got — (Interjection) — Pardon me? That's right. There is no more topsoil and if it is not held in good agricultural practices, is rapidly disappearing as it is.

MR. J. STORIE: You mentioned some - I don't know whether it's experimental procedures - angle drilling or cluster drilling. Is that something that is occurring in the Waskada area now?

MR. D. TEMPLE: We have currently and I could have Mr. Bill McKinney come up and talk on that. He is the party that is directly involved in leasing in the site to do that, if you wish to have him come forth.

MR. J. STORIE: That's fine. I just wanted to know whether that was something that was being tried in Manitoba.

MR. D. TEMPLE: It will be here, hopefully, as soon as spring breakup occurs.

MR. CHAIRMAN: Are there any further questions? Seeing none, I would like to thank you on behalf of the committee for coming here tonight, Mr. Temple.

MR. D. TEMPLE: Thank you very much.

MR. CHAIRMAN: That completes the list of out-of-town people who wish to make presentations. I'm advised by the Clerk that Mr. Henkelman would like to make a further presentation on behalf of Canadian Landmasters for the purpose of correcting some statements made by an earlier delegation. What is the will of the committee on that? Is that agreed? (Agreed)

Mr. Parasiuk.

HON. W. PARASIUK: I just want to clarify one thing. Traditionally in committees in Law Amendments Committee and other committees, I don't know if delegations have actually gotten into great debates with each other as to their presentations. The way in which the committee operates is that people do make presentations, generally, as to what they want to say. There have been instances where people might have referred in passing to what another delegation may have said, but I don't know if we use the committee process for having debates between delegations. I just raise that as a point, not to try and stop anyone from speaking, but just to maintain the tradition that we've held here.

MR. CHAIRMAN: Mr. McKenzie.

MR. W. McKENZIE: Mr. Chairman, on the point of order. My understanding is that he wanted to make a correction in his summation of this. Am I wrong on that?

MR. CHAIRMAN: Excuse me. It's not in his presentation. It's in somebody else's. Mr. Storie.

MR. J. STORIE: I was going to say it wouldn't be appropriate to set that kind of a standard for debate. We would certainly be well disposed to receiving written letters from them indicating their areas of concern, with respect to any of the submissions by any of the groups.

MR. CHAIRMAN: Mr. Parasiuk.

HON. W. PARASIUK: Yes, this will all be recorded in Hansard and I would assume that people who've been here will want to get copies of that and if they do have comments that they want to make, though, they do have recourse to sending in written comments to us.

MR. CHAIRMAN: I take it the will of the committee then is not to hear any correcting statements from Mr. Henkelman.

On the next three presentations, is it the will of the committee to continue with the in-town delegations? Mr. Parasiuk.

HON. W. PARASIUK: Since they are in town, I would suggest that we give advance notice as to when we will be meeting again. I can't give that notice right now but we'll certainly give a notice to the people who still have to appear and since we've been going at it now for some time and it's almost 11 o'clock, I move that - before I move that, I just wanted to thank all the people who've obviously taken a lot of time and put in a lot of effort to discuss a very complicated piece of legislation and bring their experience from all aspects of this matter to us. On behalf of the committee, I'd like to thank everyone for their sincere efforts today.

I would like to move the committee rise.

MR. CHAIRMAN: Committee rise.