

MEMORANDUM OF UNDERSTANDING

BETWEEN

THE NATIONAL ENERGY BOARD

AND

THE DEPARTMENT OF NATURAL RESOURCES

CONCERNING

**THE EXCHANGE OF INFORMATION AND PROVISION OF ADVICE
WITH RESPECT TO THE MANAGEMENT OF OIL AND GAS RIGHTS AND
ACTIVITIES AND THE DEVELOPMENT OF REGULATIONS
PURSUANT TO COGOA, CPRA AND THE ACCORD ACTS**

THIS MEMORANDUM OF UNDERSTANDING

- BETWEEN** The National Energy Board (the NEB) and the Department of Natural Resources (NRCan) (collectively referred to as the Participants);
- WHEREAS** the NEB has the legislated responsibility for administering the *Canada Oil and Gas Operations Act* (COGOA) and has specific regulatory, technical and advisory responsibilities under Parts III, IV, VII and IX of the *Canada Petroleum Resources Act* (CPRA) and Parts II and II.1 of the *National Energy Board Act*;
- WHEREAS** NRCan advises the Minister of Natural Resources on oil and gas matters in general, and specifically, in relation to the Minister's responsibilities under the CPRA on frontier lands south of 60, and the Minister's responsibilities for recommending that the Governor in Council make regulations under Part III, Division I of the *Canada-Nova Scotia Offshore Petroleum Resources Accord Implementation Act* and Part III, Division I of the *Canada Newfoundland Atlantic Accord Implementation Act* (collectively referred to as the Accord Acts), and Part I of COGOA;
- WHEREAS** the Department of Indian and Northern Affairs Canada (INAC) advises the Minister of Indian Affairs and Northern Development on oil and gas matters in general, and specifically, in relation to that Minister's responsibilities under the CPRA on frontier lands north of 60, and his responsibilities for making recommendations to the Governor in Council on the making of regulations under Part I of COGOA;

WHEREAS

in 1991, base funding was transferred to the NEB to support its regulatory role under COGOA and CPRA, its responsibility for providing technical advice and support to NRCan on matters relating to the management of oil and gas rights and activities under CPRA, COGOA and the Accord Acts, and its responsibility for providing technical advice and support to NRCan on the development of regulations pursuant to COGOA and the Accord Acts;

WHEREAS

the NEB, in support of its regulatory role, has established a Frontier Information Office to provide data management and information services to the public;

WHEREAS

it is appropriate to describe more formally the process by which staff of the NEB will provide advice and support to NRCan on technical, operational and scientific matters, and support on legal matters;

RECOGNIZING

the importance of continuing to ensure that a consistent regulatory framework governs oil and gas activities under COGOA and CPRA and their respective corresponding sections of the Accord Acts;

THEREFORE,

not exceeding the limitations imposed by law, the Participants undertake to provide advice and support to each other, and to exchange data and information in the following manner:

1. GENERAL

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

2. INFORMATION ON OIL AND GAS INDUSTRY ACTIVITIES

- 2.1. Information described in Annex I will be exchanged on a routine basis.
- 2.2. For the NEB to fulfil its responsibilities under Parts III, IV and VII of CPRA, NRCan will provide NEB staff with current data and information regarding land disposition and rights.
- 2.3. To the extent permitted by legislation and subject to any limitation imposed by the rules of natural justice, any other information that either the staff of the NEB or NRCan may require on activities related to COGOA and the CPRA may be exchanged.
- 2.4. Staff of the NEB will provide, on request, information to NRCan on exploration, development and production activities, and on related environmental and land issues.
- 2.5. The NEB will allow NRCan to use NEB facilities to disseminate NRCan information materials related to oil and gas.

3. PROVISION OF ADVICE

- 3.1. Staff of the NEB will provide advice to NRCan on operational, technical, engineering and applied scientific issues, and support on legal regulatory issues. Staff of the NEB will carry out technical and environmental reviews as appropriate to enable NRCan and its Minister to fulfill their respective obligations and responsibilities.
- 3.2. NRCan will advise the staff of the NEB on relevant matters relating to energy policy and federal-provincial relations and negotiations and agreements that may affect the NEB's responsibilities under the CPRA or COGOA.

4. LEGISLATIVE AND REGULATORY DEVELOPMENT

- 4.1. NRCan and the staff of the NEB will regularly consult on the issue of legislative and regulatory development, and will collaborate in developing any proposed amendments to COGOA, CPRA, the Accord Acts, or regulations under these Acts.
- 4.2. NRCan and the staff of the NEB will seek to jointly set priorities for regulatory development under COGOA, CPRA and the Accord Acts, and will ensure that all required resources are available to fulfil their respective roles.
- 4.3. The development of regulations will be done in accordance with the processes, roles and responsibilities set out in Annex III.

5. EMERGENCY RESPONSE

- 5.1. The staff of the NEB will ensure that relevant information and updates on any significant event or emergency situation and response arising from oil and gas activities regulated by the NEB on frontier lands are transmitted to the designated NRCan official in a timely fashion, and prior to public announcement.
- 5.2. Notification of NRCan pursuant to clause 5.1 shall be performed in accordance with the procedures set out in the Annex II.
- 5.3. NRCan will provide the NEB with its Emergency Response Plan and any amendments to that plan as they are developed and implemented.

6. LAND TENURE AND RESOURCE MANAGEMENT

- 6.1. The NEB agrees to provide, at the request of NRCan, designated staff and secure facilities for the receipt of nominations and bids by industry.
- 6.2. The NEB agrees to act as repository for the federal copy of all geological, geophysical and well data resulting from industry activity on frontier lands and the Accord areas, other than any such data that the Minister of Natural Resources is under a legal duty to keep in confidence.
- 6.3. The NEB agrees to store and maintain copies of frontier and Accord area data in a safe and secure manner.

7. AMENDMENTS

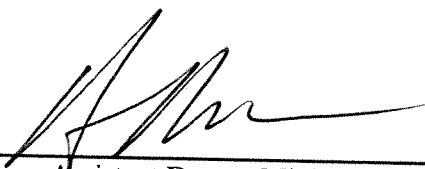
- 7.1. This memorandum and annexes may be amended by the agreement of the Participants. Unless another day is agreed, an amendment will become effective upon its signature by the Participants. Unless another day is agreed, an amendment will become effective upon its signature by the Participants.
- 7.2. Notice of amendment shall be performed in accordance with the procedures set out in Annex II.

8. TERMINATION

- 8.1. This memorandum may be terminated by either Participant upon the serving of written notice on the other Participant at least one month in advance
- 8.2. Such notice shall be performed in accordance with the procedures set out in Annex II.

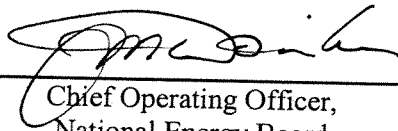
9. NOTICES

- 9.1. The Participants will provide notice to each other of any changes to contact information by serving a copy of a revised Annex II to the other participant.



Assistant Deputy Minister, Energy Policy Sector,
Natural Resources Canada

20/06/2006
Date



Chief Operating Officer,
National Energy Board

27 June 2006
Date

ANNEX I

THE NEB AND NRCAN WILL EXCHANGE THE FOLLOWING DATA AND INFORMATION REGARDING OIL AND GAS ACTIVITIES ON FRONTIER LANDS SOUTH OF 60 AND ACCORD AREAS ON A ROUTINE BASIS

FROM NEB TO NRCAN

Notification of application, copy of unsigned authorization form and list of contents on receipt, and copies of approvals for the following activities:

- Authorization to Conduct Geophysical/Geological, Geotechnical and Environmental Programs
- Diving Program Authorization
- Drilling Program Authorization
- Authorization to Drill Well
- Development Plan Application, Part I
- Production Operations Authorization
- Cancellation of Authorities or Approvals
- Notification of area requested for a Significant Discovery or Commercial Discovery; and
- A weekly status report summarizing activity for drilling and completing wells and the progress of geophysical/geological activities.

FROM NRCAN TO NEB

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

Data from the accord areas necessary for the NEB to respond to requests from NRCan of accord related energy matters.

ANNEX II

NOTIFICATION

- 1.1** The NEB shall notify NRCAN pursuant to clause 5.2 by telephone and email at:

Director,
Frontier Lands Management Division,
Department of Natural Resources,
tel. (613) 992-3794 (office hours), (613) 836-4886 (after hours);
elandry@nrcan.gc.ca

Or by facsimile transmission at (613) 943-2274.

- 1.2** The NEB shall serve notices on NRCAN pursuant to clauses 7.2 and 8.2 by mailing the notices to:

Director,
Frontier Lands Management Division,
Department of Natural Resources Canada,
580 Booth Street,
Ottawa, Ontario
K1A 0E4

Or by facsimile transmissions at (613) 943-2274.

- 1.3** NRCAN shall serve notices on the NEB pursuant to clauses 7.2 and 8.2 by mailing notices to:

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

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

ANNEX III

DEVELOPMENT OF REGULATIONS

1. The Participants recognize their mutual interest in ensuring efficient and effective collaboration at all stages of the process of developing regulations pursuant to COGOA and the corresponding sections of the Accord Acts.
2. Accordingly, on a project-specific basis, staff of NRCan and the NEB will consult early in the proposed preparation of regulations, with a view to determining the most appropriate project roles and responsibilities in respect of development, drafting and processing of the proposed regulations, including the most effective means of collaborating in respect of input to be provided to the Department of Justice, Privy Council Office and Standing Joint Committee for the Scrutiny of Regulations, and ongoing consultation and collaboration with other identified stakeholders where appropriate.
3. Unless otherwise agreed on a project-specific basis, staff of NRCan and the NEB will coordinate regulatory development and assume roles and responsibilities as set out in parts I through V of this Annex.

I. DRAFTING STAGE

- A) The staff of the NEB will prepare the initial draft of regulations made pursuant to the COGOA and the corresponding parts of the Accord Acts, and supporting documentation.

II. DEPARTMENT OF JUSTICE LEGISLATIVE SERVICES BRANCH (LSB) AND PRIVY COUNCIL OFFICE (PCO) REVIEW STAGE

- A) NRCan will be responsible for the processing of regulations made pursuant to the COGOA and the corresponding parts of the Accord Acts, and will be responsible for submission of documents to LSB and PCO for review and approval in accordance with the federal regulatory process.
- B) NRCan will be the single point of contact for LSB and PCO lawyers during the LSB and PCO review of Regulations. NRCan and NEB staff will collaborate in responding to LSB and PCO questions.
- C) The staff of the NEB will provide technical and legal drafting support to NRCan in both official languages.
- E) Either participant may enter into a cost recovery agreement with LSB concerning expediting review of draft regulations.

III. PRE-PUBLICATION STAGE

- A) NRCan will be responsible for processing Regulations made pursuant to COGOA and the corresponding sections of the Accord Acts for pre-publication in Part I of the Canada Gazette.

IV. FINAL APPROVAL AND PUBLICATION STAGE

- A) Review of stakeholder feedback on proposed regulations following publication in Gazette I will be undertaken by NRCan in consultation with the NEB.
- B) In the event that regulatory changes are required following publication in Gazette I, this will be done in accordance with the process set out in sections I, II and III above.

V. RESPONSES TO THE STANDING JOINT COMMITTEE FOR THE SCRUTINY OF REGULATIONS (SJC)

- A) NRCan will be responsible for responding to correspondence from the SJC.
- B) The staff of the NEB will provide the technical and legal support to NRCan in both official languages in respect of NRCan response to the SJC.
- C) In the event that regulatory changes are required in connection with a response to SJC correspondence, this will be done in accordance with the process set out in sections I, II, III and IV above.