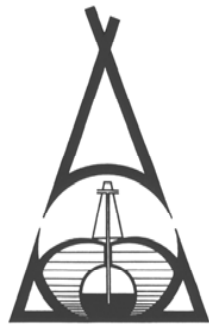




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***New Developments in Doing  
Business on First Nation  
Lands***



***Indian Oil and Gas Canada***

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# Outline

- ***Intro to Indian Oil and Gas Canada (IOGC)***
- ***Overview of Industry Activity 2001-2002***
- ***Band-owned companies***
- ***Advantages of doing business with FNs***
- ***Disposition - a two-key process***
- ***Pilot project***
- ***Legislative and regulatory amendments***





# Introduction to IOGC

## Oil and Gas Regulator on First Nation Lands

- A special operating agency within DIAND
- A current staff complement of 75
- Office located on Tsuu T'ina First Nation land
- Jurisdiction includes all Indian Reserve lands in Canada (generally south of the 60th parallel)



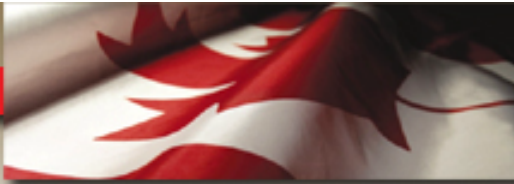
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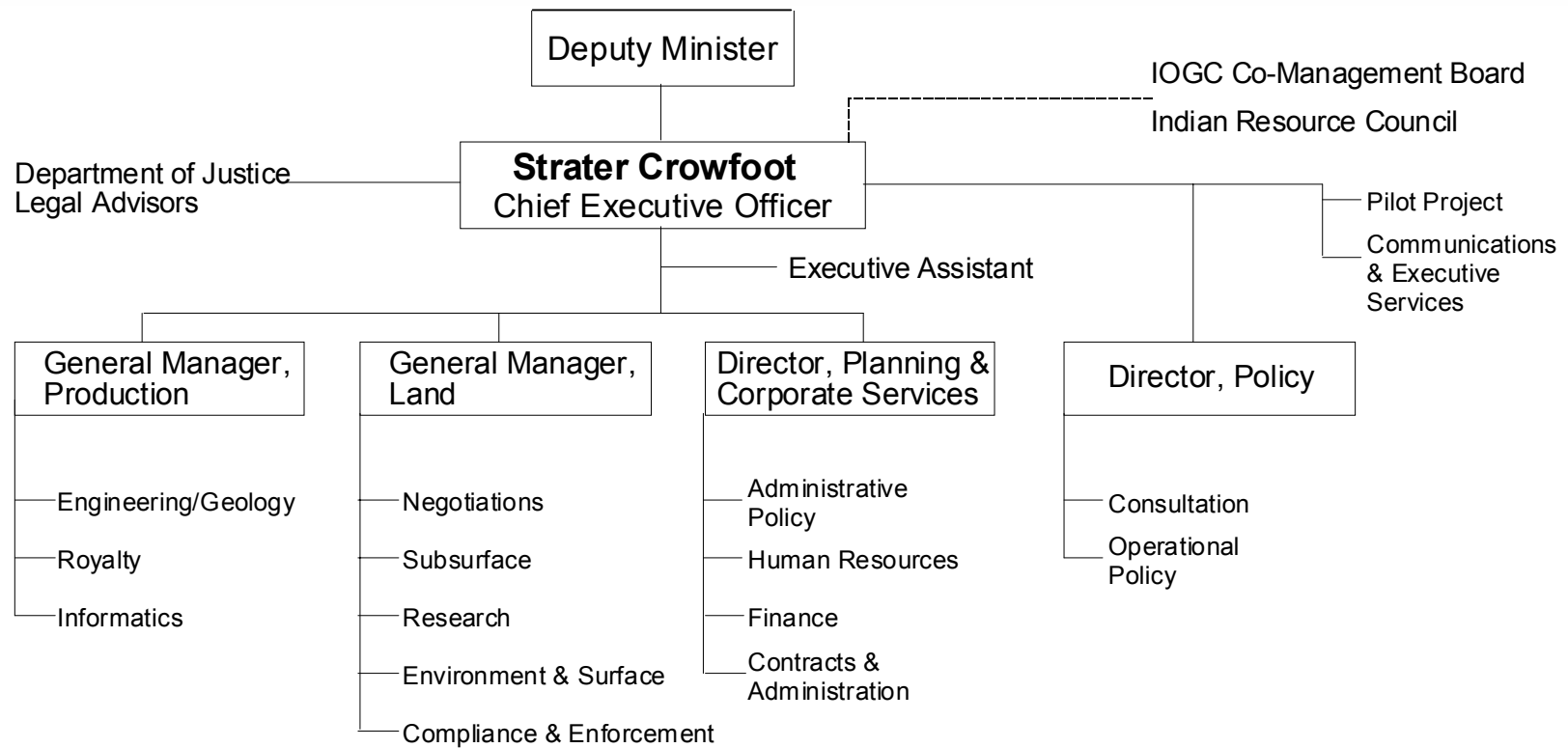


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# IOGC Organization Chart





# What Does IOGC Do?

**Assist First Nations regarding oil and gas**  
**Provide clear requirements to industry**

- Facilitate/Negotiate agreements
- Issue/Administer O & G agreements
- Conduct environmental screenings
- Provide revenue forecasts
- Monitor production of O & G
- Collect bonus, royalty, rent
  - Audit and reconcile royalties
- Compliance and Enforcement



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# IOGC Co-Management Board

- **Mr. Bernard Shepherd, White Bear First Nation, Co-Chair**
- **Mr. Warren Johnson, ADM, LTS, INAC, Co-Chair**
- Chief Ernest Wesley, Stoney First Nation
- Councillor Ben Ground, Enoch First Nation
- Councillor Errnol Gray, Aamjiwaang First Nation
- Mr. James Ahnassay, Dene Tha' First Nation
- Mr. S. Robert Blair, Chairman Emeritus, Nova Corporation
- Mr. Strater Crowfoot, CEO, Indian Oil and Gas Canada
- Ms. Judy Maas, Treaty 8 Tribal Association (B.C.)



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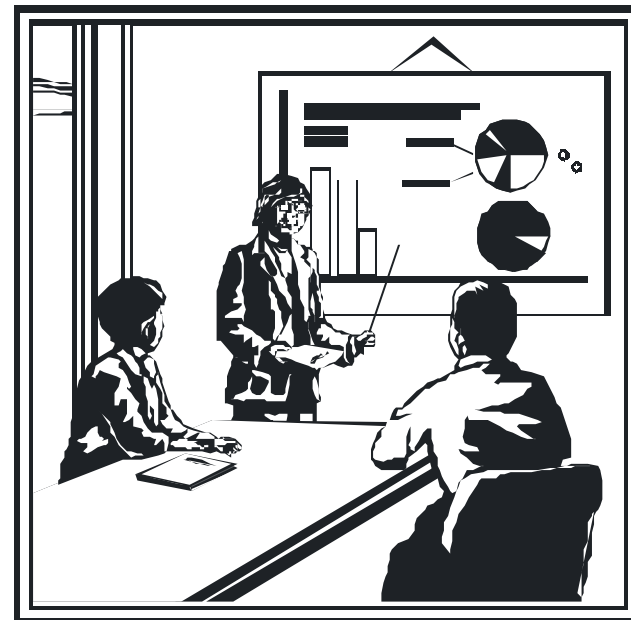
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# Role of Co-Management Board

- Provides strategic direction to IOGC
- Focuses on areas of collective interest
  - Updates on operations
  - IOGC issues
  - Policy issues
  - Plans and priorities
  - Allocation of resources





# Partnerships

## Indian Resource Council of Canada (IRC)

IRC represents and serves 120 First Nations

- **Mr. Roy Fox, President/CEO**, former Chief of Blood Tribe
- **Mr. Bernard Shepherd, Chair**, member of White Bear First Nation
- Member of Co-Management Board
- National voice for First Nations with oil and gas interests



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# Overview of O&G Activity 2001-2002

- 179 new wells drilled on 33 Reserves
- \$53 million invested by industry in drilling
- 175 companies on 75 Reserves
- \$198 million total revenue
  - \$177 million royalty; \$21 million bonus and rental
- Oil production 621,200 m<sup>3</sup>
- Gas sales 2,280 10<sup>6</sup> m<sup>3</sup>





# Overview of O&G Activity 2001-2002

- 94,834 ha under 41 agreements
- 597,562 total ha currently under agreement
- Estimated 1,000,000 ha available
- Total active agreements
  - 657 mineral, 2453 Surface leases/ROWs
- Seismic programs
  - 12 programs, 163 km of 2-D
  - 7 programs, 398 km<sup>2</sup> of 3-D
- 255 Environmental screenings





# Band-Owned Companies

- 18 Band-owned companies in joint venture arrangements with oil and gas companies
- 65,555 ha held by BOCs under 36 agreements
- Many other BOCs in spin-off activities
  - Trucking, construction, catering



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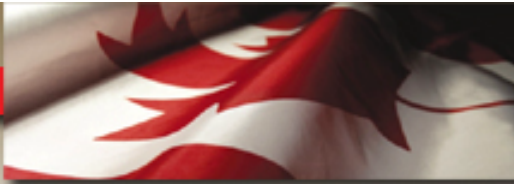
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# Business Opportunities

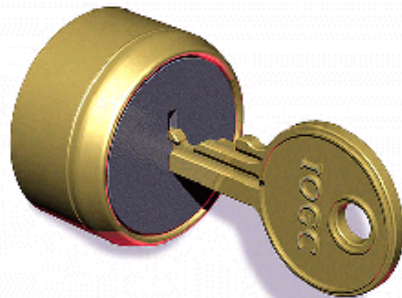
- First Nation communities provide:
  - Potential for large contiguous blocks of land
  - Common ownership of surface and subsurface
  - Royalties paid on FN lands tax-deductible
  - Local work force
  - Access to Band-owned construction equipment
  - On-reserve contracting companies
    - Environmental assessment, transportation, food, etc.
  - Identification of culturally sensitive areas





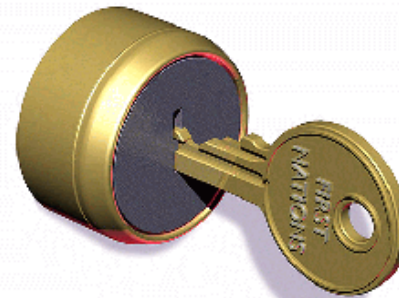
# O&G Disposition - A Two-Key Process

## IOGC Approval



Bonus  
Royalty  
Commitments  
Fair Return

## FN Approval



Partnerships  
Ec/Dev  
Employment  
Culture



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# O & G Disposition Policy

- Sets out the criteria used by IOGC in determining whether to turn its key
- Assists FNs and industry in negotiating agreements, and obtaining approval of IOGC
- Sets out the definition of Fair Return:
  - Competitive market
  - Typical Industry criteria
  - First Nation criteria





# First Nations Oil and Gas Management Initiative – The “Pilot Project”

- Objective - four First Nations have full control and management of oil and gas resources by 2005:



*White Bear*



*Blood*



*Siksika*



*Dene Tha*

- Requires new legislation
- Includes control and management of O & G monies, plus optional control of other monies





# Legislative and Regulatory Amendments

- *Indian Oil and Gas Act* has not changed since 1974
- De-regulation, new technologies, legislative change in other jurisdictions
- Regulations were amended in 1995 for greater First Nation involvement
- Proposed changes will provide new tools to further strengthen IOGC's Regulatory role



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# Summary

- Please visit Indian Oil and Gas Canada's booth for further information
  - *Indian Oil and Gas Act, Regulations 1995*
  - Summary of proposed leg/reg changes
  - Disposition Policy
  - Annual report



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