

BRITISH COLUMBIA MINISTRY OF EMPLOYMENT AND
INVESTMENT/NATIONAL ENERGY BOARD

RESERVES DATABASE AGREEMENT

This Agreement made this 24 day of December, 1997 between:

National Energy Board, an agency of the Crown in the right of Canada.

- and -

Energy and Minerals Division, Ministry of Employment and Investment, an agency of the Crown in the right of British Columbia.

WHEREAS:

- (a) The December 1994 joint protocol between the National Energy Board (NEB) and the Ministry of Energy, Mines and Petroleum Resources provided a framework to improve the coordination and cooperative efforts between the NEB and the Ministry of Employment and Investment (MEI) and for addressing concerns about public sector organizational effectiveness and optimization of resources.
- (b) The commitments made in the protocol were:
 - i. to continue with the ongoing technical liaison, initiatives and joint technical work intended to improve and develop technical cooperation and collaboration between the two agencies; and
 - ii. to reduce the regulatory burden and achieve consistency in methodologies and approach.
- (c) The NEB and MEI wish to enter into this Agreement to express their commitment towards a reserves database where the reserves database means the electronic database maintained and operated by MEI in Victoria.

NOW THEREFORE the Parties collectively referred to as "Agencies" commit to the following:

Mission

- 1. The Agencies undertake as follows:
 - (a) to use a common natural gas and crude oil reserves database;
 - (b) to maintain efficient methods of estimating reserves; and
 - (c) to use this initiative to set the tone for other cooperative efforts.

Scope

- 2. The scope for this Agreement is based on the following five main criteria. The Agencies agree that:

- (a) this initiative will be confined to estimates of reserves, related reservoir parameters, and geological analysis for natural gas and crude oil pools;
 - (b) industry consultation and participation will be encouraged;
 - (c) establishing software compatibility will be investigated and efficiencies gained whenever possible;
 - (d) the division of special pool and reserve studies will be undertaken to avoid duplication; and
 - (e) joint pool reserves studies or Province-wide studies will be implemented when required and when resources allow.
3. The Agencies agree to further consider the following for implementation or action at such time as mutually acceptable:
- (a) expansion of the technical analysis to include deliverability forecasts for both natural gas and crude oil;
 - (b) examination of the feasibility of staff exchanges and implementation of such exchanges when workload requirements dictate; and
 - (c) examination of the basis of new reserves definitions, particularly those released by the Petroleum Society of the Canadian Institute of Mining and Metallurgy (CIM).

Joint Technical Steering Group

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4. The Agencies agree to establish a Joint Technical Steering Group (JTSG) in accordance with the following:
- (a) MEI and the NEB will each appoint no more than two qualified technical staff members to the JTSG, such members to be experienced in determining estimates of reserves of natural gas, crude oil, natural gas liquids and deliverability forecasting in the Province of British Columbia. Alternate members may be appointed, at the request of the JTSG or the Agencies, where expertise in specific areas would be desirable;
 - (b) the mandate of the JTSG will be to recommend resolution for differences in estimates of reserves;
 - (c) JTSG will recommend and direct a program of special studies, which may be divided or joint; and
 - (d) the JTSG will monitor the implications of alternative reserves definitions and evaluate their applicability to the reserves database.

Contribution of Agencies

5. The database and geological maps will reside at and be maintained by MEI.
6. MEI will retain exclusive control of and ownership of the information contained in the database.
7. The NEB will contribute to the database and have "read only" access to the information in the database.

Interpretive Data

8. MEI may, at its discretion, allow NEB staff to view confidential information held by MEI.

9. The mechanisms and procedures that would best facilitate the reciprocal access to interpretive data will be determined from recommendations by the JTSG.

Confidential Data

10. Confidential information will be handled in accordance with the legislation applicable to each agency, and the quasi-judicial functions of the NEB.

11. If changes are made to relevant legislation of either Agency, the current practices or policies of MEI or the NEB, or the *Access to Information Act* of Canada or the *BC Freedom of Information and Protection of Privacy Act*, the Agencies agree to reconsider and, if necessary, amend this Agreement to give effect to such changes.

Agreement Term

12. Amendments to this Agreement may be negotiated between the Agencies at any time.

13. This Agreement will terminate 60 days after written notice is served by either Agency.

Data Cost Recovery

14. The NEB agrees to reimburse MEI for costs incurred in data dissemination.

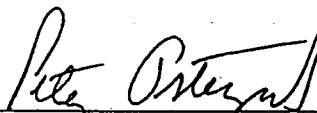
ALL OF WHICH is agreed to by the undersigned.

NATIONAL ENERGY BOARD

**BRITISH COLUMBIA MINISTRY OF
EMPLOYMENT AND INVESTMENT
ENERGY AND MINERALS DIVISION**



R. Priddle
Chairman
National Energy Board



P. Ostergaard
Assistant Deputy Minister
Energy and Minerals Division