

File Nos. 1885, 1916, 1922
Board Order No. 1885-1916-1922-3

June 10, 2019

SURFACE RIGHTS BOARD

IN THE MATTER OF THE PETROLEUM AND NATURAL GAS ACT,
R.S.B.C., C. 361 AS AMENDED

AND IN THE MATTER OF

DISTRICT LOT 2634 PEACE RIVER DISTRICT,
AGRICULTURAL LEASE #344644, DISPOSITION NO. 869411

(the "Lands")

BETWEEN:

Crew Energy Inc.

(APPLICANT)

AND:

Penalty Ranch Ltd.

(RESPONDENT)

BOARD ORDER

Heard by written submissions

This is an application by Crew Energy Inc. (Crew Energy) under section 167(1) of the *Petroleum and Natural Gas Act* for an order terminating rights of entry orders authorizing entry to the Lands by Crew Energy for oil and gas activities. The Lands are Crown Lands over which the Respondent, Penalty Ranch Ltd. (Penalty Ranch), has been granted an agricultural lease dated April 25, 2008 (the Agricultural Lease).

The Oil and Gas Commission granted permits to Crew Energy for oil and gas activities and has, subsequent to the issuance of the rights of entry orders by the Board, issued licenses of occupation to Crew Energy to conduct its oil and gas activities on the Lands.

Penalty Ranch opposes the application. It submits Crew Energy is trespassing on the Agricultural Lease without paying damages or rent. Crew Energy submits that the licenses of occupation were granted in accordance with the terms of the Agricultural Lease allowing the Province to resume portions of the Lands for use not compatible with grazing, and that it no longer requires the rights of entry orders to gain entry to the Lands for its oil and gas activities.

The Board is satisfied that as the Oil and Gas Commission has issued licenses of occupation to Crew Energy for the purpose of accessing and occupying portions of the Lands for its oil and gas activities, that Crew Energy does not require rights of entry orders, and that the rights of entry orders issued by the Board should be terminated.

Any dispute between Penalty Ranch and the Oil and Gas Commission respecting the issuance of licenses of occupation is not within the jurisdiction of the Board to resolve. Similarly, any dispute between Penalty Ranch and the Province respecting interpretation of the Agricultural Lease and whether the license of occupation is a proper exercise of the Province's authority under the Agricultural Lease to resume portions of the Lands is not within the jurisdiction of the Board to resolve.

ORDER

The Surface Rights Board orders that the following rights of entry orders are terminated:

- a) Order 1885-1 issued April 22, 2016;
- b) Order 1885-2 issued June 16, 2016 and Order 1885-2amd issued June 28, 2016;
- c) Order 1916-1 issued November 25, 2016;
- d) Order 1922-1 issued January 20, 2017.

Penalty Ranch may retain any amounts paid to it as partial payment in accordance with the Orders listed above.

DATED: June 10, 2019

FOR THE BOARD



Cheryl Vickers, Chair