



NOTICE TO THE MEMBERSHIP

November 29, 2016

MEMBERS:

Recently CAPL met 2 members of the Alberta Government's Farmer's Advocate Office (FAO) Michele del Colle and Peter Robbie. One of the key discussions was the alleged unprofessional conduct by some oil and gas companies representing to landowners that they had the right to: One, unilaterally impose surface annual compensation (rent) reductions on them by as much as one-half for no reason; Two, use the change of use clause in the surface agreement to impose surface annual compensation (rent) reductions on them by as much as one hundred percent and unilaterally reduce the size of the surface lease citing reclamation as the cause; and three, impose a change in the surface lease mid-term prior to the annual compensation (rent) review period.

Notwithstanding various reasons why this *might** be acceptable based on the verbiage in certain surface leases; why one *might* want to consider the source of the problem with high LMR ratio companies simply trying to survive or suffer the inevitable; or the truth, as we pointed out, that negotiations are fine as long as both parties agree – nevertheless we are facing NEGATIVE PUBLICITY IN THE MEDIA FROM ALBERTANS AND THE GOVERNMENT regarding the poor annual compensation reduction practices discussed above. Landowners have rights under Section 25 and 27 of the Surface Rights Act (SRA) and they can apply under Section 36 of the SRA for reprieve through the Surface Rights Board. *Remember, the Surface Rights Act trumps what is written in your agreements.

The FAO is not blaming the licenced agent; they are blaming the companies. Recently, the Land Agent Licensing Registrar sent out a letter to all land agents advising of this issue and reminding land agents that they are held to ethical conduct standards under the Land Agents Licensing Act and Regulations. However, the problem with this is that annual compensation reviews do not currently require a land agent to perform them so this does not fully address the issue. CAPL is choosing to remind our members that we are all held to high ethical standards under our Bylaws and we expect members to maintain their integrity and that of the CAPL in this regard.

Taking the high road has consequences for some; taking the low road has consequences for us all. Let us know how we can help you do your job. If you have any questions, please do not hesitate to contact the Board of CAPL through the office or write us at president@landman.ca

Yours very truly,

CANADIAN ASSOCIATION OF PETROLEUM LANDMEN

Larry Buzan, P. Land, B. Comm
President 2016-2017