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December 1, 2012 Newsletter

The Action Rights Surface Rights Association is a group of landowners that strive to maximize the compensation levels obtained from the use of their lands by the Oil/Gas Industry, Power Line and Pipeline companies and Windmills. They are also concerned with the government and regulator's policies and legislation and lobby to make sure that legislative and regulatory changes reflect landowner interests.

### **Current Situation with ALTA LINK.**

The Picture Butte to Etzikom power line project is being finalized. It looks like the Red Line going through the MD of Taber is still the preferred route and the Green Line is the Secondary Route. The Potatoes Growers of Alberta and the Sugar Beet Grower Association have sent letters of opposition to Alta Link opposing the Red Line. The MD of Taber is also opposed to the Red Line. It looks like many of the parties involved will suggest a third Alternative route that would avoid much of the irrigated lands. However, to this point Alta Link has not been open to that suggestion.

Alta Link will likely announce the routing and apply to the AUC in February. Procedures at the Alberta Utilities Commission have changed and many of our members have experience in these matters. If you are opposed to this line you need to become informed and get ready to make submissions to the Alberta Utilities Commission. Need Help?

### **IS THE OIL COMPANY KNOCKING?**

The CNRL Pattern Agreement for the MD of Taber expires at the end of 2012 and we have almost completed negotiating the new rates for this next year. Some of the rates will see a significant increase. It looks like all of the Adverse Effect and Loss of Use rates will be increased, stay tuned.

In the past, the dryland Loss of Use rates in the area have been lower than other areas in the province. Dryland Adverse Effect rates have also been significantly lower than the Vulcan area. The new Pattern agreement should increase the rates to bring us more in line with the higher areas of the province.

We currently have some of the highest Loss of Use and Adverse Effect rates in the province for Irrigation and those rates are increasing, reflecting the value of the specialty crops that we grow. For example, the Rolling Hills area commonly pays \$2000 A.E. and \$600-800/acre for Loss of Use on irrigation. The MD of Taber area rates will be around \$3200 A.E. and \$700-1000/acre for Loss of Use.

We will be posting the new Pattern rates as soon as they are finalized. Since CNRL is the largest Operator in the area, other Operators use the CNRL Pattern for guidance. Although the Pattern Agreement does not cover every specific situation that may arise, and allows for Loss of Use rates to be tailored to the crops that each landowner raises, it does provide a framework for determining compensation rates for new development and rental reviews. We appreciate the opportunity to discuss these matters with CNRL and recognize the influence that CNRL has on oil/gas development in the MD of Taber and surrounding area.

### **New Bills #2 and #8 Restrict Land Owner Property Rights**

The government has introduced new Legislation which may reduce landowner's Rights to have standing in Expropriation hearings concerning their lands. The government is also looking at merging agencies and creating a "Super agency" to handle expropriation matters. Landowners are worried that the Surface Rights Board will end up being rolled into this agency, resulting in a significant decrease in a landowner's opportunity to be heard. Our Association has supported lawyer Keith Wilson's current Appeal Court challenge requiring the AUC to evaluate the "Public Interest" when determining the need for power line projects. It appears that the Alberta government is worried about the outcome of the court case and intends to change the law regarding the issue, regardless of the court decision.

### **Changes to the Municipal Tax Act needed.**

Currently, if owners of Windmills, Cell Towers and other structures don't pay their tax assessments, the landowner could be on the hook for the increased tax assessment payable on their property. We are encouraging the government to give landowners, with these facilities on their lands, the same protection that landowners with oil/gas facilities currently receive.

### **Current Oil/Gas Activities in the Area**

CNRL is active in the Taber area, drilling some new wells (mainly pad sites) and installing new pipelines. Land values in the Taber area for irrigation have moved to \$6000/acre. Dee Three and other Operators are also active in the Warner/Milk River area. Cenovus is drilling some new wells in the Rosemary area. The Operators remain focused on oil development due to the low natural gas prices. Some analysts believe that natural gas will rise, especially if we have a cold winter, however, gas prices will likely have to increase significantly before we see new drilling activity for gas plays.

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