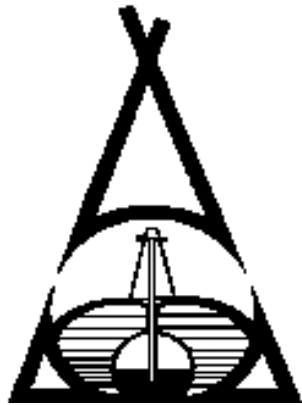




Indian and Northern Affairs Canada
Affaires indiennes et du Nord Canada

Indian Oil and Gas Canada

Aboriginal Consultation for Oil and Gas Development on First Nation Reserve Lands



IOGC

**CAMPUT 2010 Conference
Sustainable Regulation
Montréal, May 2-5, 2010**

***Strater Crowfoot
Chief Executive Officer and
Executive Director, IOGC***

May 4, 2010



Outline

- Role of IOGC
- IOGC Co-Management Board
- Consultation in IOGC Operations
- Changes to *Indian Oil and Gas Act* and *Regulations*



Role of IOGC

Jurisdiction and Mandate

IOGC - special operating agency that manages and regulates oil and gas resources on designated Indian reserves across Canada

Jurisdiction

- More than 300 Indian reserves designated for oil and gas development pursuant to *Indian Act*, located in BC, AB, SK, MB, ON and NWT
 - More than 120 Indian reserves have oil and gas agreements

Mandate

- Fulfill the Crown's fiduciary and statutory obligations related to the management of oil and gas resources on First Nation lands
- Further First Nation initiatives to manage and control their oil and gas resources (i.e. governance)

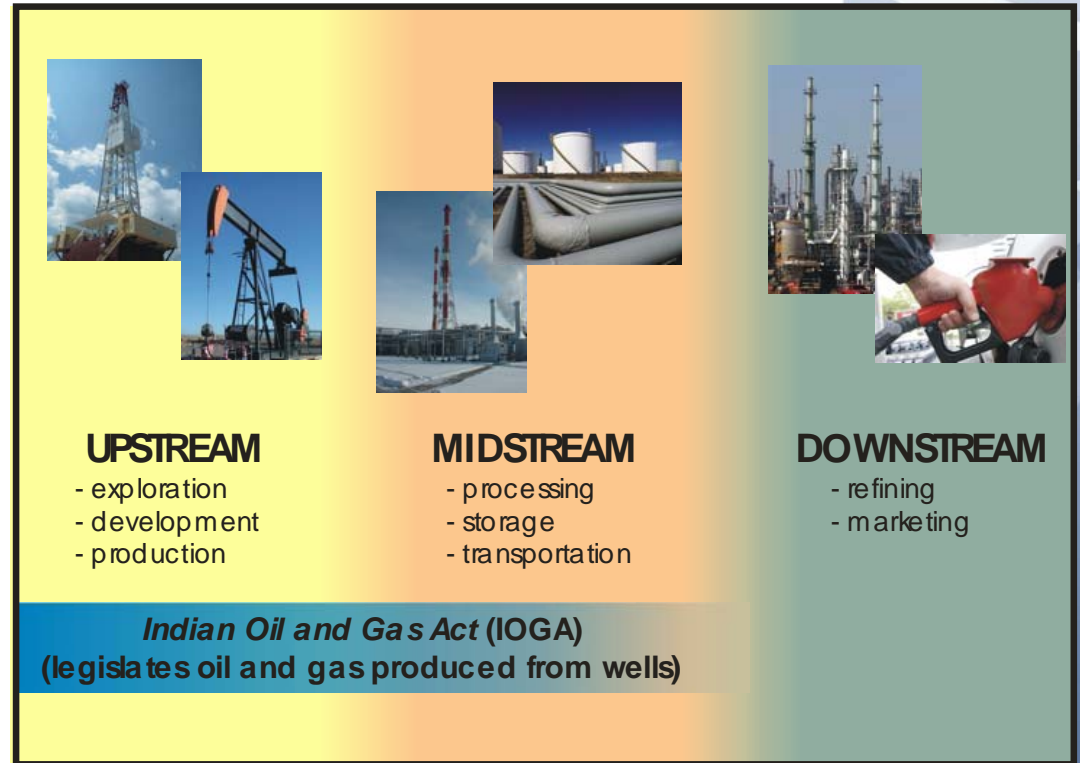




Role of IOGC

Statutory Authorities

- IOGC operates pursuant to:
 - *Indian Oil and Gas Act*
 - *Indian Oil and Gas Regulations, 1995*
- IOGC also operates pursuant to provisions of other federal legislation:
 - *Indian Act*
 - *Canadian Environmental Assessment Act*
 - Other relevant legislation

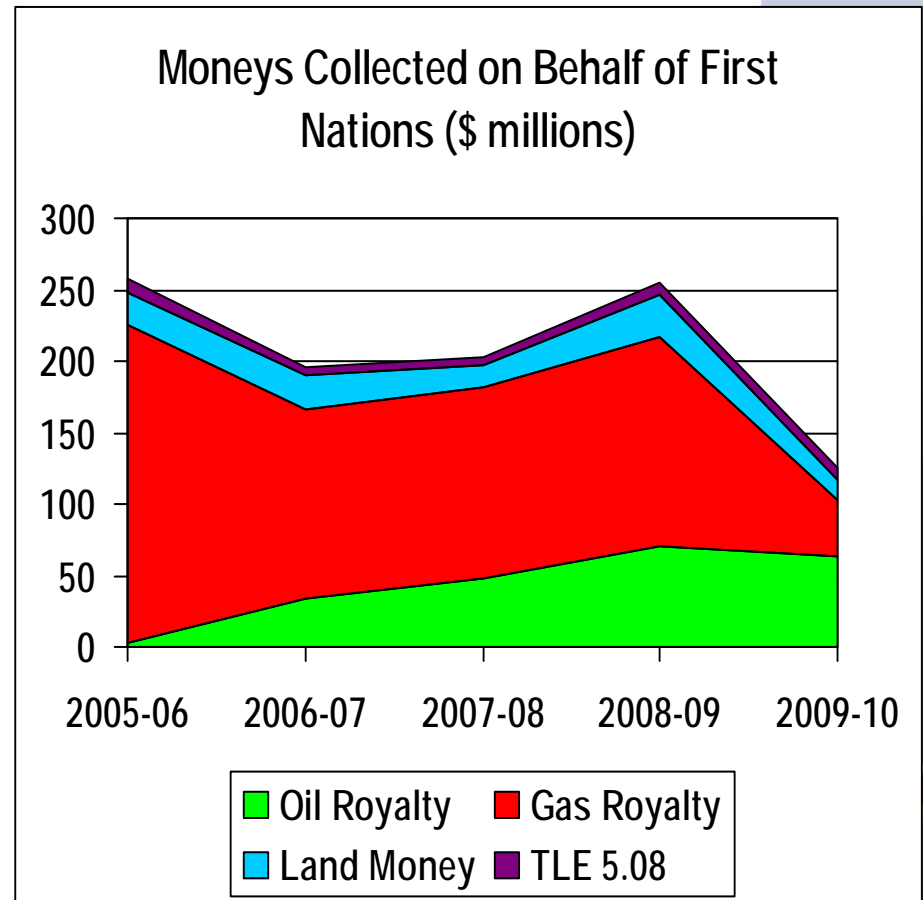




Role of IOGC

Operations Summary of Last Five Fiscal Years

- Collected more than \$1 billion on behalf of 60 First Nations
- Industry invested more than \$350 million to drill almost 900 wells on Indian reserves
- Issued about 1,300 new surface agreements and 100 new subsurface agreements
- Currently administering:
 - about 4700 surface agreements, area of 10,000 hectares
 - about 700 subsurface agreements, area of about 800,000 hectares
- More than 3 million m³ of oil and 7 billion m³ of gas produced from Indian reserves

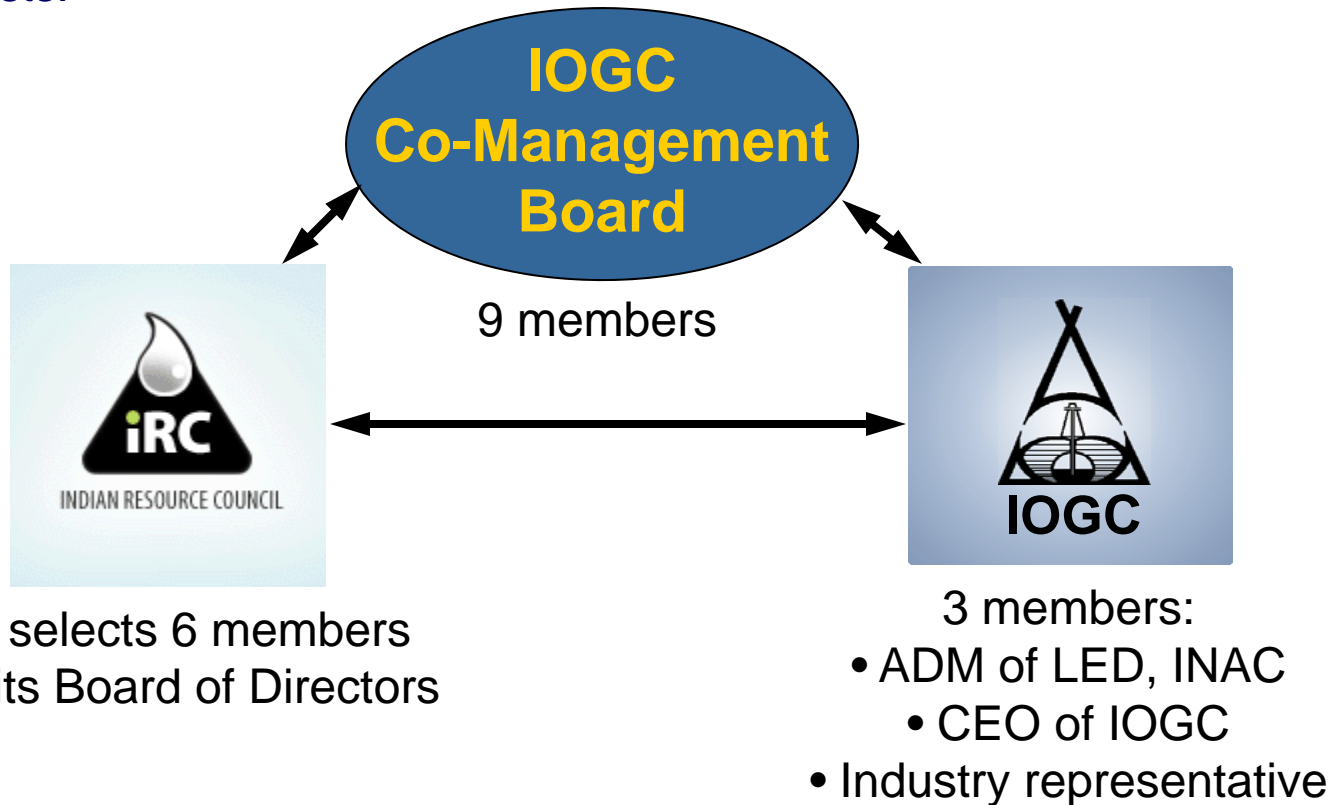




IOGC Co-Management Board

Consultation through Co-Management

IOGC has a Co-Management Board with Crown members and with First Nation members selected by the Indian Resource Council (IRC). The IRC represents more than 130 First Nations across Canada with oil and gas interests.





IOGC Co-Management Board

Role and Priorities

- Board provides oversight of and input to operations, focusing on areas of collective interests
- Current Board priorities include:
 - Ensuring IOGC excellence as regulator and resource manager
 - Policy work – legislative/regulatory change
 - Supporting proposals for Indian Resource Council economic development role
 - Monitor and support Indian Resource Council's lead of parallel process for modernization of Indian Oil and Gas Act and greater First Nation control of oil and gas
- Quarterly meetings and annual retreats with IOGC Executives



Consultation in IOGC Operations

Consultations - IOGC, First Nations and Companies

- IOGC works closely with Chief and Council and First Nation officials
- Band Council approval and signature is required for all deals
- IOGC also works with officials of oil and gas companies
- Oil and gas companies:
 - Consult with Chief and Council and obtain Band Council Resolutions
 - Consult with IOGC regarding proposed agreements
 - Comply with IOGC's Resident Consultation Instructions as part of environmental assessments



Consultation in IOGC Operations

Requirements in *Indian Oil and Gas Regulations, 1995*

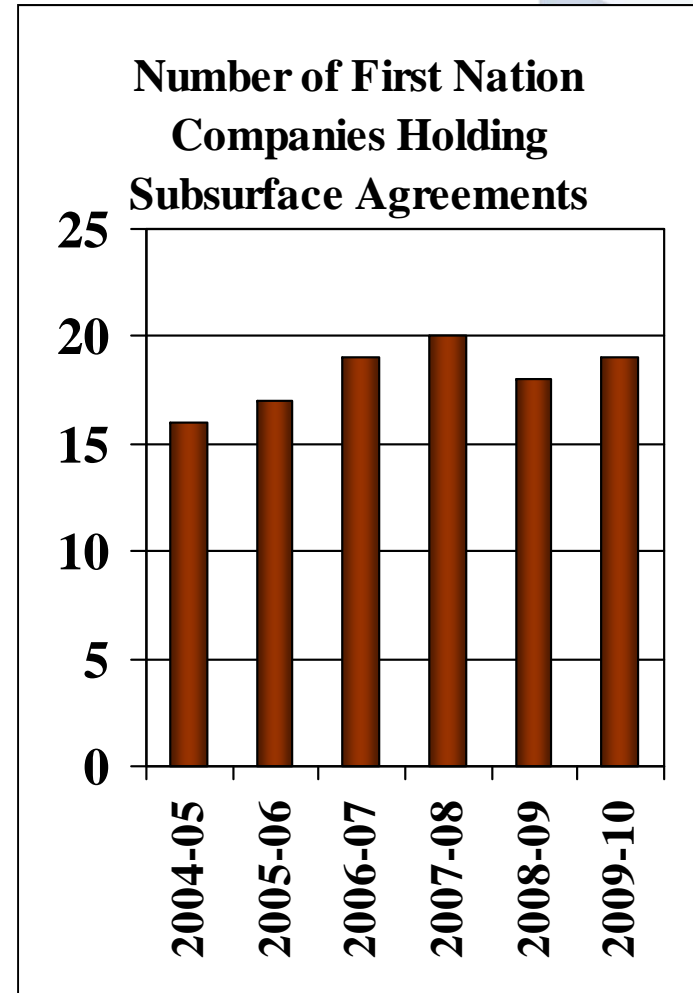
- 15 provisions in Regulations require approval of Band Council, for example:
 - Issuance of agreements
 - Inspection of and confirmation that surface area has been satisfactorily restored
- 5 provisions in Regulations require joint action with Band Council, for example:
 - Issuance of Call for Proposals or Call for Tenders
- 8 provisions in Regulations require consultation with Band Council, for example:
 - Lease continuance issues
 - Specific terms and conditions of agreements
- Numerous additional provisions in Regulations require submission of information to Band Council



Consultation in IOGC Operations

IOGC Relationship with First Nation Companies

- IOGC, as fiduciary bound by IOG Act, ensures that First Nations receive fair returns from dispositions
- Chief and Council must approve all dispositions
- IOGC works with Chief and Council and First Nation company as separate entities
- First Nation companies typically joint venture with oil and gas operating companies
 - Operating companies supply technical expertise
 - First Nation has potential for more control, additional economic benefits and capacity building
- IOGC not involved in joint ventures





Changes to IOG Act and Regulations

Background and Status

- *Indian Oil and Gas Act* was enacted in 1974, virtually unchanged since then
- *Indian Oil and Gas Regulations* last updated in 1995, mainly to allow for more First Nation involvement in operations
- IOGC identified need to update and modernize Act and Regulations in 1998
 - Need to keep pace with industry and technological advances
 - Need to better harmonize with provincial oil and gas regimes
- Amendments to Act developed and introduced in Parliament, received Royal Assent in May 2009 (will come into force when Regulations are updated)
- Amendments to Regulations currently being developed





Changes to IOG Act and Regulations

Change and Consultation Process

- Since 1999, government has worked closely with stakeholders, provinces and advocates to develop amendments to Act and Regulations
- IOGC developed Stakeholder Involvement Package in 2002
- IOGC worked with IRC to host symposium in May 2008
- Numerous information sessions with interested First Nations to discuss changes throughout process
- 3 joint committees (government and First Nation members) to oversee and guide process:
 - **Steering Committee** – provides overall direction
 - **Joint Technical Committee 1** – involved in process to draft changes to Act and Regulations
 - **Joint Technical Committee 2** – operates at strategic level



Changes to IOG Act and Regulations

Amendments to *Indian Oil and Gas Act*

- Drafting of amending Bill began in 2002 between IOGC and Indian Resource Council, put on hold in 2003 to re-focus INAC resources
- Drafting re-commenced August 2006, completed May 2008
- Amending Bill first introduced to Parliament in June 2008, introduced third time in January 2009
- Bill C-5 received Royal Assent May 14, 2009
- Key elements of Bill:
 - Increase legal certainty
 - Powers to make regulations*
 - Audit powers
 - Limitation period
 - Royalty payments
 - Fines and penalties
 - Trespass
 - Replacement leases

** Including referential incorporation of provincial oil and gas regulations*



Changes to IOG Act and Regulations

Changes to Regulations and Continuous Improvement

- Development of updated Regulations is underway, first full draft due November 2010
 - Followed by additional consultation with First Nations, industry and others
 - Pre-publication in Canada Gazette I and II - opportunity for all Canadians to view and comment
- Proposed amendments would:
 - Increase legal certainty to regulatory process governing oil and gas exploration and development on reserve lands
 - Improve Government of Canada's ability to regulate oil and gas development on First Nation reserve lands
 - Enhance environmental protection and ensure preservation of First Nation sites of cultural, historical and ceremonial significance
- Proposed amendments are first step of IOGC's continuous improvement process for its Regulations



For More Information . . .

Visit our web site at www.iogc-pgic.gc.ca

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