

## **Metis Settlements General Council**

### **Oil and Gas Resource Sharing Policy**

*Policy GC-P0502  
Adopted May 19, 2005*

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## **Part 1 Context**

### **Background**

1 Section 222(1)(b) of the Métis Settlements Act (MSA), provides that the General Council, after consultation with the Minister of Aboriginal Affairs and Northern Development, may make, amend or repeal General Council Policies respecting the co-management of the subsurface resources of settlements areas and the distribution of the proceeds from exploration for, and development of those resources.

### **Purpose**

2 The purpose of this policy is to establish a resource sharing and administrative framework relating to revenues resulting from the co-management of subsurface resources.

## **Part 2 Interpretation**

### **Definitions**

3(1) The following definitions apply in this Policy:

- (a) “Act” means the Metis Settlements Act;
- (b) “Affected Settlement Corporation” means, in respect of any Posting Request, Notice of Public Offering, Bid, Development Agreement, or Resource Agreement with respect to any Minerals, the Settlement Corporation of the Settlement Area in which the Minerals are located;
- (c) “Attributable” means any revenue from the terms of the sharing framework agreed to under paragraphs 9(1) and (2) of this Policy and paragraph 10(2) of this Policy
- (d) “Bid” means an offer made to the Minister of Energy in response to a Notice of Public Offering (NPO), which, when accepted by the Minister of Energy, would create an agreement between the person making the offer and the Minister of Energy with respect to the issuing of a Resource Agreement for the Minerals the subject of the NPO and offer;
- (e) “Bidder” means the person making the Bid;
- (f) “Development Agreement” means an agreement entered into by the affected Settlement Corporation, General Council and a Bidder, setting out rights and obligations of those parties with regard to any of the matters referred to in section 303 of the Co-management Agreement and surface access of the Bidder to and the exploration for and development by the Bidder of, Minerals in respect of which the Bidder has submitted a Bid;
- (g) “Effective Date” means November 1, 1990;

- (h) "Minerals" means the whole or any part of the mines and minerals, as defined by the Mines and Minerals Act, owned by the Minister of Energy in the whole or in part of the Métis Settlements Lands that are not subject to a Disposition
- i. that was issued by the Minister before the Effective Date, or
  - ii. that is issued by the Minister of Energy after the Effective Date but that arises out of, or that is a renewal, continuation, reinstatement or other like extension under the Act of any Disposition issued before the Effective Date;
- (i) "Overriding Royalty" means a right reserved in a Development Agreement to the General Council, for it to receive a share of the portion of production, or of the value of production, obtained by the Bidder pursuant to the Resource Agreements referred to in the Development Agreement, that remains after payment of royalty to the Minister in relation to such production; and
- (j) "Participation Option" means an option reserved in a Development Agreement to the General Council that allows the General Council to obtain from the Bidder who is party to the Development Agreement, no more than a 25% specified undivided interest in the Resource Agreements referred to in the Development Agreement.

### **Part 3 Development Agreements**

#### **Joint negotiations**

4 In accordance with this Policy, both General Council and the affected Settlement Corporation must jointly negotiate with the successful bidder.

#### **MSGC Board**

5(1) All consultation and representations, made by the representatives designated by General Council and affected Settlement Council, shall be brought to Metis Settlements General Council (MSGC) Board for consideration.

(2) The MSGC Board will then exercise all of MSGC rights, duties and powers under the Co-management Agreement; and any rights and responsibilities under this Policy.

#### **No assignments or conversions**

6 An affected Settlement's share of the Participation Option under paragraph 9 of this Policy cannot be assigned or otherwise converted into another interest by an affected Settlement Corporation.

**Part 4**  
**Sharing Framework**

**Authority for Participation Option**

7 It is recognized and affirmed that the Co-management Agreement allows the MSGC to obtain from a Bidder who is party to the development agreement, not more than a 25 % specified undivided interest in the Resource Agreements referred to in the Development Agreement

**Authority for Overriding Royalty**

8 It is recognized and affirmed that the Co-management Agreement allows MSGC to receive a share of the portion of production, or of the value of the portion of production, obtained by the Bidder pursuant to the Resource Agreements referred to in the Development Agreement, that remains after payment of royalty to the Minister of Energy in relation to such production.

**Sharing the Participation Option**

9(1) Subject to paragraph 9(2) below, the Participation Option shall be shared equally between the MSGC and the affected Settlement.

(2) Where the MSGC or an affected Settlement does not exercise all or only part of its share of the Participation Option, the MSGC or the affected Settlement, as the case may be, has the right of first refusal to take up the remainder of the Participation Option.

**Sharing Overriding Royalties**

10(1) Any and all revenues resulting from any Overriding Royalty under the Co-management Agreement of 3%, on a production value of 100% shall be the property of the Metis Settlements General Council.

(2) Any revenues resulting from any Overriding Royalty over 3%, on a production value of 100% shall be paid to the affected Settlement Corporation.

(3) Neither the MSGC nor the affected Settlement will pay each other an overriding royalty on the elected Participation Option percentage.

**Revenue from surface agreements**

11 For clarity, any and all revenues from surface agreements shall remain with and be the property of the named Settlement in the surface rights agreements and shall be paid out in accordance with the terms set out in the surface agreements

**Part 5**  
**Administration of Resource Revenue**

**Establishment of accounts**

12(1) In accordance with section 134(1) of the MSA, the Metis Settlements Consolidated Fund consisting of Parts 1 and 2 has been established.

(2) In accordance with section 135(1) of the MSA, a general oil and gas account within Part 1 of the Consolidated Fund has been established.

(3) In accordance with section 135(1)(b) of the MSA, accounts have been established within Part 1 of the Consolidated Fund in the name of each Settlement.

#### **Payments into the Consolidated Fund**

13(1) Subject to paragraph 13(2) below, revenue or money resulting from the co-management of subsurface resource agreements, including the 25% Participation Option and 3% Overriding Royalty payable to the General Council, shall be paid into the general oil and gas account pursuant to section 140(1)(d)(iii) of the MSA.

(2) In accordance with section 140(4) of the MSA, when money paid into the Consolidated Fund is attributable to an affected Settlement Corporation, the payment will be made in the first instance to the Part 1 Settlement account established for that Settlement.

#### **Payments out of the Consolidated Fund**

14(1) Money may be paid out of Part 1 of the Consolidate Fund

- (a) in accordance with a financial allocation policy or amendments to that policy made by General Council Policy as required under section 142(1)(a) of the MSA, or
- (b) with respect to funds attributable to an affected Settlement Corporation in accordance with a settlement bylaw as required under section 142(1)(b) of the MSA.

(2) In accordance with section 143 of the Act, when money is payable out of the Consolidated Fund to a Settlement, the General Council may deduct from the payment any sum owing by the Settlement to the General Council.

#### **Reporting**

15 A monthly report will be forwarded to each Settlement indicating the amount of funding available in their Part I account. The report will include an area for the Administrator to indicate the amount of funds the settlement wishes to access. The funds are accessible through the passing of a budget bylaw or budget by-law amendments.

#### **Examinations**

16 If the affected Settlement or Treasurer, or either party's delegate, is aware of facts that would cause either party to question the attribution of monies to a Settlement or General Council, either party may, with notice in writing to the other affected party and make reasonable and prudent inquiries into the matter.

#### **Disputes**

17 In case of dispute, the monies shall be held in the general oil and gas account within Part 1 of the Consolidated Fund, and the Treasurer shall apply to Court for advice and direction.

**Part 6**  
**Review**

**Review**

**18** This Policy may be amended, replaced, or repealed by General Council in accordance with its Rules and Procedures and the MSA.

**Part 7**  
**Transitional**

**No effect prior to passage**

**19** This Policy shall be applied on a go forward basis from the day it takes effect under the Act.

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