



**APPROPRIATE
DISPUTE
RESOLUTION**

An Important Part of the Process



Advantages of ADR

Many people choose to use ADR because of the benefits it offers. It is easy to use and easy for anyone from landowners to members of industry to be involved. There is also very little cost associated with ADR, while the cost savings can be significant. Last year, of the 54 hearings scheduled, 39 were cancelled, of which 27 had ADR involvement. Many people also choose to participate in ADR because the environment in which discussions occur is conducive to generating long-standing relationships built on trust. ADR enables the parties to address a wide variety of matters, even those outside of the EUB's jurisdiction, and although EUB employees cannot comment on issues outside of EUB jurisdiction, they can facilitate a discussion that lets participants develop more complete agreements.

 **EUB** Alberta Energy and Utilities Board

The ADR program has become an important part of the EUB's application process. Since the beginning of its pilot phase, ADR has gained wide acceptance and exposure across the province. Many people now know about ADR and have used it to help resolve energy disputes. It is now part of the way we do business.

While ADR is now an integral part of the application process, it is still the case that the majority of concerns are resolved before an application is filed. Fewer than 3 per cent of the energy-related applications the EUB received in 2005 had outstanding objections. Some of the parties that held objections chose to engage in ADR, and of the 154 EUB staff facilitations and 17 third-party mediations that were completed, 82 per cent were resolved.

One of the main reasons for the ADR program's success and high resolution rate is that ADR allows people to be involved in decisions as they are made. It gives people more control over outcomes. Of the 145 completed feedback forms received, 95 per cent of respondents indicated that they would participate in ADR again and 94 per cent were satisfied or very satisfied with the process.

Improving the Program

Part of the success of the ADR program is due to the work of the ADR Stakeholder Committee, which is committed to continual improvement. The committee continues to work with the Farmers Advocate Office and Synergy Alberta to develop a roster of landowner advisors available to support landowners in need of objective advice, technical or otherwise. The

Success of the ADR Program

- 82 per cent resolution rate
- 27 hearings cancelled due to ADR

Strong Participant Support

- 95 per cent would participate in ADR again
- 91 per cent left with improved understanding
- 94 per cent satisfied or very satisfied with the process
- 94 per cent would recommend ADR to others

ADR Background

When is ADR used?

The EUB ADR program is used when concerns and objections remain outstanding following negotiations between landowners and companies or between companies (C2C). Most disputes resolved by the ADR process relate to proposed facility applications (wells, pipelines, and plants) or C2C equity applications, such as spacing, pooling, rateable take, and common carrier or processor.

ADR directly involves parties: they work collaboratively to reach mutually agreeable solutions. ADR helps parties understand resolution options and processes that will assist them in developing a clear understanding of their concerns, issues, and interests and then in jointly defining resolution options.

The two main components of the EUB's ADR program are EUB staff facilitation and third-party assistance from ADR professional service providers and mediators.

EUB staff facilitation

EUB staff assist parties in understanding regulatory requirements and facilitate meetings to discover mutually agreeable options. Staff facilitation usually occurs prior to a company submitting an application but after the company has attempted to resolve the concerns of stakeholders. Staff normally assist through direct meetings or by speaking with each of the involved parties.

Third-party assistance

Third-party professional service providers and mediators are used in more complex disputes to develop win-win outcomes. They may be used when there are concerns about deadlines, disputes involving multiple parties, or difficulties engaging other parties. The first step involving third-party professionals is a preliminary meeting, at which parties, assisted by the third-party professional and EUB staff, discuss procedures and reach agreement on how to proceed, which often involves mediation.

Third-party assistance may address confidential matters. EUB staff involved in these matters will not participate in any relevant hearing proceedings, should they follow.

The significance of this initial meeting has become increasingly important, as the time spent in the preliminary meeting has been linked to many successfully resolved disputes.

Farmers Advocate Office has agreed to take over the coordination of this effort with the help of other stakeholders, such as the Land Agents Advisory Committee, Synergy Alberta, and the ADR Stakeholder Committee.

The committee is also working with landowners and industry to improve the wording of lease agreements that will benefit all parties involved to create more complete agreements and help to protect the interests of all parties.

For 2006, the committee will focus on a review of its service provider and mediator rosters to ensure that they are still meeting the needs of stakeholders and are providing a source of qualified and experienced expertise.

Facilitation Team Activities

The Facilitation Team, which has been in place since September 2004, plays an important role in presenting information on ADR across the province. Over the past year, the team has presented to surface rights groups, synergy groups, industry associations, oil and gas conferences, and law conferences.

EUB ADR staff have also been involved in developing the ADR component of the JP-05 recommended practice document regarding energy industry processing fees for company-to-company (C2C) disputes.

A new addition to the EnerFAQ's series, has also been created by the Facilitation Team as a tool to assist participants. This document covers some general questions about ADR and discusses some things that may be helpful to participants before engaging in the process.

Finally, the Facilitation Team continues to host monthly ADR practice sessions that are open to everyone, including members of the public and industry. These sessions are a fun and informal way to practice ADR skills. Interested parties can contact the ADR Coordinator to find out more about the practice sessions.

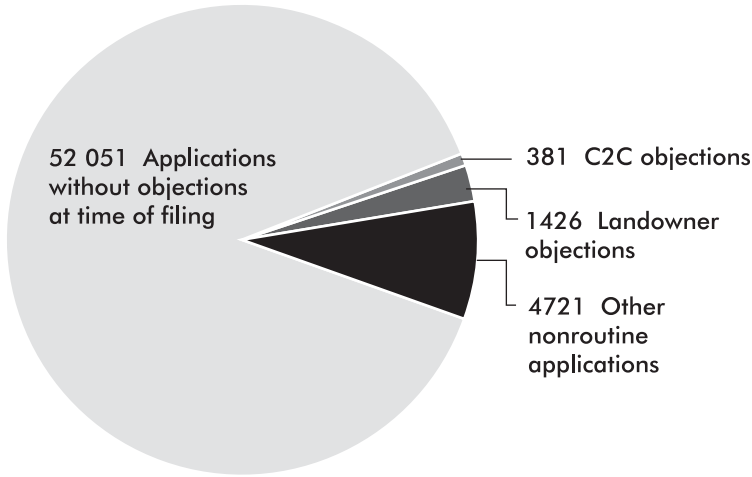
If you are interested in finding out more about ADR, contact your local EUB Facilitator or the ADR Coordinator directly.

Looking Forward

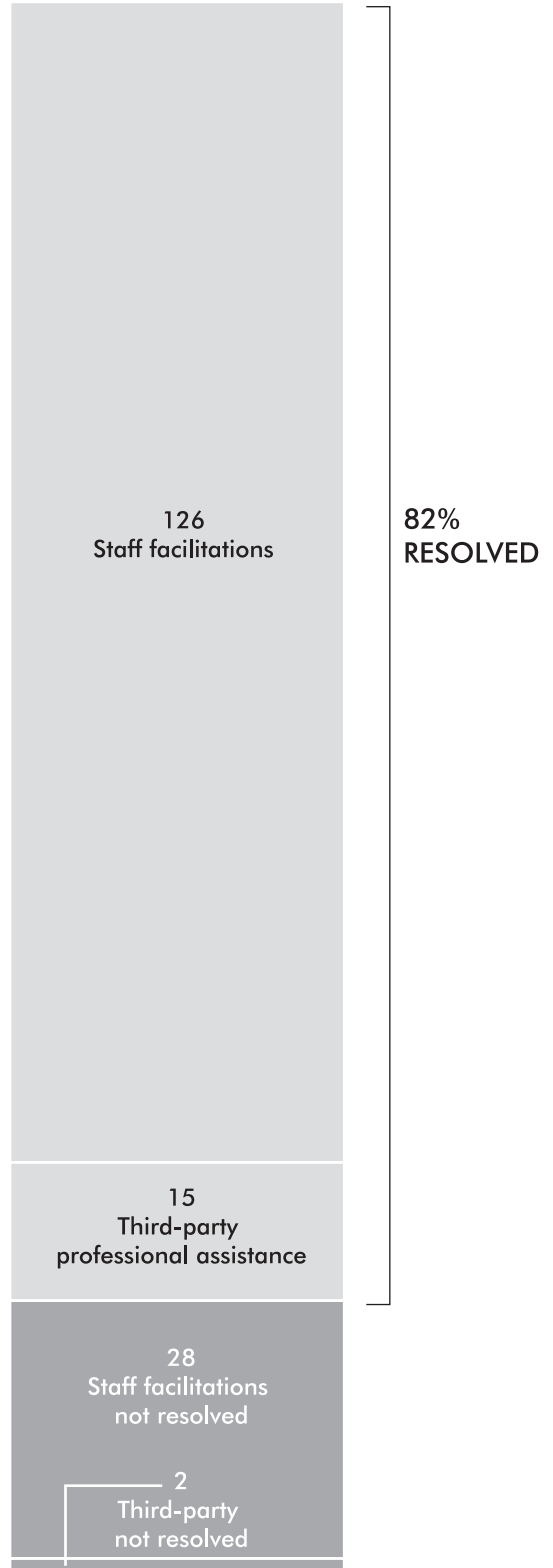
As always, the ADR Stakeholder Committee continues to look for ways to improve the program and invites feedback on this report. Please forward questions and comments about this report or the ADR program to the ADR Coordinator at (403) 297-3700.

ADR Achievement in 2005

TOTAL APPLICATIONS 58 579
 Wells, pipelines, facilities, spacing,
 pooling, carrier, and rate applications



EUB ADR INVOLVEMENT*



Staff facilitations

- 154 completed; 126, or 82 per cent, resolved

Third-party professional assistance

- 24 preliminary meetings were held: 17 carried on to mediation, 3 cases were dropped as parties elected to negotiate without assistance, 4 cases are ongoing
- 3 of the 24 cases deciding to use a process other than mediation shows the importance of the preliminary meeting where parties are able to discuss all options and decide on the best process for resolving their issues

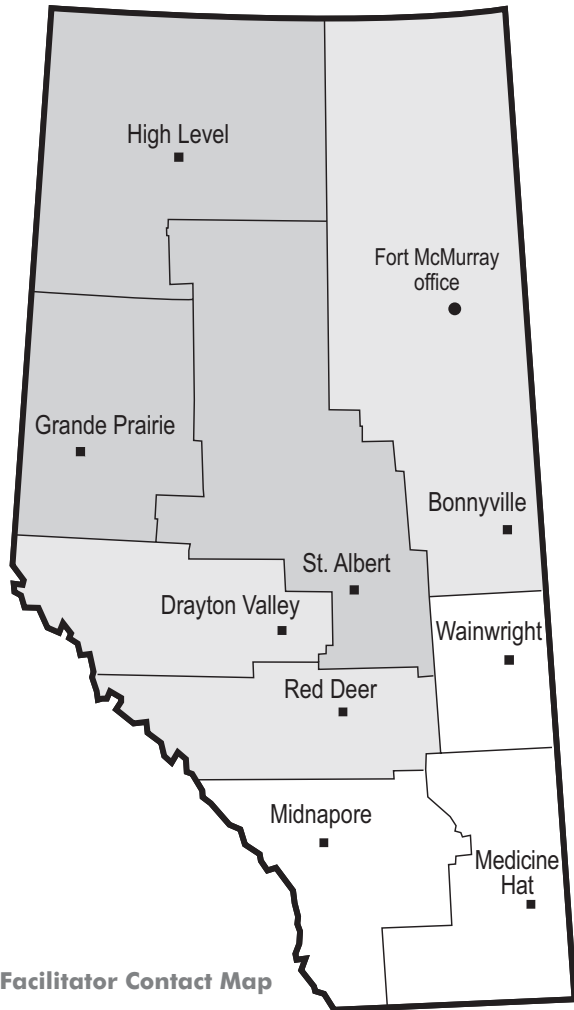
C2C Cases

- 6 out of 6 C2C cases led to mediation and all were resolved

Hearings

- 54 hearings scheduled, 39 cancelled, 27 of the cancelled had ADR involvement. Of the 24 hearings that took place, only 4 utilized ADR prior to the hearing

* These cases(171) include both pre-application ADR cases and post-application ADR cases.



Facilitator Contact Map

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**Appropriate Dispute Resolution
Stakeholder Committee**

- Jim Kiss, Farmers' Advocate
- Bob Barss, Alberta Association of Municipal Districts and Counties
- Arden Berg, EUB Sponsor
- Brian Eifford, Surface Rights Board
- Gerald Ingeveld, Sundre Petroleum Operators Group
- Bob Garies, Canadian Association of Petroleum Landmen
- Dave Gould, mediation community
- David Hill, EUB Facilitation Team
- Alan Holt, Wild Rose Agricultural Producers
- Judy Huntley, Alberta Environmental Network
- Mark Johns, electric industry
- Diana Pane, Canadian Association of Petroleum Producers
- Bill Remmer, ADR Coordinator, EUB, Committee Chairman
- Dave Savage, Small Explorers and Producers Association of Canada
- Stuart Simpson, mediation community