

## **Oil Industry Associations Sign Historic Accord**

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On January 21, 2004 ten professional associations and two governmental bodies representing a large part of the Canadian oil and gas industry signed an historic agreement to change the way disputes and conflicts are managed throughout the industry.

Participants in the signing included Presidents, Chairmen and executive of the following organizations;

- National Energy Board Canada (NEB)
- Alberta Energy and Utilities Board (EUB)
- Canadian Association of Petroleum Producers (CAPP)
- Small Explorers and Producers Association of Canada (SEPAC)
- Canadian Association of Petroleum Landmen (CAPL)
- Canadian Association of Petroleum Land Administration (CAPLA)
- Petroleum Joint Ventures Association (PJVA)
- Petroleum Accountants' Society of Canada (PASC)
- Calgary Chamber of Commerce (CCC)
- Canadian Gas Processors' Association (CGPA)
- Alberta Arbitration and Mediation Society (AAMS)
- Appropriate Dispute Resolution Institute of Canada (ADRI)

Also on hand, giving support and encouragement was the Canadian Bar Association Appropriate Dispute Resolution Chapter.

In signing this accord the parties involved have embraced a set of principles and specific processes that will enhance communication, improve understanding, and shorten the time required to resolve disputes in all manner of issues faced by oil companies. It is expected to save millions of dollars each year in the industry. The principles and practices are set forth in a document entitled "Let's Talk" which is the formal product of the Company-to-Company Appropriate Dispute Resolution Task Force (C2C). Copies of the document will soon be available for distribution through the participating associations. It is also anticipated that formal training in the principles and processes of ADR and in particular, education for using the tools and recommendations from Task Force Handbook will be made available to industry practitioners within a few months.

Under the leadership of Dave Savage, Vice President of TriQuest Energy Ltd., C2C was created in April 2002 with commitments from about 20 interested volunteers. The Task Force recognized the need for formal participation from the industry associations, and approached them to provide representatives to assist in the work and to communicate the progress back to their memberships. Almost immediately the Task Force grew to 35, then 50 active participants. At the culmination on January 21<sup>st</sup> there were over 70 volunteers involved in the efforts.

The accord has been many years in the making. Starting in 1995, the CAPL and the PJVA formally recognized that disputes were an issue in the industry, resulting in waste of money and unnecessary delays to important projects. They altered their standard operating agreements to provide some guidance toward appropriate dispute resolution (ADR) if the parties were willing. In the year 2000, the Calgary Chamber of Commerce, CAPP and ADRI hosted the Conflict Solutions 2000 Conference specifically aimed at understanding and improving the way the industry handled conflict. In 2001, the year after the Conflict Solutions 2000 Conference, the EUB formally launched their own ADR program, with a requirement that all companies approaching the EUB for a decision in certain areas of conflict must comply with an ADR process in a parallel path to the EUB hearing process. In April 2002, the Company-to-Company Appropriate Dispute Resolution Task Force (C2C) was formed to study conflict resolution and develop consensus on practices that would improve the way it is handled. In 2003 the NEB published its own ADR guidelines. It is anticipated that in 2004 both the CAPL and the PJVA will be issuing new standard operating agreements incorporating enhanced dispute resolution provisions.

The principles of the accord revolve around proactive, collaborative communication among parties, and conflict resolution while issues are small. The Let's Talk document incorporates interest-based negotiation as the underlying framework for resolution. It provides guidance to parties who cannot resolve disputes themselves, and assists them when necessary in organizing and proceeding through assisted dispute resolution, whether by means of facilitated negotiation, mediation, arbitration, regulatory process or litigation. By offering guidance in all the above processes it is expected that many disputes will be resolved at a simpler, quicker and less expensive level than previously experienced. The guidance provided in Let's Talk will also help parties to decide what other dispute resolution processes may be appropriate for resolving their issue. It will be a benefit if only one side of a negotiation uses these methods, but will have its greatest value when both parties employ it in resolving their issues.

The objective of the C2C Let's Talk Report is to empower petroleum industry executive, negotiators and administrators with enhanced understanding, education, guides, regulatory alignment and contractual provisions to accomplish their goals more effectively. The January 21, 2004 industry executive event was a celebration of the Task Force and a "kick-off" for the industry Standing Committee to carry the work of the C2C forward. Look for the C2C website (see links through association web sites) plus a copy of the "Lets Talk" Report in late March.

By Scott Nalder