

FREEHOLD OWNERS ASSOCIATION

ANNUAL GENERAL MEETING

April 17, 2010

Else Pedersen, Chair





AGENDA

- **Annual Meeting** **10:00**
 - Introduction
 - Report to members
 - Election of directors
 - Appointment of auditor
- **Lunch** **11:30**
- **Information Seminar**
 - **Property Rights in Freehold Minerals**
 - What it Means & What's About to Change – K. Wilson, B.A., LL.B **12:30**
 - Specific Threats & Issues – D. Speirs, M.Sc., P. Geol **1:00**
- **Coffee Break** **1:30**
 - **Positions of Alberta's Political Parties on Property Rights and Freehold Minerals (order to be chosen by draw)**
 - George VanderBurg, P.C., MLA Whitecourt-St. Anne **1:45**
 - Hugh MacDonald, Lib, MLA Edmonton Goldbar **2:05**
 - Brian Mason, ND Leader **2:25**
 - Danielle Smith, Wildrose Leader **2:45**
 - Rebuttals (5 minutes each maximum) **3:05**
- **Open Question & Answer** **3:25**



WHO WE ARE

- A federally incorporated not for profit association organized in 1999
- Approximately 4,400 freehold owners have joined – represent > 25,000 freeholders
- Each member has one vote in electing the directors and president



WHAT WE DO

- Provide education & information to freeholders
- Research issues of concern to freeholders
- Promote greater fairness for freehold owners by
 - Acting as a common voice for freeholders
 - Bringing legitimate concerns to the attention of industry, regulators and government
 - Advocating reasonable resolutions to freeholder concerns



HOW WE DO IT

- **Education & information**
 - **Mineral rights information seminars**
 - 30 to date
 - Last year
 - Red Deer
 - Camrose
 - Calgary
 - **Newsletters**
 - 23 to date
 - Last year - 3
 - Shut-in Wells
 - CBM ownership
 - ERCB Capable of Production Ruling
 - ‘What’s the Going Rate’ Initiative
 - Community Spirit Program



HOW WE DO IT

- **Education & information**
 - **Help line**
 - 403 245-4438
 - Fhoa@shaw.ca
 - Last year - 13 calls or e-mails per day
 - **Technical information requests**
 - >700 to date
 - Last year – 80
 - **Web Site**
 - www.fhoa.ca
 - > 60,000 hits per month



“More than a century ago, our forefathers broke the land...”

Upcoming Events: FHOA Annual General Meeting - Saturday April 17th @ 10:00 am - Red Deer, AB 1 2 3

- Home
 - What is FHOA?
 - FHOA's Concerns
 - FHOA Member Benefits
 - Understanding Leases
 - FAQ's
 - Latest News
 - Contact Us
 - Links
 - Testimonials
-
-

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Freehold Owners Association

“FHOA”

A volunteer, not-for-profit organization which

- Provides education & information to individuals who own freehold oil & gas rights (freehold owners or freeholders)
- Researches issues of concern to freeholders
- Promotes fairer treatment for freehold owners by acting as their common voice

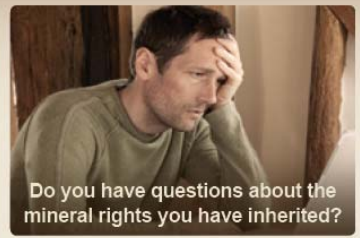
% WHAT'S THE GOING RATE?

HELP THE INDUSTRY FIND YOU

✓ CBM PETITION

MAKE A DONATION

CONTACT US BEFORE YOU LEASE



Do you have questions about the mineral rights you have inherited?



Do you have questions about leases?



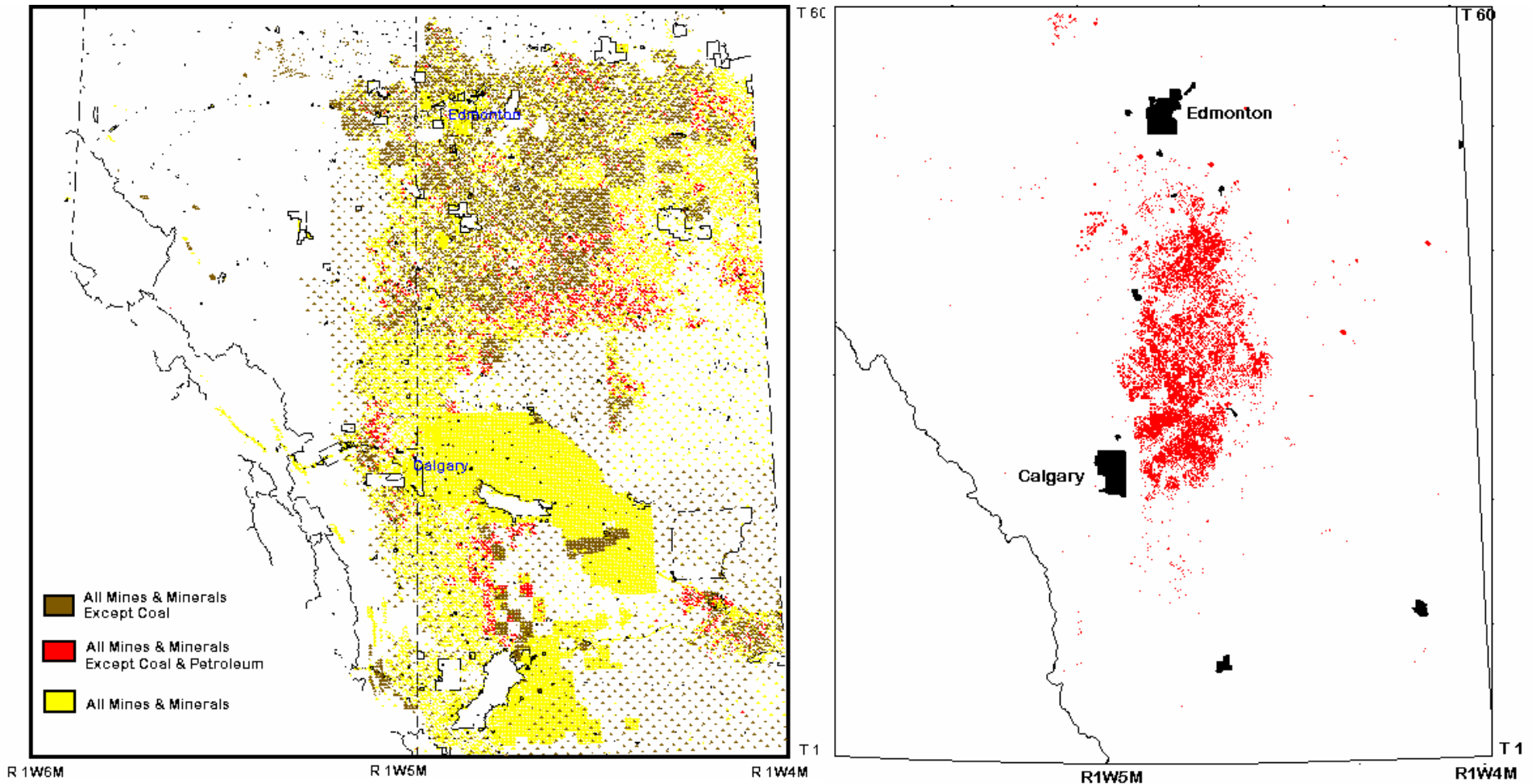
Do you have questions about passing on your mineral rights?

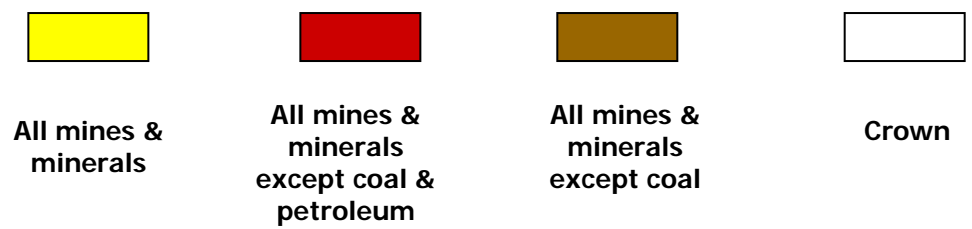
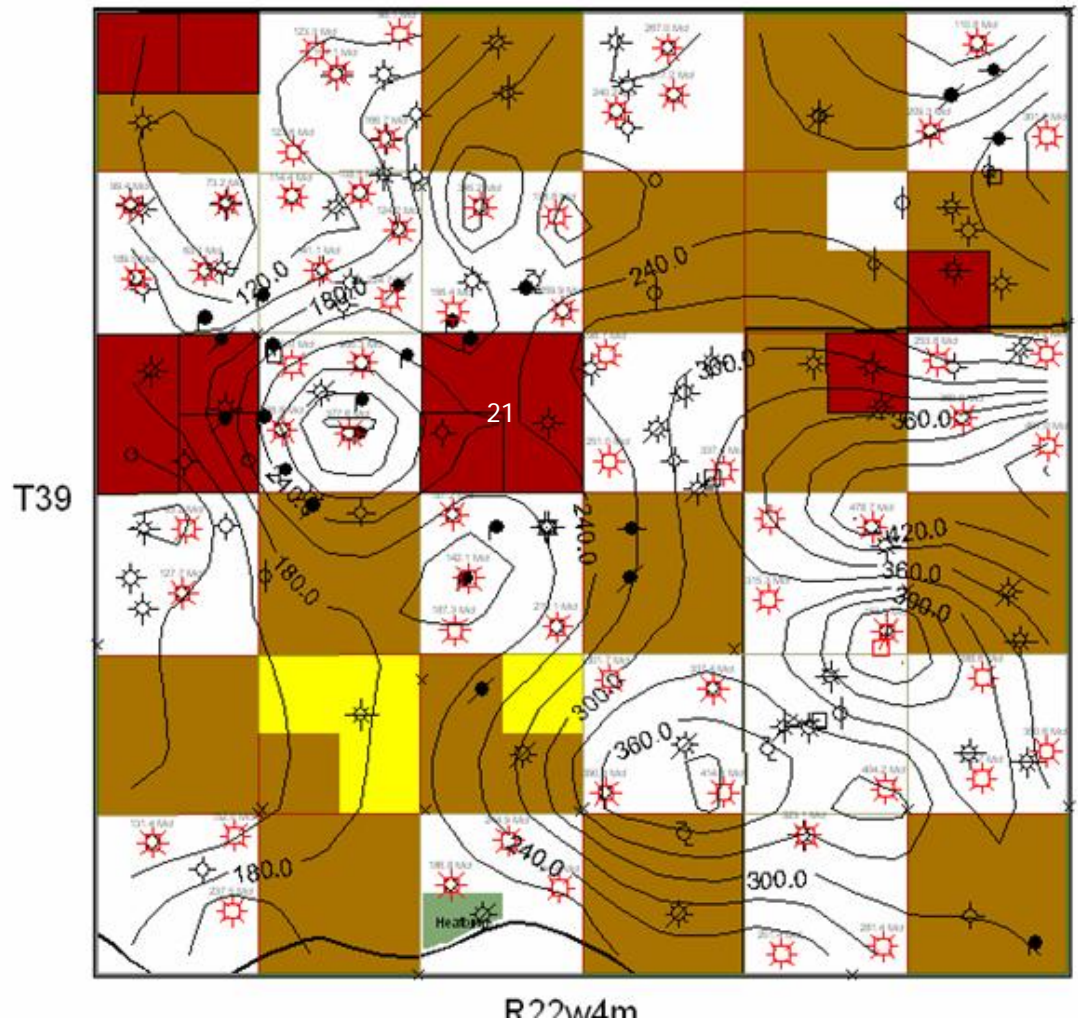


Freehold Petroleum & Natural Gas Owners Association
“Freehold Owners Association”
1403 12th Street S.W., Calgary, Alberta, T3C 1B3 Telephone: 403-245-4438



CBM OWNERSHIP DISPUTE





NEVIS – FIRST SIX MONTHS DAILY AVERAGE PRODUCTION (Mcf/d)



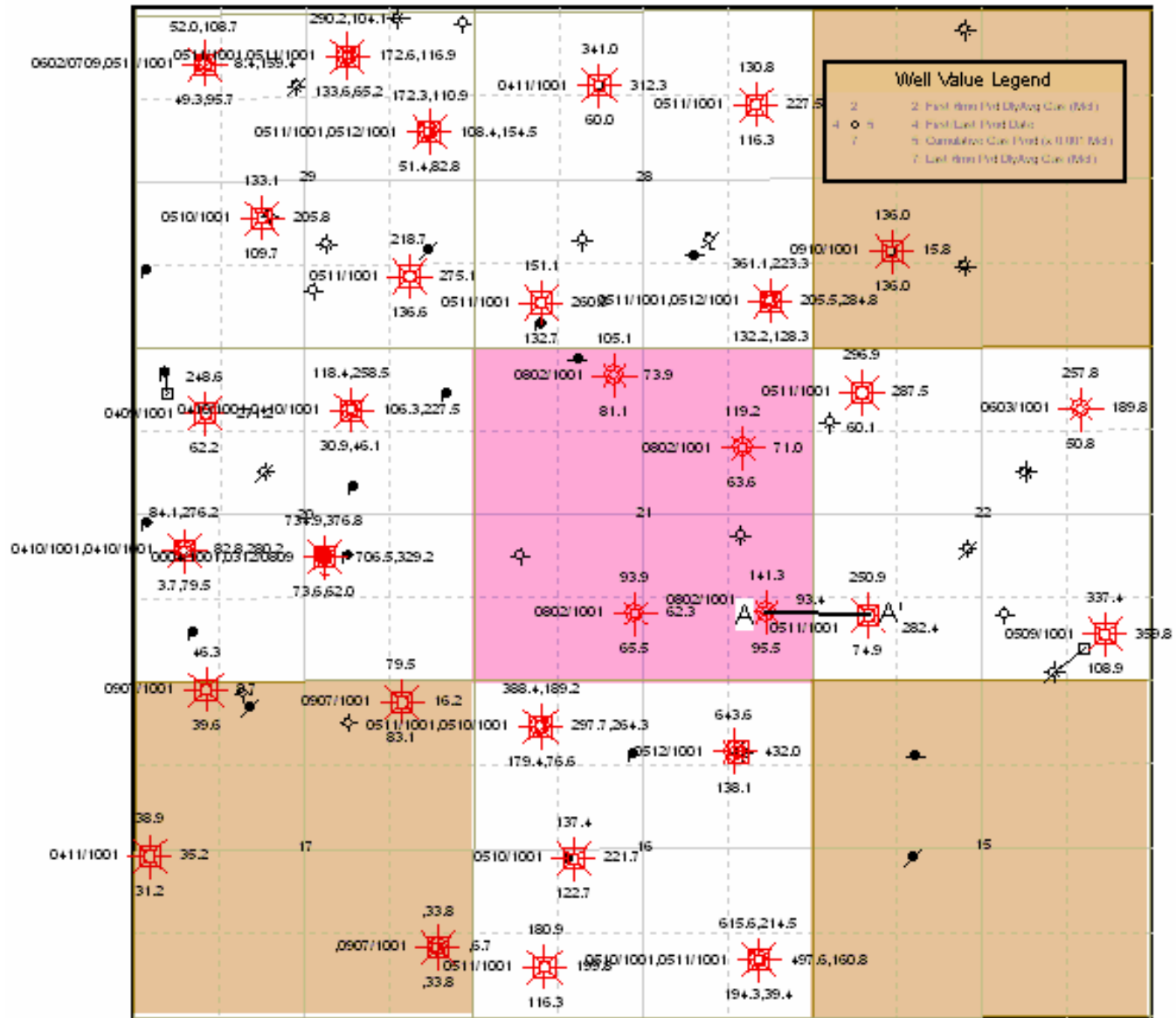
All mines & minerals
except coal & petroleum



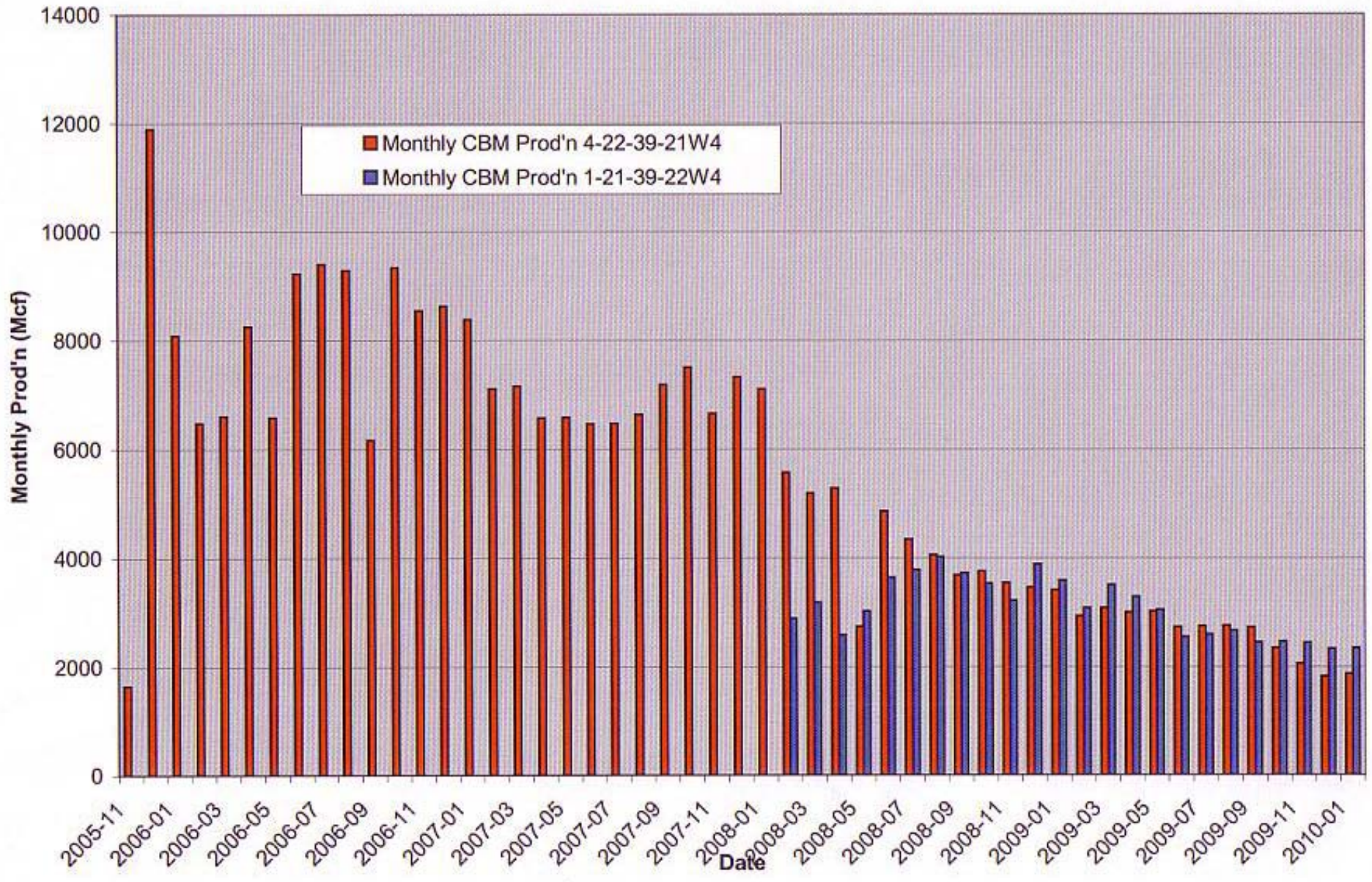
All mines & minerals
except coal



Crown



Drainage of 1-21-39-22W4M by 4-22-39-22W4



A

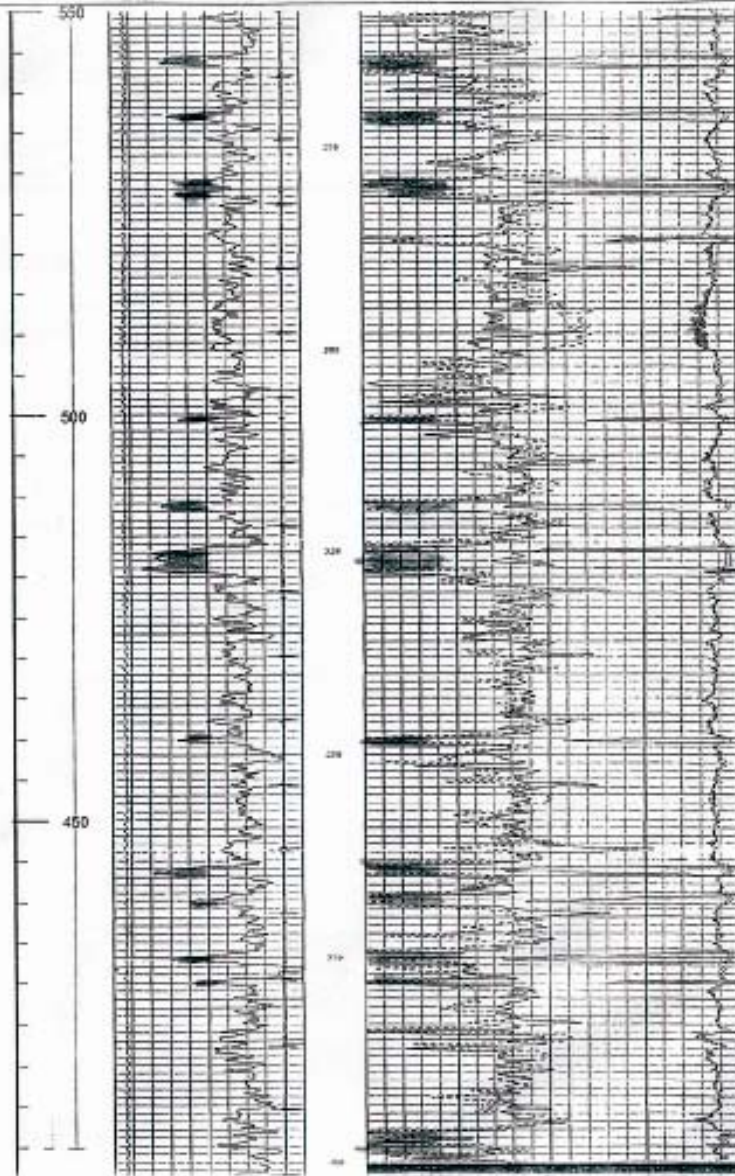
100/01-21-039-22W4/00

Date Rig Released: 2007/1/22
First/Last Prod Date: 0802/1001
TVD: 420.0 m
Producing Pool Name: HRSSH CAN D (CBM)



Cumulative Gas Prod: 2632.4 m³m³
Reference (KB) Elev.: 808.1 m

←400 2m→



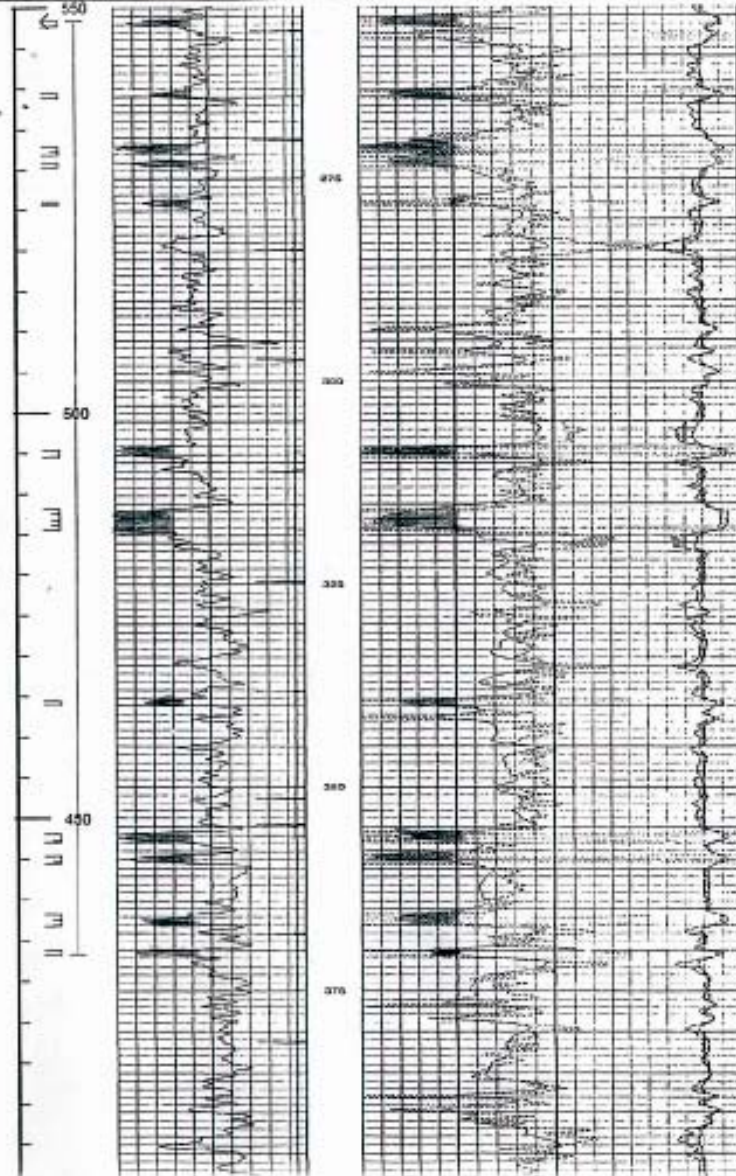
A'

100/04-22-039-22W4/00

Date Rig Released: 2005/08/08
First/Last Prod Date: 0611/1001
TVD: 424.0 m
Producing Pool Name: HRSSH CAN UND



Cumulative Gas Prod: 7956.0 m³m³
Reference (KB) Elev.: 803.8 m





2009 IN REVIEW

- **CBM Ownership Dispute**
 - **2004**
 - FHQA intervenes before the Supreme Court in *Anderson v. Amoco*
 - Court confirms that substances which are gaseous in the ground prior to human disturbance belong to the owner of natural gas beneath split title lands
 - **2006**
 - FHQA intervenes in ERCB CBM entitlement hearing
 - **2007**
 - ERCB rules that
 - Natural gas owner or lessee is entitled to CBM
 - CBM is gaseous in the ground prior to human disturbance



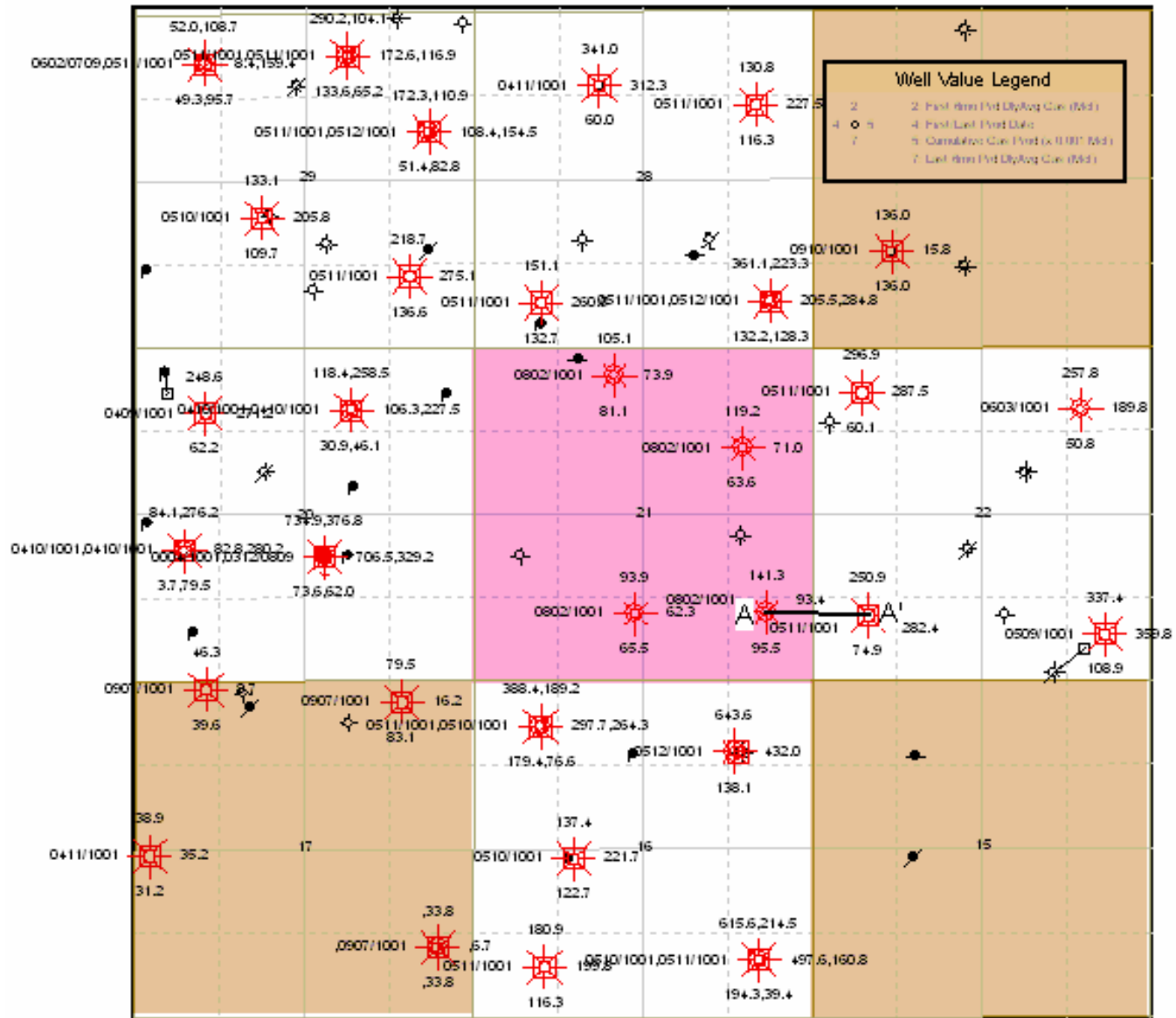
All mines & minerals
except coal & petroleum



All mines & minerals
except coal



Crown





2009 IN REVIEW

- **ERCB Decision 2009-037**
 - To continue a CAPL 91 lease with a shut-in well the well must be
 - able to be turned on without any further operations
 - Capable of some material as in meaningful volume of production
 - ERCB decision being appealed by OMERS



2009 IN REVIEW

- **ERCB Cost Decision 2009-08**
 - freehold owner whose lease was in issue & who was represented by FHQA is not a local intervener eligible for costs because
 - the ERCB's decision impacted her rights in contract not her rights in land
 - leave to appeal ERCB cost decision sought by FHQA

FREEHOLD PETROLEUM & NATURAL GAS OWNERS ASSOCIATION
Statement of Loss and Retained Earnings
Year Ended December 31, 2009

	2009	2008
Revenue		
Membership dues	\$59,128	\$54,574
Member donations	18,958	22,876
Seminar fees	13,218	2,521
Technical service fees	10,022	4,413
Government grants	10,000	-
Lease fees	2,698	6,856
Relationship fees	1,094	4,962
Interest and other	121	958
	115,239	97,160
Expenses		
Intervention expense	45,213	8,475
Office assistance	21,023	20,014
Office expenses	20,928	12,423
Rent	6,000	6,000
Meetings and seminars	5,212	7,534
GST charged to expense annually	4,610	3,255
Government grant expenses	4,195	-
Accounting and legal	3,606	2,113
Telephone and internet	2,669	2,351
Amortization	1,460	1,655
Web site development	936	12,795
Miscellaneous	1,131	517
	116,983	77,132
NET INCOME	(1,744)	20,028
RETAINED EARNINGS (DEFICIT) – BEGINNING OF YEAR	8,678	(11,350)

FREEHOLD PETROLEUM & NATURAL GAS OWNERS ASSOCIATION

Balance Sheet

December 31, 2009

	2009	2008
ASSETS		
CURRENT		
Cash	\$ 43,400	\$ 22,796
Accounts receivable	20,401	14,291
Prepaid expenses	304	-
	<u>64,105</u>	<u>37,087</u>
PROPERTY, PLANT AND EQUIPMENT <i>(Note 3)</i>	<u>3,405</u>	<u>3,860</u>
	<u>\$ 67,510</u>	<u>\$ 40,947</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT		
Accounts payable	\$ 5,794	\$ 5,194
Deferred revenue	30,315	5,915
	<u>36,109</u>	<u>11,109</u>
DEFERRED INCOME	<u>24,467</u>	<u>21,160</u>
	<u>60,576</u>	<u>32,269</u>
RETAINED EARNINGS	<u>6,934</u>	<u>8,678</u>
	<u>\$ 67,510</u>	<u>\$ 40,947</u>



2009 IN REVIEW

- **A BIG THANK YOU TO OUR VOLUNTEERS**

**NIELS BACH
ELSIE BENS
MARGRET BRERETON
BOB BUSS
KATHLEEN CHESNEY
WAYNE DOHLMAN
BARRY DOOLEY
SYBIL EVANS
RAY FREEBORN
DENISE FREEBORN
LLOYD FRIEDEL
BERNIE GOLTZ
BRUCE GOODALL
MIRIAM GRINDE
JOHN HALCHIK
JOPHN HALCHIK
PAT HANSEN
JAY HILL
VERNA HUBBARD
CURTIS JANS
CAROLYN JEFFERSON**

**KAREN LEACH
DOUG LEEDS
JOE LEHANE
LUE LINDSETH
ED LUEKEN
PAT MACDONALD
STEVE MUDRY
BRAD MURRAY
ASGER NIELSEN
KEVIN NIEMI
MICKEY NIVEN
KAREN ORLICK
STACEY PAPP
ORLEEN PEARSON
HUGH PERKINS
LORNA PREGODA
PAUL RAMSAY
CARRIE RICHARDSON
ADRIANE RICHARDSON
FRANK RUSSELL
REG SAMIS**

**DOUG SCHIERMAN
VERN SCHIMPF
JAMES SENEAL
JANET SENEAL
EVELYN SHURSEN
DONNA SIMPSON
PAT SORENSEN
MAE SORENSEN
TERRENCE STAUFFER
DAVID STOLEE
CECIL THRONDSOEN
HOWARD USHER
PAT USHER
CLARE VERSCHARE
LEANNE WALTON
ROSS WATSON
KLIFF WESTBY
LARRY YOUNG
DON ZABEL
DERYK ZIEGLER**