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# NEWSLETTER

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## The Freehold Owners Association (“FHOA”)

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January 4, 2006

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## PRIVACY LEGISLATION - IMPACT ON FREEHOLDERS

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This issue of your newsletter carries forward the strategy described at our Annual General Meeting in Red Deer, Alberta on October 22, 2005. We can no longer wait for the oil and gas industry, industry regulators or governments to take action to address the many concerns of individual freehold owners. Freeholders must take pro-active action themselves and, going forward, FHOA intends to provide leadership for such action.

The ‘freeholder-friendly’ FHOA Lease announced at our recent AGM was the first step in our strategy. The relationship agreement between the FHOA and Just Freehold Energy Corp. (JFEC) whereby JFEC has committed to use the FHOA Lease was the second. The current offering of shares in JFEC to freeholders is the third step (see enclosed letter from JFEC). Freeholders now have an opportunity to participate in the development of their own and other freeholders’ mineral rights under fair terms and conditions. This newsletter represents the fourth step - FHOA intends to publish more frequent newsletters focussed on specific actions that freeholders can take to remedy problems.

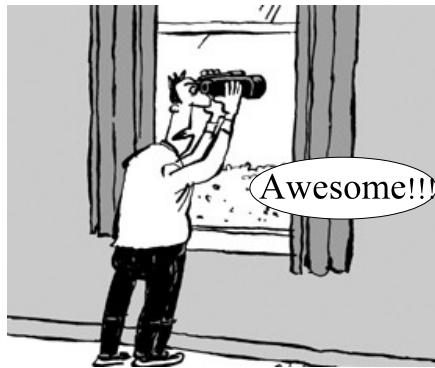
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### PRIVACY LEGISLATION

The Edmonton Journal reported in March of 2005 that the confidential health records of hundreds of thousands of Albertans had disappeared or were tampered with while in the hands of a courier.

In April of 2005, the Canadian Imperial Bank of Commerce acknowledged that confidential customer account records had been faxed from a number of CIBC branches over a three-year period to a scrap yard in West Virginia despite the repeated attempts by the recipients of the information to correct the problem.



Invasion of our privacy can be extremely serious, as in the case of misplaced health or banking records, or simply annoying as in the case of the unsolicited phone calls or junk e-mails we receive from telephone or internet marketers who have acquired our name and contact information from the organizations to whom we have provided this information.

Canada has now joined the growing list of countries which have enacted legislation to set national standards for privacy practices in the private sector. The Personal Information Protection and Electronic Documents Act (PIPEDA) was passed by Parliament on January 1, 2004. Under PIPEDA, the provinces are permitted to create substantially similar overriding legislation. Alberta, British Columbia and Quebec have done so. In Alberta, the Personal Information Protection Act (PIPA) applies.

PIPA protects individual privacy by requiring private-sector organizations to obtain consent in most cases for the collection, use and disclosure of personal information, including name, address, telephone number and e-mail information, and by providing individuals with a right of access to their own personal information. An excellent guide to PIPA may be found by going to the Alberta Government’s PIPA web site and clicking on ‘Resource Centre’.

<http://www.psp.gov.ab.ca/>

Alberta’s Information and Privacy Commissioner, Mr. Frank Work, has the authority to investigate complaints and hold enquiries respecting PIPA. According to Commissioner Work, PIPA “requires a lot of reasonableness” and “Of course, the devil will be in the details.” (PIPA Guide for Businesses). It is the reasonable interpretation of these details which impacts individual freehold owners.

## INDUSTRY PRACTICE

Oil and gas companies need access to quality information at a reasonable price in order to efficiently explore and develop energy resources. In the western Canadian provinces, the quantity and quality of information available is second to none. This is largely due to the wisdom of early industry regulatory authorities who devised and enforced regulations that required oil companies to collect and report to appropriate authorities virtually all information associated with their activities. At one time, oil and gas companies purchased information in their areas of interest directly from regulatory authorities or other government departments and most large and intermediate companies maintained their own in-house data rooms containing paper copies of well drilling, completion, testing, and production information together with Crown and freehold land information.

It is still possible to purchase paper copies of relevant well and land information, but the computer has changed the way the industry does its business. Today, oil and gas industry service providers purchase raw information from regulatory authorities and various government departments, reformat the data as necessary, add their own proprietary software for interpretational purposes, and sell the finished digital product to industry operators under annual service contracts. Although such contracts typically cost many thousands of dollars, they provide industry operators with easy access to large volumes of data. Such contracts are also both time- and cost-effective for oil and gas companies. The vast majority of industry operators subscribe to such services.

Prior to PIPA, the volume information available to oil and gas companies through industry service providers included both Alberta Crown land information (from Alberta Energy) and Alberta freehold land information (from the Land Titles Office of Alberta Government Services). However, in the spring of 2005, the Land Titles Office directed industry service

providers to remove all freeholder name and contact information from volume products sold as part of service contracts to industry operators so as to comply with PIPA.

This does nothing to protect a freeholder's privacy.

Freeholder name and contact information is publicly available. Anyone can go to a Land Titles office, a registry shop, or to the internet and search your title to determine your name and contact information. Since freehold name and contact information was removed from industry service provider databases, oil companies interested in freehold mineral rights have had to go to the Alberta Government Services web site and pay \$5.00 per title search to ascertain who owns a particular tract of mineral rights.

All this really does is add inconvenience and expense for oil companies seeking to do business with freehold owners. Freehold titles are becoming increasingly fractionated as mineral rights are passed down from generation to generation and the cost of multiple title searches quickly becomes burdensome for an oil and gas company.

The only way that a typical individual freeholder can realize value for his or her mineral rights is by interfacing with the oil and gas industry. This holds true whether a freeholder's mineral rights are open and available for lease or already leased (freeholders are often contacted by oil companies who have recognized a potential problem with the freeholder's existing lease and want to re-lease).

In FHOA's view, removing freehold owner name and contact information from industry volume databases is not in the best interest of the freehold owner community. FHOA has asked the Alberta Land Titles Office to contact all individual Alberta freehold mineral owners, provide them with information respecting PIPA and the implications of removing their name and contact information from industry databases, and allow them to choose whether or not they wish their information to be removed. Land Titles

has refused due to cost considerations but has agreed that if a freehold owner consents in writing, his or her name and contact information may remain in a particular industry service provider's database.

## CONSENT FORMS

FHOA intends to provide as many freeholders as possible with choice. We have attached a consent form for your review. If you wish to have your name and contact information remain available to the oil and gas industry, please fill out the form and return it to our offices in the enclosed self-addressed, pre-paid business reply envelope. Members who represent other family members on title are urged to contact them and suggest that they also consider signing a consent form and sending it to the association. FHOA will collect all of the consents it receives and forward them to geoLOGIC Systems Ltd. for inclusion in the database which geoLOGIC markets to the oil and gas industry.

## LEDUC SEMINAR

FHOA's next mineral rights information seminar will be held on Thursday, January 19, 2006, from 7:00 to 10:00 pm in the MacLab Performing Art Centre (Leduc Composite High School), 4308 - 50<sup>th</sup> Street, Leduc, Alberta. Registration starts at 6:00 pm. FHOA directors Brad Murray, MSc., MBA, P. Eng. and David Speirs, MSc., P. Geol. will discuss privacy legislation, coal bed methane development, problems with existing lease forms and the new FHOA Lease. FHOA director Joe Lehane, LLB, Q.C. will discuss estate planning for freeholders. A question and answer session will follow the presentations. Cost of admission per individual or couple is \$20 for members and \$30 for non-members. We hope to see you at the seminar.

On behalf of the board of directors.

Else Pedersen, President

Canada Post Publication Mail  
Agreement No. 40048377