

MEMORANDUM OF UNDERSTANDING

between

TECHNICAL STANDARDS AND SAFETY AUTHORITY (TSSA)

and

**MINISTRY OF NATURAL RESOURCES
LANDS AND WATERS BRANCH
PETROLEUM RESOURCES CENTRE (PRC)**

1. DEFINITIONS

- 1.1. “Custody transfer point” means a point where the oil or gas purchaser, as the case may be, meters and/or takes possession of the oil or gas purchased from the producer.
- 1.2. “Distribution” means supply of natural gas to an end user across property lines, but does not include a supply of natural gas to a residence located on the same property as the well.
- 1.3. “Distribution pipeline” means a pipeline used to supply gas to an end user.
- 1.4. “Flow line or gathering line” means a pipeline used for the collection of oil or gas within a field and transportation of the oil or gas to a separating, processing or storage facility or to a distribution or transmission pipeline or custody transfer point.
- 1.5. “Transmission pipeline” means a pipeline other than a flow line or gathering line used to transmit oil or gas to a distribution system.

2. GAS PIPELINE SYSTEMS

- 2.1. Under the Technical Standards and Safety Act, the Technical Standards & Safety Authority (TSSA) has jurisdiction over all gas transmission and distribution pipelines.
- 2.2. Under the Oil, Gas and Salt Resources Act, the Petroleum Resources Centre (PRC) has jurisdiction over all gas wells and gathering lines upstream of the custody transfer point.
 - 2.2.1. **Exceptions**
 - 2.2.2. Pipelines used to inject/withdraw gas from underground gas storage reservoirs or salt caverns are under the jurisdiction of the TSSA, up to the wellhead connection.
 - 2.2.3. Pipelines used to distribute natural gas directly from a wellhead connection to an end user shall be the jurisdiction of the TSSA.
- 2.3. Figure 1 shows the division of jurisdiction between TSSA and PRC with respect to gas pipeline systems.

3. OIL PIPELINE SYSTEMS

- 3.1. The TSSA has jurisdiction over all oil transmission pipelines.
- 3.2. Under the Oil, Gas and Salt Resources Act, the PRC has jurisdiction over all oil gathering lines, multiphase fluid and water flow lines upstream of the custody transfer point.

- 3.3. Pipelines used to inject/withdraw natural gas liquids or other hydrocarbons stored in underground salt caverns are under the jurisdiction of the TSSA, up to the wellhead connection.
- 3.4. Figure 2 shows the division of jurisdiction between TSSA and PRC with respect to oil pipeline systems.

4. AMBIGUOUS JURISDICTION

- 4.1. Where jurisdiction is not clear both the TSSA and PRC shall attend to the matter or leave the matter to a single agency by mutual consent on a case by case basis. The fact that one party attends to the matter in accordance with this provision is in no way to be interpreted as an indication or acceptance of jurisdiction.

5. HAZARD AND VIOLATION NOTIFICATION

- 5.1. The TSSA shall file an inspection report addendum and notify PRC of all system-related hazards and cases of non-compliance respecting Z662 violations occurring within PRC's jurisdiction that are observed by TSSA inspectors during the course of their inspections. Notification shall consist of a faxed copy of the addendum and for immediate hazards TSSA shall follow-up by telephone with the PRC.
- 5.2. The PRC shall file an inspection report and notify the TSSA of all system-related hazards and cases of non-compliance respecting Z662 violations occurring within TSSA's jurisdiction that are observed by PRC inspectors during the course of their inspections. Notification shall consist of a faxed copy of the report and for immediate hazards PRC shall follow-up by telephone with TSSA.

6. INSPECTOR AVAILABILITY

- 6.1. The TSSA and PRC shall make available each others experience to support the other's inspection and compliance activities where specific technical expertise is required by one and available from the other. Examples include compressor stations, gas treatment plants and storage facilities.

7. TECHNICAL TRAINING

- 7.1. Technical training opportunities available from either agency party to this agreement shall be extended to staff of the other agency.

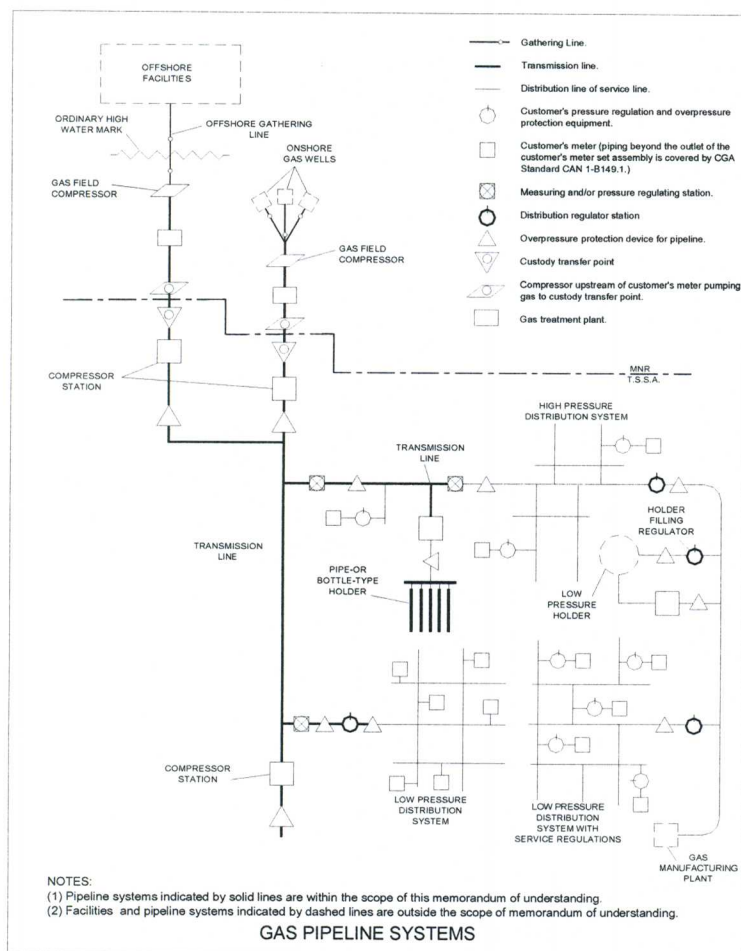


Figure 1

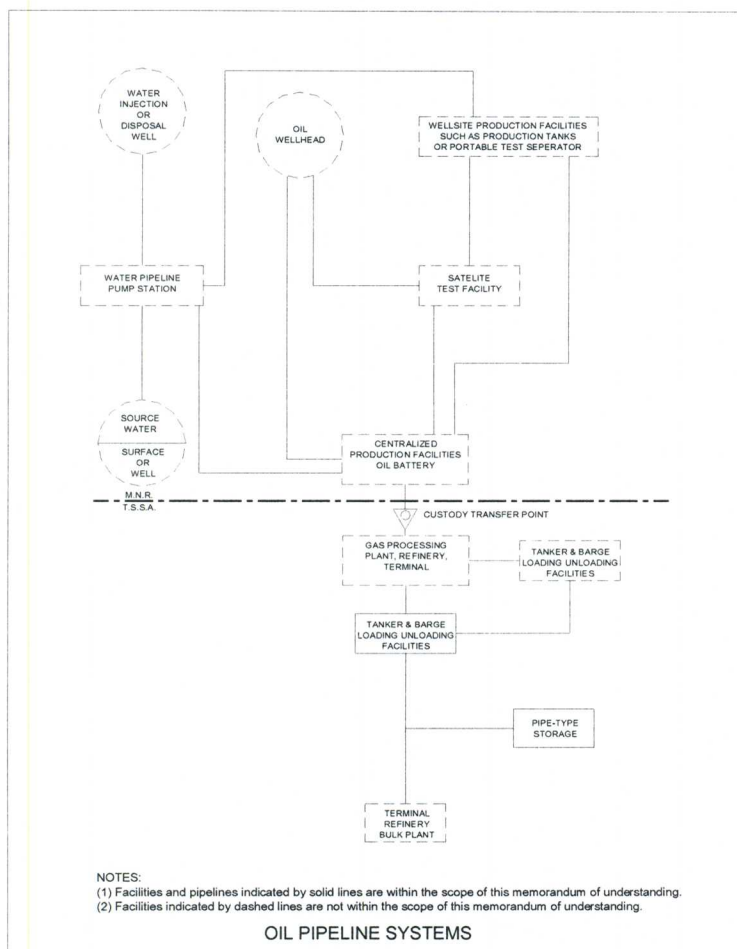


Figure 2

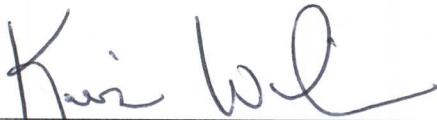
The undersigned hereby agree to the terms of this Memorandum of Understanding.



June 16, 2006

Mr. Roland Hadaller, PEng.
Director,
Oil and Gas Pipelines Systems Regulation
Technical Standards & Safety Authority

Date



Kevin J. Wilson
Assistant Deputy Minister
Natural Resource Management Division
Ministry of Natural Resources

Date

16-07-06