

Date: _____

Company Name: _____

Address: _____

E-mail Address: _____

Fax Number: _____

ATTN: _____

RE: Surface Rights Review and Unilateral Reduction in Annual Surface Lease Rentals

This letter concerns the recent attempted unilateral action by _____ to reduce my annual surface lease rental from \$_____ to \$_____. The legal land description is _____ and your file number is _____.

As a landowner, I am aware that section 27 (6) of the *Surface Rights Act* entitles me to the opportunity to negotiate in good faith after the 4th year anniversary if notice is given to me under section 27(4). The Act provides:

If either party indicates pursuant to a notice under subsection (4) that that party wishes to have the rate of compensation reviewed or fixed, the parties shall enter into negotiations in good faith for this purpose. [Emphasis Added]

Good faith means that the negotiations are undertaken in a manner that is honest and fair. My annual rental payments cannot be unilaterally or arbitrarily decreased at the end of the fifth year without the required notification and negotiations. If _____ desires to conduct a 5 year anniversary review, it should provide notice to me as required in section 27 of the *Surface Rights Act* Section 27 (4)

An operator shall give notice to the lessor or respondent, as the case may be,

- (a) On or within 30 days after the 4th anniversary of the date the term of the lease commenced or the right of entry order was made, as the case may be, where the term of the surface lease commenced or the right of entry order was made on or after July 1, 1983 or*
- (b) Where the term of the surface lease commenced or the right of entry order was made before July 1, 1983, on or within 30 days after July 1, 1987.*

The annual compensation provided to me will be based on my **Loss of Use** and **Adverse Effect**, not on the economic state of the energy industry. From my perspective, the impacts I experienced as a result of this site have not changed, with the exceptions of my adverse effect

increasing by having to deal with rental reduction uncertainties and the care and custody of the site.

My choice to cash the cheque or accept the direct deposit to my account for \$_____ provided by _____ is not acceptance of the amount tendered as payment in full of the amount due, or as a modification of the terms of our agreement. This letter serves to formally reject the unilateral decision to reduce my surface lease rental, and to assert my right to receive the full annual amount as detailed in my surface lease agreement.

I will not be initiating a *Surface Rights Act* Section 27 application for Review of Rate of Compensation as the annual amount previously agreed upon (\$ _____) is acceptable for the proposed upcoming five year period.

Please consider this notice, from the Lessor, to _____ that you are in default of the Lease Agreement. This default includes the failure to pay annual rental compensation required by the Lease Agreement. _____

has now been served with 30 day's notice to remedy the default. Neither party to the Lease Agreement has the ability to unilaterally change the amount of payment. A change may only be made by joint agreement or pursuant to an order of Land and Property Rights Tribunal arising from an application under Section 27 of the *Surface Rights Act*.

As landowners, we are advising your company of your default in paying part of the annual compensation payment due to us, and reserve all rights to recover the unpaid compensation by way of Section 36 application, and to take all other available remedies through the *Surface Rights Act* and the courts.

We look forward to _____ paying the amounts owing and to working together in future amicably despite this issue.

Sincerely,

Landowner Name: _____

Address: _____

City, Province: _____, _____

Phone Number: _____

Email: _____