

SASCI Oil and Gas Committee

**Stakeholder Consultation
Progressive Practices
For
SW Alberta**

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Section One:
Progressive Practices for Stakeholder Consultation in SW
Alberta

People who live in southwest Alberta expect to be involved when corporate activities affect their lives. They want to know about how this activity may impact their lifestyle, their family's health and the overall environment.

The issue of consultation is important in southwest Alberta where both the regulations and community expectations require special efforts when communicating about such things as potential oil and gas activity, pipeline construction and powerline corridors. It is important that those companies who belong to the Southwest Alberta Sustainable Community Initiative (SASCI) Oil and Gas Committee realize both the context and importance of stakeholder consultation in this area. Consultation requires that companies listen and address, to the best of their ability, the concerns and issues they hear as a result of the consultation process. Consultation is also a two-way process that requires mutual respect from all those involved. This respectful approach enhances working relationships with community stakeholders and helps the companies plan their activities with the community in mind.

The purpose of this document is to give all parties a better understanding of the basics of stakeholder consultation. In particular, the Committee also hopes that this document will give the community a better understanding of what they should expect from companies who consult with stakeholders in the area.

The SASCI Oil and Gas Committee defines a 'best practice' as "a practice that is generally accepted by all stakeholders as providing the most effective outcome." When the Committee initially discussed and envisioned this 'best-practice' approach for stakeholder consultation, we believed it was the optimum way to address this important subject area. However, upon reflection and after discussing the document within the Committee and with stakeholders, we realized that 'best practices' suggest no need for change or for evolution. This is definitely not the case.

The Committee considers this manual as a **living** document that will change over time as our work with and our understanding of the community and our own practices evolve and mature. For this reason, we have re-labeled this document as "Stakeholder Consultation Progressive Practices" which we believe is more in keeping with the Committee's and the Community's expectations related to stakeholder consultation.

We look forward to the dialogue this document will create with all stakeholders in the community and within industry. We welcome any feedback about the document and any suggestions on how we can make it better.

The SASCI Oil and Gas Committee
August 27, 2007

SASCI Oil and Gas Committee
Stakeholder Consultation
Progressive Practice Document
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Section Two: Community Expectations for Stakeholder Consultation

The SASCI Oil and Gas Committee understands and agrees that stakeholder consultation, apart from being a regulatory requirement, makes good business sense. The process builds relationships and helps all Committee companies understand the needs and community members may have. As a result of this principle of listening and responding to community members, proposed projects better reflect what the community and individual stakeholders want for those projects. This type of approach provides for constructive dialogue in working towards mutually agreeable solutions for any project.

Based on discussions with the community and municipal groups in the southwest², the Committee acknowledges and understands community expectations of oil and gas companies conducting exploration and development in the area:

- Consult, notify, discuss, listen and respond³ to stakeholders that could include^{3A}:
 - First Nations and Métis
 - Government agencies and elected officials
 - Federal, provincial or municipal governments
 - Planning agencies
 - Regulators
 - Residents, landowners, adjacent residents or landowners
 - Environmental groups and community groups
 - Media (TV, Radio, Newspapers)
 - First Responder organizations (Police, Fire, Ambulance)
 - Health authorities
 - Surface rights groups
 - Synergy groups
 - Other companies or operators
 - Industry associations
 - Third party auditor

- Recognize that there are areas where some community members do not want oil and gas activity.
- Listen and respond to the concerns, issues and ideas stakeholders have.
- Involve community members early on in the stakeholder consultation process.

- Discuss activities on more than a project-by-project basis (a project could involve seismic, well drilling or pipeline activity). Companies must share, in a timely manner, the fullest extent of their short- and long-term plans.
- Companies (and the regulatory bodies)^{3B} must understand the difference between consultation and notification.
- Companies (and the regulatory bodies) need to understand that a landowner's time is valuable. This impacts the timing of consultation and the ability of stakeholders to arrange a meeting. .
- Company (and the regulatory bodies) representatives need to be knowledgeable, respectful and follow through on promises.
- It is important that companies (and the regulatory bodies) provide, as much as possible, a one-contact representative for oil and gas activities
- A public consultation program must be thorough, planned and go beyond the prescribed minimum regulatory requirements.
- Stakeholders agree that the landowner is an important first contact during consultation activities but other groups such as municipal governments needs to be contacted soon thereafter.
- External stakeholders agree that forming relationships is a sound basis for the consultation process.
- Honesty and integrity are the keys to the success of any stakeholder consultation.
- Companies (and the regulatory bodies) need to consider and be knowledgeable about the *Integrated Land Management Process* and *Land Use Policy Framework* currently underway.
- Companies (and the regulatory bodies) need to be knowledgeable about the Southern Foothills Study.

Section Three: SASCI Oil and Gas Committee Stakeholder Consultation Process

Introduction to a Process

Given the feedback from and review with external stakeholders⁴, the following chapter outlines the recommended steps of stakeholder consultation for the SASCI Oil and Gas committee.⁵

Step One: Conduct research.

- Gives information about the community and input into the project planning process.
- Allows companies to gain an understanding of people and issues
- Provides background information necessary to design and implement an effective stakeholder consultation program.

Step Two: Identify internal and external information sources and stakeholders.

Internal

- Operations managers
- Pipeline and field foremen
- Operators
- Community/Aboriginal Relations specialists or managers
- Land agents
- Health, Safety and Environment personnel
- Project leaders (exploration, operations, pipeline)

External

- Landowners
- First Nations and Metis
- Community leaders, Chambers of Commerce, Town Councils
- Environmental groups, non-government officials
- Community groups
- People living near facilities, pipelines and operations
- Other companies that have operations in the area
- Government (municipal, provincial, federal)
- Regulators
- Synergy groups

Step Three: Develop a community inventory

- After research, organize the information through a community inventory that identifies potential issues, stakeholders, and a specific approach to stakeholder consultation. Dependant, in part, on the level and scope of activity anticipated, the inventory should consider the following information:
 - Key stakeholders and community leaders
 - Types of residents - e.g. urban, rural, seasonal
 - Active organizations
 - Demographics
 - Poll information (if available)
 - Key area employers
 - Community issues (past and present) and how the community addressed those issues
 - Media reports and news clippings on community issues
 - Industry issues in the community
 - Stakeholder development concerns
 - Growth rate, unemployment rate
 - Education, recreational and cultural amenities
 - Health care and social services

Step Four: Develop a communication, education and public consultation plan.

- Review and define project objectives.
- Target the stakeholder audiences important to the project.
- Outline key community issues.
- Develop key messages about the project and important issues (using “plain language” and as much transparency as corporate propriety will allow).
- Decide how you will communicate to stakeholders:
 - Personal consultation
 - Letters, telephone calls
 - Open houses, town hall meetings
 - Advertisements
 - News releases
- Identify the person(s) responsible for corporate liaison in the community and decide who will be responsible for various relationships in the community.

- Develop a centralized database that will enable tracking of the various suggestions, ideas and concerns from various stakeholders. This database must also follow all prescribed privacy regulations.

Step Five: Begin public consultation activities.

- Select the appropriate approach.
- Meet with the regulator to review process. Ask for suggestions and feedback on the proposed consultation process.
- Start consultation. Review progress as the public consultation effort continues.

Step Six: Refine your public consultation plan.

Now that you've met and heard the community, determine if your plan needs to be altered to be acceptable overall by the community. Ask the following questions:

- Is the consultation process meeting the needs of stakeholders in this area?
- Is the plan working? Does it look like the community accepts the project as it is presented?
 - What parts are acceptable? Why?
 - What parts are unacceptable? Why?
- Does the plan allow for a satisfactory level of public input into project planning and/or company operations?
- Are the consultation plan objectives being achieved? How can they be improved? Is corrective action needed?
- Is the program effective in resolving or reducing environmental, social or economic conflicts? Does it enhance the company's, the government's and the community's ability to plan effectively?
- Has the company honoured all commitments?
- Is the plan still valid or has time led to changes?

Step Seven: Finish the public consultation. Conduct follow-up.

- Using the refined consultation plan, continue the public consultation process.
- Follow up on all issues and address all concerns.
- Conduct a team review about the public consultation effort. Review all issues and determine those you resolved and those not resolved.
- If there are unresolved issues, meet with the project team to determine a final response to the stakeholder. Decide how this will be done.
- Always keep communication lines open even if you disagree.

- Meet with the regulator to review progress. Ask for suggestions and feedback on the information provided and the consultation process followed.
- Are you considering surveying the stakeholders about their views on the public consultation effort?

Step Eight: Review your documentation.

Step Nine: Review the findings with Management, other project teams and the SASCI Oil and Gas Committee. Discuss:

- The success or failure of the consultation process.
- Issues and key learnings
- How you resolved or did not resolve community issues
- Review whether you will submit a license or permit or withdraw from the project. The latter point was raised⁵ at the January 24, 2007 stakeholder meeting.

Appendix One: SASCI Oil and Gas Committee Communication Principles and Practices

Principles

- The SASCI Oil and Gas Committee will act as a voice and contact for the community.
- Companies will be open, honest and transparent when planning for and when conducting stakeholder consultation activities.
- Companies will communicate their planned activities early, in a timely fashion and in a broad manner to stakeholders.
- Companies will make and have ongoing relationships with the community.
- Companies agree that stakeholders have an important role to play when planning oil and gas activities.

Practices

- Companies will give communities the right information in a non-technical format.
- Companies will listen to stakeholder issues and concerns and use this information to improve the project planning, analysis and decision-making.
- Companies and their representatives will treat stakeholders with due respect when planning for and conducting stakeholder consultation.
- To better enable communication in the community, SASCI Oil and Gas companies will ensure the Committee knows of their activities so other members have a fair understanding of each other's activities.
- Companies will, wherever possible, ensure a one-contact approach with the community.
- The SASCI Oil and Gas Committee will convene Community Update meetings two or three times/year. These will consist of an overall review of activity and individual company updates.
- The SASCI Oil and Gas Committee will convene periodic educational seminars in the community that will:
 - Help explain oil and gas activity and processes.
 - Help companies better understand the needs and issues that stakeholders have in the community.
 - Ensure safety through education and awareness

Appendix Two: October 20, 2006 Stakeholder Meeting Summary

As part of the research in preparing this document, the Committee met with several community and municipalities groups existing in southwest Alberta. These include:

- The Livingstone Landowners Group
- The Pekisko Group
- MD of Pincher Creek
- MD of Willow Creek
- Improvement District No. 4
- MD of Foothills
- Twin Butte Land Issues Committee
- South Porcupine Hills Stewardship Society
- Waldron Grazing Co-Op

The Alberta Energy and Utilities Board was also represented.

The meeting was intended to give these groups an opportunity to discuss their perspectives about oil and gas companies and stakeholder consultation. There was general consensus as to the definition of stakeholder consultation – the process of timely two-way communication and education between the company and its external stakeholders that enhances how everyone can work together effectively. As indicated at the front of this document, the SASCI Oil and Gas Committee has adopted this definition.

The group discussed the timing of stakeholder consultation. It was generally agreed that consultation should take place before company activities affect other people's lives. This included the recommendations from the Canadian Association of Petroleum Producers' *Guide for Effective Public Involvement* (2003) which indicates that public involvement is necessary when:

- There is public interest in the project or activity.
- The scale or type of activity is perceived as significant.
- There is a need for developing emergency response plans.
- Those affected expect to be involved in the process.
- There is a regulatory requirement.
- There is emerging legislation, policy or legal actions relating to your activity.

The meeting also involved a discussion about who the stakeholders are in a community. The resulting discussion indicated that the following are common stakeholders in an area:

First Nations and Métis
Government agencies and elected officials
Federal, provincial or municipal governments
Planning agencies
Regulators
Residents, landowners, adjacent residents or landowners

Environmental groups and community groups
Media (TV, Radio, Newspapers)
First Responder Organizations (Police, Fire, Ambulance)
Health Authorities
Surface Rights Groups
Synergy groups
Other companies or operators
Industry Associations

The external groups attending the meeting formed a panel that was asked a number of questions. The following details the questions and a summary of the answers from the panel -- the following views expressed are from the stakeholder panel only and not from the Oil and Gas Committee.

Question One:

What has been your experience in the quality of stakeholder consultation oil and gas companies have had with you?

- If positive, what did the company or companies do right?
- If negative, how could the company or companies improve?

Comments:

- Consultation is not conducted on a level playing field.
- Need a third-party audit on all consultation.
- I've never been listened to.
- The problems come from one company in ten. The one negative experience paints everyone in the same light.
- Companies are very thorough in their knowledge. However, there are wider issues that we must consider when considering development and environmental protection.
- I will not be complicit in my own demise.
- Consultation by companies is generally improving.

Question Two:

The AEUB is currently revising IL 93-9 (which impacts oil and gas activity in SW Alberta) that calls for, among other things, a thorough and effective stakeholder consultation plan or process.

- What do you think are the elements of an effective and thorough consultation process?

Comments:

- Landowners need to educate themselves. They want companies to listen.
- Consultation is not notification.
- Companies need to respect landowners and their time.
- Landowners need to be compensated for their time.
- Companies need to provide a one-contact for their activities. There is too much juggling of people so landowners do not know who to contact.
- Companies need to respect the timing of consultation – companies need to realize that consultation should not occur during harvest, calving, seeding and other busy time. It should also occur at reasonable times of the day.
- Companies need to realize that some groups need time to prepare for meeting. Proper and reasonable advance notice is necessary so people can prepare and make meetings.
- Landowners and landowner groups need to know that concerns are being acted upon.
- Follow-up with landowners after you have met with them to discuss their concerns.
- Do more than the prescribed minimum requirements for consultation.

Question Three:

The AEUB also has outlined the minimum requirements for stakeholder consultation. Among other things, they indicate that companies must give out prescribed AEUB information pamphlets and a company project-specific package. Have you received this information in the past? If so,

- What is your experience with the quality of that information?
- Do you read the information?
- Is the information easy to understand?
- What would you suggest to improve the quality of the material?

Comments:

- The consensus from the group was that the information was of good quality and easy to understand.

Question Four:

- When do you think companies should start their consultation process?

Comments:

- All agreed that earlier is better.

Question Five:

- Which stakeholders do you think companies should consult with? Are there stakeholders that should have priority?

Comments:

- All agreed that consultation should be as broad as possible.
- There was mixed discussion about which stakeholders should have priority. Most agreed the landowner should be consulted first but that municipalities need to be involved very early in the process.

Question Six:

- What advice would you give to companies about the value of relationships?

Comments:

- Build relationships.
- Establish a local office.
- One-person contact.
- Continue public meetings and follow-up.
- Don't lie.
- Both sides need to be heard.
- Respect the landowners.
- Relationships are the key to success.

Question Seven:

The panel was asked about their concerns about the intervenor status process and how broad the consultation process should be.

Comments:

- We need to consider the Integrated Land Management Process and Land Use Policy Framework currently underway.
- The current process of restricting landowner involvement is outdated. It is not current in its reflection of stakeholder concerns.
- The interests of Albertans today are not considered by the AEUB.
- A well-by-well process is not enough. A full development plan should be forthcoming. A cumulative effects assessment is vital.

Appendix Three: Stakeholder meeting, January 24, 2007

On January 24, 2007, the SASCI Oil and Gas Committee again met with stakeholders from Southwestern Alberta. Those attending the October 26 meeting along with other groups were invited. Attending were:

- The Livingstone Landowners Group
- MD of Pincher Creek
- MD of Ranchlands
- MD of Willow Creek
- Twin Butte Land Issues Committee
- South Porcupine Hills Stewardship Society

The agenda included a panel discussion by participating stakeholders on “Community Expectations for Stakeholders Consultation.” Attending stakeholders were asked to rank the importance of each Community Expectation listed in section two of this manual. As a result, the Committee changed the ‘Expectation Section’ wording appropriately.

The next item of the agenda asked stakeholders to review the nine-step consultation process outlined in section three of this manual. Each stakeholder gave feedback to each step of the process. A majority of the community participants indicated that the nine-step process seemed adequate at this time. A suggestion was made that a tenth step be added to read: **BE PREPARED TO WALK AWAY.**

The four-hour sessions also included discussion by the various companies on how they currently ‘do’ stakeholder consultation. The session was completed after discussion about next steps.

Attendees completed a survey about the session. The following are the high-results based on completed surveys:

Overall Summary:

- 14 replies (five replies from external groups)
- All liked or really liked the seminar. There was appreciation for the tone of the sessions and the opportunity for open dialogue and discussion.
- Sessions need to be more focused, shorter and examine specifics.
- Attendees want more sessions. Next steps need to include topics for new sessions, suggested dates and consideration for a broader audience.

Questions and Replies

1. How would you rate the seminar overall? Please circle the appropriate number: 1=do not like, 5=like it a lot

External groups ranked the session as a 3.9 (4-4, 1-3.5)

2. What did you like most about the session (if anything)? Please list the areas:

- Building and working on relationships with area stakeholders.
- Info exchange, relationship building. Opportunity to clarify/discuss issues.
- All of the groups want to make a difference, want the process to work.
- Open, honest dialogue
- Need to see results.
- Location is great.
- Some excellent points re: regulation changes.
- Re: further government action re: what areas are sensitive to oil and gas development!
- Opportunity to hear the stakeholders voice their thoughts, concerns, likes and dislikes of the PC (public consultation) process and 12 most or least important concepts.
- I got a chance to meet people involved in special interest groups.
- Good open discussion, more trust is evident.
- Open, non-contentious dialogue. Very beneficial, feedback in a non-confrontational setting.
- There was time to put your thoughts out.
- Reached clarity on some issues and positions.

3. What did you like least about the session (if anything)? Please list the areas and any suggestions for improvement:

- Sometime can belabour points that don't contribute to overall picture (e.g., semantics, definitions.) Would like more dialogue.
- It's a very long day.
- Review of industry's consultation process. I didn't think we really needed to do that – more value getting feedback – are they seeing changes to the positive? and what do we need to do to improve still?
- Tackle specifics.

- Sometimes can belabour points that don't contribute to overall picture. (e.g., semantics, definitions). Would like more dialogue, results, possible solutions at next meeting. Next steps?
- Would like to see a broader range of landowners, stakeholders, ranchers, farmers, acreage owners, trappers, town councilors, recreationalists, NCC, regulatory bodies (EUB, SRD etc.)
- I enjoy listening to other stakeholders.
- No coffee at 3:00.
- Meetings need more focused attention to agenda. To achieve this, we need more work outside meeting so that we are ready for decisions.
- Not enough coffee.
- Lost focus on occasion...larger issues crept into the discussion.

**4. How important do you think stakeholder consultation is when making relationships with the community?
(1=not important at all, 5=very important)**

Both community and company attendees indicated that stakeholder consultation is very important when making relationships in the community.

5. Would you attend other seminars put on by the SASCI Oil and Gas Committee? If yes, are there topic areas you would like to see? Please list.

12 yes answers

2 no answers

Comments:

- OK, so when can you drill and where can you not drill.
- Spend some time talking and showing successful projects and processes, consultation, relationship building etc.
- Anything involving community involvement, environment and industry activity.
- I support SASCI.
- Topics for education and discussion, bring in Pembina, examples of area development plans and what can and can't be done.
- How this type of dialogue fits into other cross-sectional initiatives, i.e. SFS phase III.
- Third-party auditor present.
- How to encourage government to take the lead on making changes that are better for all Albertans, not just one group against another.

Bibliography

The following are the 'progressive' practices research:

- Rimbey Multi-Stakeholder Group: Rimbey Alberta
 - *Fair Play* document
- The Pekisko Group Charter
- Strathcona County:
 - Protocol for Seismic Surveying, Drilling, Construction and Operation of Oil and Gas Facilities in Strathcona County
- Alberta Energy and Utilities Board (AEUB)
 - Directive 56; Interim Directive (ID) 97-06: Sour Well Licensing and Drilling Requirements.
 - Guide 60; Directive 071; EnerFAQs No. 8 Proposed Oil and Gas Development: A Landowner's Guide.
 - Information Letter (IL) 93-9.
- National Energy Board (NEB)
 - *Guidelines for Filing Requirements; Guidelines for Effective Regulatory Consultations*
 - *Pipeline Regulation in Canada, A Guide for Landowners and the Public*
 - *Damage Prevention Regulations and Guidance Notes*
- U.S. Federal Agency Regulatory Commission (FERC)
 - *Ideas for Better Stakeholder Involvement in the Interstate Natural Gas Pipeline Planning Pre-Filing Process.*
- United States Department of Transportation, Pipeline and Hazardous Materials Safety Administration
 - Pipeline Safety Improvement Act (PSIA) of 2002.
 - American Petroleum Institute (API) Recommended Practice (RP) 1162, "Public Awareness Programs for Pipeline Operators".
- Canadian Association of Petroleum Producers
 - *Guide for Effective Public Involvement*
- United States -- Common Ground Alliance
 - *Common Ground Study Report:*
 - *CHAPTER 8, Public Education and Awareness Task Team Best Practices*
- International Association of Public Practitioners (IAP2)
 - IAP2 Core Value
- Alberta Association of Municipal Districts and Counties (AAMD&C)
 - Spring 2006 Resolution
 - *Gas and Oil Pipeline Planning*

Footnotes

1. This definition was agreed on the October 20, 2006 stakeholder consultation seminar/meeting between the SASCI Oil and Gas Committee and the following community and municipalities groups existing in southwest Alberta:
 - The Livingstone Landowners Group
 - The Pekisko Group
 - MD of Pincher Creek
 - MD of Willow Creek
 - Improvement District No. 4
 - MD of Foothills
 - Twin Butte Land Issues Committee
 - South Porcupine Hills Stewardship Society
 - Waldron Grazing Co-Op

It was further refined to its present form at the January 24, 2007 meeting.

2. October 20, 2006 meeting

3. The word ‘respond’ was added as a result of the January 24, 2007 meeting.

- 3A. October 20, 2006 meeting

- 3B. At the January 24, 2007 meeting, the attending stakeholders indicated that wherever the “Company” is in the ‘Community Expectations’ section, the phrase “and the regulatory bodies” should be added.

4. October 20, 2006 meeting

5. At the January 24, 2007 meeting, a majority of the community participants indicated that the 9-step process seemed adequate at this time. A suggestion was made that a tenth step be added to read: **BE PREPARED TO WALK AWAY**. We understand the concern raised and in fairness to the feedback process, insert potential ‘withdrawal’ into step nine as an option to be considered. . However, walking away from a project is a company-only decision that cannot be enforced or regulated by the SASCI Oil and Gas committee.