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**MEMORANDUM OF UNDERSTANDING**

**BETWEEN:**

**THE MINISTER OF INDIAN AFFAIRS AND NORTHERN  
DEVELOPMENT OF THE GOVERNMENT OF CANADA,**

**AND**

**THE INDIAN RESOURCE COUNCIL**

**WHEREAS** the Government of Canada is pursuing its policy objective that First Nations should exercise greater authority over matters relating to the management of oil and gas resources situated on Indian reserve lands;

**WHEREAS** it is intended that the future management and control of Indian Oil and Gas Canada (IOGC) by Indian Resource Council (IRC) will occur through a three phase transition process which it is anticipated will include a co-management phase, a delegation phase and a full management phase;

**WHEREAS** the IRC has been mandated by its members to pursue the development of options respecting effective management and control by member First Nations of oil and gas resources situated on First Nation lands, without affecting the positions of member First Nations in pending legal proceedings involving reserve oil and gas resources;

**WHEREAS** in pursuit of its mandate and in preparation for an agreement respecting full management authority by First Nations of oil and gas resources on reserves, the IRC wishes to participate more actively in the fulfilment of the present mandate of IOGC, but without impacting on such legal proceedings;

**WHEREAS** both parties share a common goal of First Nations achieving full management and control of their oil and gas resources;

**WHEREAS** the Minister while endorsing the principle of attaining the goal of full authority and responsibility of First Nations for the management and control of their oil and gas resources, recognizes the benefit for First Nations through the IRC to participate in the present management of Indian Oil and Gas Canada in order to be prepared to meet the above objective;

**WHEREAS** the parties have agreed on the desirability of establishing a Board of Directors to assume direction and control of IOGC,

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**THEREFORE THE PARTIES AGREE AS FOLLOWS:****1. Establishment of an IOGC Board of Directors**

1.1. The Minister and IRC will jointly establish a Board of Directors ("Board") in accordance with Appendix "A".

**2. Structure and Operation of the Board**

2.1 The Board will have the mandate and authority to co-manage IOGC in accordance with the rules, structure and operation as described in Appendix "A" which forms an integral part of this agreement.

**3. Termination**

3.1. This agreement may be terminated by either party by way of written notice. However, where a conflict arises between the parties regarding this agreement, the parties will use best efforts to resolve the conflict prior to the issuance of a termination notice.

3.2. This agreement shall terminate upon the conclusion of the co-management phase.

**4. Existing First Nation Rights**

4.1. Any trust or fiduciary relationship between the Crown and First Nations, including any aspects dealt with in the treaties, will remain unaffected by this agreement.

4.2. The aboriginal, treaty and constitutional rights, and any jurisdiction and authority, of the member First Nations will remain unaffected by this agreement.

4.3. This agreement shall not constitute a treaty, particularly or including, within the meaning of subsection 35(1) of the Constitution Act, 1982.

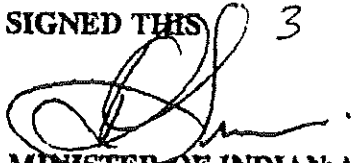
4.4. The Minister shall not invoke this agreement as a reason to limit, restrict or modify to the prejudice of the oil and gas producing First Nations any current and future federal programs or funding otherwise applicable or available to the First Nations.

4.5. This agreement shall not prejudice any claims or positions of First Nations or the Crown in existing or future actions respecting reserve oil and gas resources nor shall it be used in any such litigation by the First Nations or the Crown.

4.6. For greater certainty, the co-management and Board established hereunder shall have no mandate, powers or authority in respect to the claims, positions and subject matters referred to in 4.5 hereof.

4.7 This agreement shall not restrict the right of a First Nation to continue to deal directly with the Crown with respect to management of oil and gas resources.

SIGNED THIS 3 DAY OF June, 1996



MINISTER OF INDIAN AND NORTHERN AFFAIRS



INDIAN RESOURCE COUNCIL OF CANADA



WITNESS



WITNESS

## APPENDIX A

### INDIAN OIL AND GAS CANADA

#### BOARD OF DIRECTORS

A Board of Directors will together with the Executive Director Co-Manage IOGC.

#### CO-MANAGEMENT

CO-MANAGEMENT of IOGC will commence May, 1996.

CO-MANAGEMENT will commence with the establishment of a Board in May, 1996, or as soon as possible thereafter. No changes to existing Legislation or Regulations are needed to implement CO-MANAGEMENT.

During CO-MANAGEMENT, the authority and decisions of the Board will be subject to:

- 1) concurrence by the Executive Director of Indian Oil and Gas Canada,
- 2) no increase in DIAND funding of IOGC above the approved annual amount,
- 3) adherence to existing laws and regulations.

The Board will be made up of the IRC Chairman and five other Members appointed by Indian Resource Council plus three Board members appointed by the Minister, two of which will be the Assistant Deputy Minister, Lands and Trusts Services, Indian and Northern Affairs Canada and the Executive Director of Indian Oil and Gas Canada.

The decisions of the Board will be by majority vote.

The Chairman of the Indian Resource Council and the Assistant Deputy Minister will be co-chairman of the Board. It is anticipated that the Board will meet at least quarterly

#### BOARD RULES OF OPERATION

The Board will develop and adopt rules of operation which may include (but not be limited to):

- what constitutes a quorum,
- how votes will be recorded,
- the permissibility of substitutes for Board members,
- term and replacement procedure for Board members,
- time and place of Board meetings,
- procedures for ensuring confidentiality and dealing with conflict of interest,

- responsibility for communications with all oil and gas First Nations,
- procedures for recording minutes of Board meetings.

### **SELECTION OF AN IRC/IOGC LIAISON PERSON**

A First Nation person selected by IRC will be hired to work within IOGC but not in the direct management of IOGC. The title, duties and responsibilities of the First Nation person will be determined jointly by IRC and the Board and will be incorporated into an approved job description.

### **PREPARATION FOR BOARD MEETINGS**

The Executive Director of IOGC and the First Nation person selected by IRC will jointly prepare an Agenda for each Board meeting. An information package will be distributed to each Board member prior to each meeting. The package will include a report on IOGC operations and provide background information on issues to be discussed and decided at the Board meeting.

### **DUTIES OF THE BOARD**

The Board will assume all of the normal duties of a Board of Directors which may include decisions relating to (but not limited to);

- strategic direction including review of the IOGC mandate.
- IOGC annual work plans,
- performance against plans,
- organization structure,
- allocation of resources,
- internal and external relations,
- approval of significant expenditure requests,
- policy issues,
- selection of Executive Director of IOGC.

### **SUBSEQUENT DEVELOPMENT**

The timing and the process of moving from one phase of management to another will be determined mutually by the oil and gas First Nations and the Minister.

Both parties will agree on the process required to move to the next level of management control of IOGC. This Agreement will be in writing.