

TOPGAS SETTLEMENT FREQUENTLY ASKED QUESTIONS



What is the TOPGAS Settlement About?

The TOPGAS Settlement is a negotiated settlement between the Government of Canada and the Blood Tribe stemming from wrongful deductions from royalties payable to the Tribe that were made by oil companies and allowed to take place by Canada, the fiduciary. These deductions were made on gas production from the Blood Tribe Reserve #148 (Timber Limits) from 1977 to 1994.

What is TOPGAS?

TOPGAS is short for **Take-or-Pay Gas**. In the 1970's Trans Canada Pipelines (TCPL), believed that a gas shortage might occur because of high demand. So, they agreed to make a commitment to pay the producing companies for a certain quantity of gas each year, whether they took delivery or not. This allowed the Producers to plan on exploration and drilling estimates in advance. This arrangement went along okay until the late 70's, when due to higher gas prices, increasing reserves, and a downturn in the economy, resulted in TCPL not being able to meet its financial commitment to the producers, which was over 1 billion dollars.

As a result of this pressure on TCPL, a consortium of 30 domestic and foreign banks agreed to establish two holdings' companies (TOPGAS I and TOPGAS II), which were empowered to take on TCPL's liabilities, and paid TCPL \$2.3 billion and \$360 million. This was to reduce TCPL's ongoing obligations.

To facilitate these financial transactions, the Federal and Provincial Governments allowed the interest on these loans to be deducted from the field price before the payment of Provincial & Federal royalties, which included Indian royalties. Indian Oil & Gas Canada (IOGC) allowed this wrongful deduction to be made, thus reducing the Tribe's royalties and failing to act as our fiduciary as the law requires. IOGC later attempted to recover these costs, but were not able to do so, because of the Producers objections.

Why did it take so long for the settlement agreement to be finalized?

Meetings were held in the late 1980's and early 1990's between Indian Oil & Gas Canada (IOGC) and the 12 to 15 First Nation Bands to try and resolve this. The Government was unable to get the Producers to pay the wrongful deductions. It

was left up to each individual First Nation Band to take legal action against the companies.

As a result of the Stoney First Nation successful lawsuit in 1998, the Blood Tribe filed a lawsuit in 2008. Because of appeals and other delays, the case was left unresolved until 2017, when the Tribe went after Canada for restitution. The result was a process of negotiations under the Specific Claims program to determine the initial loss of \$3.2 million as the principle amount, and accumulated interest. It took from 2019 to 2021 for the Federal Government to agree to loss of interest on the principal of approximately \$14 million, with additional administrative costs which brought the total to \$17.6 million.

Does the TOPGAS Settlement Agreement need a ratification vote from the membership?

Both parties agreed to take the specific claims route in expediting the process of the settlement. This claim is not considered a treaty land entitlement claim, as it was a managerial decision and error on the part of Canada. Therefore, there is no requirement for the Blood Tribe to hold a referendum in accepting the settlement offer. The Blood Tribe Chief and Council will be the governing body to accept the offer and will affirm to the members that proper research and due diligence was carried out by the negotiating team.

What will the monies from the agreement be utilized for?

The recommendation and decision from Chief and Council is that \$5.3 million will be used for a per-capita distribution; \$5.85 million will go towards additional housing and \$5.85 million will be utilized for long-term investment for present and future Blood Tribe members.

How can I get more information about the TOPGAS Settlement Agreement?

For more information about the TOPGAS Settlement you can contact the KRI offices at (403) 737-3950.

