


Overview for Landowners

An Introduction to Oil and Gas Leasing in British Columbia, Alberta and Saskatchewan

If you've been approached about leasing your land for an oil or natural gas well, you're likely to have questions. This brochure is designed to give general information about the leasing process and provide you with a list of some other resources you may find helpful. It is written to be easy to understand without being technical. It is not intended as a legal guide and it is up to you to know your rights and obligations.



CANADIAN ASSOCIATION
OF PETROLEUM PRODUCERS
Canada's Oil and Natural Gas Producers



Disclaimer: This brochure does not provide legal advice and landowners are responsible to know their rights. This brochure provides general information of what is typical and actual activities may differ.

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Ownership and Access

Who owns the oil and gas on my property?

Most land in British Columbia, Alberta and Saskatchewan carries two titles: surface rights and mineral rights.

As the property owner, you control your land's surface and the right to access it. This is subject to some other rights. The ownership of the mineral (subsurface) rights is most often retained by the Crown (the government), which may decide to provide a time-limited right (lease) to companies who wish to develop its resources.

While the Crown may grant mineral rights to a company to permit oil and gas exploration and development, this transfer does not grant right of access to the surface land. Surface rights access is granted by landowners like you.

Does the Crown always own subsurface rights?

Although the Crown typically owns mineral rights, there are cases where these rights have been transferred to an individual, company or the federal government (e.g., National Parks, First Nation reserves).

Permanent ownership of subsurface rights is known as holding “freehold” mineral rights.

How do I know if there's a mineral lease on my land?

In B.C., mineral rights are awarded by the Ministry of Natural Gas Development, which informs landowners by providing information packages through its Landowner Notification Program. In Alberta, the Ministry of Energy awards rights and offers information for landowners via the AMI (Alberta Mineral Information) system. In Saskatchewan, mineral rights are awarded by the Ministry of the Economy. Landowners will be made aware rights have been

awarded by the company with those rights during surface lease negotiations.

How long does a mineral lease apply?

Mineral leases are time-limited and when first issued typically apply for initial periods of three to 10 years. However, they often provide for extensions and actual operations can continue for many years until oil or natural gas production concludes.

If there's a mineral lease on my land, will development occur?

Not necessarily. When a company is awarded mineral rights, it is entitled to seek approval to explore for, develop and/or produce oil and natural gas. But

development may not happen for a number of years, may not occur at all for technical reasons, or might take place on another portion of the overall mineral parcel (usually encompassing large tracts of land). Resources might also be accessed from land adjacent your property rather than your land.

What happens after a mineral lease is granted on my land?

Securing the right to develop subsurface resources is the first of several steps in a development project.

Once a company has secured mineral rights, it must:

- » *Negotiate a surface lease with the landowner.*
- » *Obtain a permit from the government for the specific oil and natural gas activity being proposed.*
- » *Comply with the regulations of the British Columbia Oil and Gas Commission (BCOGC), the Alberta Energy Regulator (AER), or Saskatchewan Ministry of the Economy (ECON), including requirements for public safety, groundwater protection, protection of the environment and ensuring minimal disturbance to affected landowners.*



Negotiation and Consultation

What will my surface lease agreement cover?

A surface lease agreement is a legal, binding contract between a company (lessee) and the landowner (lessor). It specifies the terms and conditions for use of your land's surface, including tenure, extent of operations, reclamation and compensation.

Your agreement will grant a company access to your property for the purposes of exploration, extraction of hydrocarbons, and construction and maintenance of the above-ground structures (such as a well site or battery) necessary for oil and natural gas operations.

The agreement also:

- » *Provides fair compensation for surface access to well sites and related infrastructure.*
- » *Includes a survey plan of your site, showing access, dimensions of lease, elevations and location of the well bore.*

» *Lists any mutually agreed-upon conditions on activities.*

» *Specifies any special conditions relating to the commitments and responsibilities of both the company and the landowner.*

Who negotiates the surface lease with me?

Oil and natural gas companies often employ a land agent to work with landowners like you on their behalf. In Alberta, land agents are licensed under the Surface Land Agents Act and operate under a number of acts and statutes, including the Surface Rights Act. Agents are not required to be licensed in B.C. or Saskatchewan.

What if I have tenants on my property?

The land agent must consult with you and any occupants of your property. However, only the landowner negotiates legal agreements.

What's my role in the negotiations?

As a landowner, you're responsible for helping to determine the terms of the agreement and the compensation expected for access to the well sites and related infrastructure on your property.

Before signing a surface lease agreement, you're encouraged to know your rights and keep industry and government informed of any issues or concerns.

Where can I get help?

The Farmers Advocacy Office in B.C. and the

Office of the Farmer's Advocate in Alberta assist landowners in preparing to negotiate surface lease agreements. Their mandate is to provide direction as to which regulator you may call on for assistance. There is no dedicated government resource in Saskatchewan. The Canadian Association of Energy and Pipeline Landowner Associations may offer some assistance.

What if we can't reach an agreement?

The Surface Rights Boards in B.C., Alberta and Saskatchewan can assist in resolving conflicts involving:

» *Terms of entry onto land: the board may authorize entry to private land to explore for, produce or develop subsurface resources.*

» *Compensation: the amount to be paid to the landowner for a company's entry, occupation and use of private land.*

» *Damages: the compensation that should be paid for damage to the land or adjacent land, or loss caused by an entry.*

» *Compliance: whether the terms of a surface lease or right of entry have been complied with or whether the proposed oil and natural gas activity in a surface lease is different from what was approved.*

The boards can also assist with disputes regarding rental provisions in the event of a renegotiation of the surface access lease.

Will my surface lease include access for a seismic survey?

If a seismic survey is required, you'll negotiate a separate written agreement to allow access to your land. Since seismic work is done in the very early stages to assess a property's development potential, you'll complete the seismic survey agreement before negotiating your surface lease agreement.

Do I have to allow seismic activity on my land?

No. In B.C., Alberta and Saskatchewan, a seismic operator may not enter your property without first negotiating a written agreement with you. If an agreement cannot be reached, the seismic operation may not proceed.

What about access for land surveys?

Early in the development of an oil and natural gas site, your land will be surveyed to identify the exact location of a proposed well site, access road, pipeline, or facility and determine the surface area required. The survey is also required to ensure that development does not impact environmentally sensitive or culturally important areas.

In B.C. and Alberta, companies have the right to enter your property for the purpose of surveying. The survey company must attempt to contact you to obtain any special instructions regarding entry onto your land. But failing to contact you does not mean the survey may not proceed. However,

it is common practice for companies to obtain permission to survey to help establish a good working relationship with a landowner. In Saskatchewan, surveyors must obtain your approval prior to entering your property.

What can I expect once a surface lease agreement is in place?

Consultation with your community is the next step. The developer will initiate a formal stakeholder engagement and consultation process with residents/occupants, municipalities and government agencies within a prescribed area surrounding the development.

Engagement must occur prior to a licence application for the site. This ensures that those affected by the development understand the project, and have an opportunity to identify and resolve any concerns before the company submits an application for an oil and natural gas permit.

By regulation, companies must provide landowners with a project description and are expected to come to a consensus with landowners regarding the proposed project.

If there are unresolved concerns with a proposed project, landowners can contact the BCOGC, the AER or ECON for assistance in resolving issues.

Does the agreement apply if I sell the land?

Yes. Your surface lease would be part of the real estate transaction.

Is government approval required before the project proceeds?

Once a company has completed the technical, consultation and notification requirements, it will file an application with the respective government agency (the BCOGC, the AER or ECON) for the proposed project. If the application meets all requirements, the government will issue a licence, permit or approval. Once a permit, licence or approval is received, the company will begin physical work on the site (construction, drilling, and/or installation of production facilities)

as described in the stakeholder engagement package. In Saskatchewan, a development permit is also required from the local municipality.

Throughout construction and ongoing operations, the company is expected to adhere to all regulations and any approval conditions.



Roles and Responsibilities

What's my role as a landowner?

You're free to negotiate lease agreements with industry, and to establish compensation for sites and related infrastructure on your property. From the time you first learn that development may occur and as the development proceeds, you're encouraged to keep the company, government and the regulator informed if your expectations are not being met and if you have any issues of concern on your property.

How is my local government involved?

Whenever a community is affected by oil or natural gas development, local government is expected to work with industry to address any issues or concerns.

What is the industry's responsibility?

The company working on your property is responsible for all work conducted on the site by its employees and contractors. It must adhere to all the rules required for oil and

natural gas operations throughout the entire life cycle of a development, including:

- » *Meeting the requirements for engaging with stakeholders impacted by oil and natural gas development.*
- » *Maintaining the site and equipment in a safe and operable manner.*
- » *Meeting the requirements for well abandonment and land reclamation.*

Who monitors activities on my land?

B.C., Alberta and Saskatchewan each have independent regulatory agencies that are responsible for overseeing oil and natural gas operations through the full life cycle of a well (exploration, construction



and operation, abandonment/reclamation/restoration). These agencies monitor industry's work to ensure it complies with regulations and standards. Oversight activity is conducted through review of industry applications submitted prior to construction, and during operation via site inspections and audits. Regulatory agencies are also responsible for the oversight of issues related to public safety and the conservation of petroleum resources.

The agencies also offer assistance to landowners through their Appropriate Dispute Resolution efforts, and internal processes that permit landowner concerns

to be aired and assessed during the review of industry's licensing applications.

Who sets policy and makes regulations?

The provincial governments in B.C., Alberta and Saskatchewan have established ministries that are responsible for creating legislation and setting overall policy to ensure responsible oil and natural gas development. These ministries are responsible for making resource development decisions that balance environmental, social and economic factors. They also oversee mineral tenure transactions within their province and work with other provincial ministries to identify and resolve land-use issues.

Provincial ministries work directly with regulatory agencies to ensure regulations are achieving provincial goals and policy objectives. They evaluate legislation and policy to ensure their regulatory framework is competitive, provides certainty, and enables informed and balanced policy decisions in the public interest.



About CAPP

The Canadian Association of Petroleum Producers (CAPP) represents companies, large and small, that explore for, develop and produce natural gas and crude oil throughout Canada. CAPP's member companies produce about 90 per cent of Canada's natural gas and crude oil. CAPP's associate members provide a wide range of services that support the upstream crude oil and natural gas industry. Together CAPP's members and associate members are an important part of a national industry with revenues of about \$110 billion a year. CAPP's mission, on behalf of the Canadian upstream oil and gas industry, is to advocate for and enable economic competitiveness and safe, environmentally and socially responsible performance.



Resources

General information

Alberta Energy Regulator
Landowner's Guide
www.aer.ca (*EnerFAQs*)

BC Oil and Gas Commission Land Owner's
Information Guide
[www.bcogc.ca/
public-zone](http://www.bcogc.ca/public-zone)

Saskatchewan Ministry
of the Economy
[www.economy.gov.sk.
ca/OilGas](http://www.economy.gov.sk.ca/OilGas)

Negotiating surface lease agreements

Alberta Office of the
Farmers' Advocate
[www1.agric.gov.ab.
ca/\\$department/deptdocs.
nsf/all/ofa2621](http://www1.agric.gov.ab.ca/$department/deptdocs.nsf/all/ofa2621)

B.C. Farmers'
Advocacy Office
www.farmersadvocate.ca

Canadian Association
of Energy and Pipeline
Landowner Associations
[www.landownerassocia-
tion.ca](http://www.landownerassociation.ca)

Compensation for energy activity; resolution of surface lease conflicts

Alberta Surface
Rights Board
T: 780 427 2444
E: srb.lcb@gov.ab.ca
[www.surfacerights.
gov.ab.ca](http://www.surfacerights.gov.ab.ca)

Surface Rights Board
of British Columbia
T: 1 888 775 1740
E: [office@surfacerights
board.bc.ca](mailto:office@surfacerightsboard.bc.ca)
[www.surfacerightsboard.
bc.ca](http://www.surfacerightsboard.bc.ca)

Surface Rights Board
of Arbitration
(Saskatchewan)
T: 306 463 5447
E: [SurfaceRightsBoard@
gov.sk.ca](mailto:SurfaceRightsBoard@gov.sk.ca)
[www.economy.gov.sk.
ca/SurfaceRights](http://www.economy.gov.sk.ca/SurfaceRights)

Landowner notification process, industry activity, application process, compliance

Alberta Energy
Regulator
24-hour Response Line:
1 800 222 6514
Customer Contact
Centre: 1 855 297 8311
www.aer.ca

BC Oil and Gas
Commission
Inquiries/24-Hour
Incident Reporting:
250 794 5200
www.bcogc.ca

Saskatchewan Ministry
of the Economy
www.economy.gov.sk.ca/OilGas

Mineral-tenure process, legislation, policy performance

Alberta Energy Ministry
Edmonton: 780 427 8050
Calgary: 403 297 8955
www.energy.alberta.ca/index.asp

Alberta Environment
and Sustainable
Resource Development
T: 1 877 944 0313
www.esrd.alberta.ca

British Columbia
Ministry of Natural
Gas Development
T: 250 953 0900
www.gov.bc.ca/mnngd

Saskatchewan Ministry
of the Economy
T: 306 798 1278
www.economy.gov.sk.ca/OilGas

Legislation

Alberta Queen's Printer
www.qp.alberta.ca

B.C. Laws
T: 1 800 663 6105
E: BC.Laws@gov.bc.ca
www.bclaws.ca

Saskatchewan
Publications Centre
T: 306 787 6894
www.publications.gov.sk.ca/legislation.cfm







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