Since oil, natural gas and oil sands resources are located underground, it helps to reference the land when we talk about mineral ownership.

Alberta is over 66 million hectares in size. The Crown (i.e., Alberta) owns the mineral rights for approximately 81% (53.7 million hectares). Alberta received these mineral rights from Canada in 1930, under the Natural Resources Transfer Act. These mineral rights are managed by the Government of Alberta on behalf of Albertans.

The mineral rights of the remaining 19% (approximately 12.6 million hectares), are owned by others. These include federal government jurisdiction mineral rights located under National Parks and First Nations reserves. These also include mineral rights owned by private companies and private individuals, which were originally given to companies and settlers by the federal government as part of Canada’s western settlement. (These are also called “freehold mineral rights”. The Freehold Owners Association offers a detailed history of freehold mineral rights in Alberta.)

In many U.S. states, the majority of oil and gas minerals are owned by private individuals and companies, and a comparatively small amount is owned by the state.

Without large ownership stakes in their resources, these state governments don’t place their focus on royalty frameworks. They collect taxes (as Alberta does), but they don’t collect royalties. Energy companies operating in these states might still pay royalties, but they do so through private arrangements negotiated with each and every private freeholder of the applicable mineral rights.

In Alberta, where the province owns the majority of the mineral rights, the government collects taxes (as the states do), and also collects royalties (on behalf of Albertans, as owners of the resource).

Sources: Alberta Energy; Freehold Owners Association