Acquisition of Petroleum and Natural Gas Rights in Alberta

The Tenure System

What is the Tenure System

- Albertans, as part of the Crown, own 81 per cent of the province's petroleum and natural gas and other mineral resources. The remaining 19 per cent are 'freehold' mineral rights, non-Crown, owned by the federal government on behalf of First Nations or in National Parks, and by individuals and companies.
- If a company wants to explore and develop petroleum and natural gas from the Crown's resources, the company must obtain the mineral rights – the tenure system facilitates the leasing of minerals rights.
- Companies are granted the right to explore for and develop petroleum and natural gas resources owned by Albertans. The value flows back to the province in the form of bonus bid, rental, and royalty payments. Owners of freehold mineral rights, except for the federal government, pay a tax to the province based on the production of oil or gas from their holdings.
- The tenure system benefits Albertans because it ensures our province remains an attractive place to invest in energy resources. These investments provide enhanced social services that Albertans rely on.

Overview of the Tenure System

A petroleum and natural gas lease or licence gives the company the legal right of occupancy and the exclusive right to drill for, work, and recover any mineral substance within the location of that agreement.

Mineral rights can be leased as:
- surface to basement.
- surface to a specified zone.
- specified zone to basement.
- including exceptions for leased rights within

Land Sale Process

- Alberta Energy issues an agreement by public auction, also known as public offering or land sale. On average 24 land sales are held each year.
- Alberta Energy does not post rights for sale. The closed-bid land sale system is driven by industry.
- Industry submits requests to Alberta Energy for parcels of land to be included in the land sale.
- Each sale has a two-week period where industry requests postings of rights. Alberta Energy has seven weeks to review the land, and refers the requests to the Crown Mineral Disposition Review Committee (CMDRC).
Land Sale Process Continued

- The CMDRC is made up of several government departments that review the land to ensure that the correct type and level of restriction is placed on the land. These include: surface access is not permitted, surface access is subject to specific restrictions, or surface access has yet to be determined.

- After seven weeks, Alberta Energy publishes a Public Offering Notice, advertising all parcels to be available in eight weeks at the next sale. Industry uses the eight weeks to plan bidding strategy.

- The Government of Alberta expects industry to research surface access prior to placing a bid on a parcel of land. Among other surface access considerations, they are expected to consult with municipal governments. Industry can seek land use planning information from municipalities, including Municipal Development Plans, Area Structure Plans and Land Use Bylaws.

- The company with the highest bid/ bonus for the province will be awarded the sale. Alberta Energy publishes all sales online at: www.energy.alberta.ca/Tenure/1314.asp.

- A map of mineral ownership in Alberta is also available online at: http://www.energy.alberta.ca/Tenure/pdfs/MapFreehold.pdf.