

April 12, 2010

MINERAL RIGHTS INFORMATION BULLETIN 2010-01

Subject: Soldier Settlement Board Minerals

The Government of Alberta and Natural Resources Canada have negotiated an out-of-court settlement regarding Soldier Settlement Board (SSB) minerals. The SSB Settlement Agreement (agreement) allowed for the transfer of 477 mineral titles and 96 associated petroleum and natural gas leases from Canada to Alberta on April 1, 2010. The transfer included 212 mineral titles in the name of the Soldier Settlement Board and 265 mineral titles in the name of Her Majesty the Queen in right of Canada (Canada).

According to the terms of the agreement, Alberta will honour existing leases issued by Natural Resources Canada. Federal lessees will be offered the opportunity to replace their federal disposition with a standard Alberta P&NG lease agreement. If federal lessees choose to retain their federal disposition however, Alberta will continue to administer the lease according to Federal terms and conditions.

For more information about the Soldier Settlement Board minerals go to the Department of Energy (department) website: www.energy.alberta.ca and in the Search field, key in the words "Soldier Settlement Board".

Public Offering Process

Newly acquired Alberta minerals which are not subject to existing federal dispositions will be available for posting in the public offering process for the September 29, 2010 sale. The posting request acceptance period for this sale is June 2 - 15, 2010. Alberta Crown mineral searches and queries using the Electronic Transfer System will report the 477 parcels of minerals as non Alberta Crown until June 2, 2010.

Direct Purchase Process

Applications for direct purchase of the petroleum and natural gas rights in the undisposed parcels will also be accepted as of June 2, 2010. The parcel of open Crown must qualify under the standard direct purchase requirements. The applicant must own or lease the freehold rights in the balance of the spacing unit and the Crown area must be less than 50% of the smallest applicable spacing unit for the land.

Rental Payments

Under the terms of the agreement, rental is payable to Alberta as of April 1, 2010. Existing federal leases are not subject to the department's monthly statement process. Rental payments must be made by cheque according to the federal rental requirements and must be made payable to the Minister of Finance (Province of Alberta). The payment must be accompanied by a letter which clearly specifies the particulars of the payment. It is essential the letter contain the following:

Subject Line: Soldier Settlement Board
Re: xxx, xxxx, xxxx (federal lease numbers)

The letter must be addressed to:

Unconventional Tenure
Tenure Branch
Department of Energy
2nd FI - Petroleum Plaza NT
9945 - 108 Street
Edmonton, AB
T5K 2G6

Royalty Payments

Royalty payments are also payable to the Minister of Finance (Province of Alberta) as of April 1, 2010. If you choose to remain under the federal lease, the calculations will be done according to the federal lease requirements. If you choose to replace the federal lease with an Alberta replacement lease, oil and gas royalties will be subject to the current Alberta royalty formulae.

Royalty payments must be accompanied by a supporting letter which clearly itemizes the particulars of the payment. It is essential the letter contain the following:

Subject Line: Soldier Settlement Board
Re: Oil Royalty, the production month it pertains to; or
Gas Royalty, G94 account and the statement/invoice number.

The letter must be addressed to:

| | | |
|---|----|---|
| Oil Royalty | or | Gas Royalty |
| Department of Energy | | Department of Energy |
| 9 th FI - Petroleum Plaza NT | | 8 th FI - Petroleum Plaza NT |
| 9945 - 108 Street | | 9945 - 108 Street |
| Edmonton, AB | | Edmonton, AB |
| T5K 2G6 | | T5K 2G6 |

For more information about payment of gas royalty, go the department's website at www.energy.alberta.ca See Our Business > Natural Gas > Legislation, Guidelines & Policies > Guidelines > Alberta Natural Gas Royalty Guidelines (2006) > Levying and Collecting (Chapter 7).

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