



## Land Use Operational Policy Oil and Gas

**NAME OF POLICY:** Oil and Gas

**APPLICATION:** Applies to surface tenures for Crown land used for petroleum and natural gas purposes including Crown land within Provincial Forests.

**ISSUANCE:** Assistant Deputy Minister  
Crown Land Administration Division

**IMPLEMENTATION:** Ministry of Agriculture and Lands

**REFERENCES:** *Land Act* (Ch. 245, R.S.B.C., 1996)  
*Land Title Act* (Ch. 250, R.S.B.C., 1996)  
*Oil and Gas Commission Act* (Ch. 39, R.S.B.C., 1996)  
*Petroleum and Natural Gas Act* (Ch.361, R.S.B.C, 1996)  
*Pipeline Act*  
*Geothermal Resources Act* (Ch. 171, R.S.B.C., 1996)

**RELATIONSHIP TO PREVIOUS POLICY:** This policy replaces the previous Oil and Gas policy dated August 16, 2004

**POLICY AMENDMENT:** Any formal request for an amendment to this policy is to be directed in writing to the Director, Land Program Services Branch, Crown Land Administration Division.

*Warren K. Mitchell*

Warren Mitchell  
A/Assistant Deputy Minister  
Crown Land Administration Division  
Ministry of Agriculture and Lands

*05/10/29*

Date

### APPROVED AMENDMENTS:

Effective Date	Briefing Note /Approval	Summary of Changes:
August 16, 2004		Changes made as a result of the Policy and Procedures Re-write Project.

**EFFECTIVE DATE:** August 16, 2004  
**AMENDMENT NO:** 1 (October 21, 2005)

**FILE:** 12335-00

**APPROVED AMENDMENTS:**

Effective Date	Briefing Note /Approval	Summary of Changes:
October 21, 2005		Policy changed to reflect new agency names and responsibilities

## Table of Contents

1.	POLICY APPLICATION .....	1
2.	PRINCIPLES AND GOALS .....	2
3.	DEFINITIONS .....	3
4.	ABBREVIATIONS .....	3
5.	APPLICANT ELIGIBILITY .....	4
6.	FORM OF LAND ALLOCATION .....	4
	6.1 Investigative Permit .....	4
	6.2 Temporary Permit .....	5
	6.3 Licence of Occupation .....	5
	6.4 Lease .....	5
	6.5 Statutory Right of Way .....	5
	6.6 Sale .....	6
7.	PRICING POLICY .....	6
	7.1 Administrative Fees .....	6
	7.1.1 Oil and Gas Commission .....	6
	7.1.2 Oil and Gas Pipelines – National Energy Board (NEB) Projects .....	6
	7.2 Method of Valuation .....	7
	7.3 Rentals .....	7
	7.3.1 Investigative Permit .....	7
	7.3.2 Temporary Permit .....	7
	7.3.3 Lease and Licence of Occupation .....	7
	7.3.4 Statutory Right of Way .....	7
	7.4 Sales .....	7
8.	ALLOCATION PROCESSES .....	7
	8.1 Applications .....	8
	8.1.1 Application Package .....	8
	8.1.2 Application Acceptance .....	8
	8.1.3 Clearance/Statusing .....	9
	8.1.4 Referrals .....	9
	8.1.5 Advertising/Notification .....	9
	8.1.6 Aboriginal Interests Consideration .....	9
	8.1.7 Field Inspections .....	9
	8.1.8 Decision/Report .....	10
	8.1.9 Issuing Documents .....	10
	8.2 Direct Sale .....	10
9.	TENURE ADMINISTRATION .....	10
	9.1 Insurance .....	10
	9.2 Security/Performance Guarantee .....	10
	9.3 Assignment and Sub-Tenuring .....	11
	9.4 Tenure Replacement .....	11
	9.5 Monitoring and Enforcement .....	11
	9.5.1 Cancellation .....	11
	9.5.2 Abandonment of Drillsite/Wellsite Tenures .....	11
10.	VARIANCE .....	12
	APPENDIX 1. OIL AND GAS POLICY SUMMARY .....	13

APPENDIX 2. CLASSIFICATION OF OIL AND GAS FACILITIES FOR RENTAL  
DETERMINATION PURPOSES ..... 14

## 1. POLICY APPLICATION

This policy applies to surface tenures for Crown land utilized for oil and gas activities as defined below, including Crown land within Provincial Forests (in accordance with Section 5 of the *Forest Act* and the administrative agreement with the Ministry of Forests and Range).

This policy applies to permanent structures such as major compression facilities and any existing oil and gas uses located within statutory rights of way.

This policy applies to surface tenures for Crown land utilized for petroleum and natural gas purposes while recognizing the provision for entry upon and use of Crown land contained within the *Petroleum and Natural Gas Act* (Section 7) and the *Geothermal Resources Act* [Section 1 (2)].

This policy does not apply to public and private utilities covered by the Utilities policy.

This policy recognizes the legal responsibilities assigned to the Oil and Gas Commission (OGC) under the *Oil and Gas Commission Act* (Ch. 39, R.S.B.C., 1996) and is in keeping with the roles, responsibilities, and procedures set out in the Memorandum of Understanding between the Oil and Gas Commission and LWBC for the Administration of *Land Act* Tenures for Provincially Regulated Petroleum, Natural Gas and Pipelines.

The OGC responsibilities include the processing and issuance of tenures under the *Land and Water Act* required for petroleum and natural gas activities and provincially-regulated pipelines.

The Ministry of Agriculture and Lands (MAL) is responsible for issuing *Land Act* tenures approvals for uses that are secondary, or ancillary, to oil and gas activities. These land uses may form part of an oil and gas application but are intended for multiple purposes or they do not directly support an oil and gas activity. MAL also remains responsible for the sale of Crown land and issuing and administering all *Land Act* tenures for federally regulated pipelines.

In general, the OGC:

- acts as the contact for questions and information pertaining to oil and gas activities;
- accepts all applications for oil and gas activities;
- processes applications and issues tenures under the *Land Act* (including managing associated insurance/bonding requirements, advertising and public consultation, referrals, dispute resolution, and satisfying the government's obligation to consult with First Nations);
- processes tenure amendments, assignments, cancellations, replacements and renewals and *Water Act* approvals as they pertain to oil and gas activities;
- issues long-term tenures for wellsites, ( i.e., Licence of Occupation) with well approval
- enters all required information into Tantalus and updates Crown land registry database and maps

- assigns appropriate OGC file numbers;
- assists MAL with situations involving a default in rental payments;
- consults with the appropriate regional office location before making determinations on approvals and permits, as identified in the MOU; and,
- For applications outside of the NE, the OGC will advise the proponent of the general requirements that apply to all applications for Crown land for oil and gas activities, and advise the proponent to contact the appropriate office for additional regional or site specific information requirements. MAL will assist the OGC through the provision of professional, technical and administrative expertise that cannot reasonably be provided directly by the OGC.

MAL generally supports the processes and decisions of the OGC by:

- providing professional and technical expertise and administrative assistance for applications under the *Land Act*, as required;
- providing field staff to assist OGC with managing tenure audits and assist with trespass and tenure compliance as agreed upon for specific cases;
- setting rental pricing and administrative fees for uses tenures and approvals under the *Land Act*;
- monitoring oil and gas aggregate tenures, including taking measurements for administrative and compliance purposes
- assisting with clean-up inspections of campsites
- administering associated billings to the tenure holder, including management of accounts receivable
- granting Notations of Interest for Petroleum Development Roads;
- expediting the adjudication of tenures for secondary or ancillary purposes;
- continuing to administer long term tenures issued under the *Land Act* before October 1998 and administering long term tenures on all applications received by the OGC up to October 1, 2002; and
- Handling status enquiries on Crown land when requested by oil and gas companies.

*The italicized text in this document represents information summarized from standard Crown land management policies and procedures. This material has been inserted where it provides necessary direction or context. As well, website links offer access to the full text of the relevant land management policies and procedures. Text in standard script is applicable to this policy only.*

## **2. PRINCIPLES AND GOALS**

*Provincial employees act in accordance with applicable legal requirements when making decisions. The Guiding Principles are a summary of key administrative and contract law principles which guide provincial employees.*

*This policy is part of a series of policies that have been developed to help provincial staff use business and legal principles to achieve the government's goals with respect to the management of Crown land in a manner that is provincially consistent, fair and transparent. To that end, this policy also serves as a communication tool to help the public understand how the Province of BC makes decisions respecting Crown land.*

### 3. DEFINITIONS

**Authorizing agency** means the provincial ministry responsible for the specific land use authorization.

**Development** means activities including post exploration feasibility and field studies, and construction and operation of facilities leading to and including the production of geothermal, petroleum and natural gas resources.

**Exploration** means investigations by test hole or well drilling, prospecting, surveying or other such techniques to identify the existence and extent of geothermal, petroleum and natural gas resources.

**Oil and gas activity** means any activity related to:

- the search for petroleum, natural gas or both,
- the exploration and development of petroleum, natural gas, or both, or
- the production, gathering, processing and storage of petroleum, natural gas or both, and includes:
- the reclamation of sites disturbed because of an activity within this definition, and,
- the monitoring and long term protection, control and treatment of those sites.

**Secondary, or ancillary, purposes** include:

electric power transmission and distribution except those with terminus at wellsite, pump or similar facility,

telecommunications distribution/transmission (communications sites and cable telecommunications) except those which are integral to oil and gas activities and originate and terminate at a wellsite, pump or similar facility, and,

gravel pits, open campsites and airstrips which support multiple purposes.

### 4. ABBREVIATIONS

**BCA** - BC Assessment

**ha.** - Hectare

**MAL** - Ministry of Agriculture and Lands

**MEMPR** - Ministry of Energy, Mines and Petroleum Resources

**MOU** - Memorandum of Understanding

## **5. APPLICANT ELIGIBILITY**

*Applicants for new tenures, tenure assignment, or tenure replacement must be:*

- *Canadian citizens or permanent residents 19 years of age or older; or,*
- *Corporations which are incorporated or registered in British Columbia; or,*
- *Registered partnerships, cooperatives, and non-profit societies which are formed under the relevant provincial statutes; or,*
- *First Nations can apply through band corporations or Indian Band and Tribal Councils. Band or Tribal Councils require a Band Council Resolution a) authorizing the council to enter into the tenure arrangement, and b) giving the signatories of the tenure document the ability to sign on behalf of the Band. For tenures which are to be registered in the Land Title Office, First Nations must apply through either a band corporation or trustees. Band members can elect 1 or more trustees to hold a tenure on behalf of the Band. Verification of election must be by way of a letter signed by the Chief and councilors of the Band giving the full names of the trustees and stating that they were elected at a properly convened meeting of the Band. A Band Council Resolution is not required.*
- *In the case of aquatic land, non-Canadians can apply if they own the adjacent upland (companies must still be incorporated or registered in B.C.).*

*For more detailed standard policy information see [Eligibility and Restrictions](#).*

## **6. FORM OF LAND ALLOCATION**

Refer to Appendix 1 for a summary of the forms and terms of Crown land allocation available for oil and gas operations.

The term of *Land Act* tenure is to be compatible with, and no longer than the term of the subsurface tenure issued by the MEMPR.

*For more detailed standard policy information see [Form of Crown Land Allocation](#).*

### **6.1 Investigative Permit**

*An investigative permit may be issued to any proponent requiring access to the land for appraisals, inspections, analyses, inventories, surveys or other investigations of Crown land or its natural resources, or where otherwise required. No buildings or other improvements may be placed on the land.*

*The tenure holder must permit public access to the area without interference, and must recognize that overlapping and layering of tenures may be authorized by government.*

*The maximum term for an investigative permit is 2 years.*



## 6.2 Temporary Permit

*A temporary permit may be issued for temporary uses (including one-time events and sustained or repeated use of Crown land), where a business is better served by such a permit than by a license of occupation.*

*The tenure holder must allow public access to the area without interference, and must recognize that overlapping and layering of tenures may be authorized by Government.*

*The maximum term for a temporary permit is 2 years.*

## 6.3 Licence of Occupation

*A licence of occupation may be issued where minimal improvements are proposed, where short-term tenure is required, where there are multiple users of a site (e.g. communication sites), or in remote areas where survey costs are prohibitive. It may also be used to allow development to proceed while awaiting completion of survey requirements for a lease or right of way.*

*A licence of occupation conveys fewer rights than a lease. It conveys non-exclusive use for the purpose described, is not a registerable interest that can be mortgaged, and does not require a survey.*

*A licence of occupation does not allow the tenure holder to curtail public access over the licence area except where it would impact the licencees' right to use the land as per the licence document. Government may authorize overlapping and layering of tenures.*

*The standard term for a licence of occupation is 10 years.*

## 6.4 Lease

*A lease should be issued where long term tenure is required, where substantial improvements are proposed, and/or where definite boundaries are required in order to avoid conflicts.*

*The tenure holder has the right to modify the land and/or construct improvements as specified in the tenure contract. The tenure holder is granted quiet enjoyment of the area (exclusive use).*

*A legal survey will generally be required at the applicant's expense to define the tenured area. A lease is a registerable interest in the land that is mortgageable.*

*The standard term for a lease is 30 years.*

Authorization of land uses, such as well sites, may be by a progression of tenures. For example, exploration drill sites authorized by interim licence of occupation can be converted to Statutory Right of Way tenures upon completion of survey.

## 6.5 Statutory Right of Way

*A statutory right of way is normally used to authorize linear uses of Crown land for transportation, communication, energy production and utility developments.*

*The tenure holder is granted a legal right of passage over the land for a specific purpose. It does not generally confer the right to exclusive use and enjoyment of the area, nor the right to exclude or charge the public for the use of improvements.*

*A legal survey will be required at the applicant's expense to define the tenured area. A Statutory Right of Way is a registerable interest in the land that is mortgageable.*

Statutory rights of way for major activities are normally issued for 30 years but may be issued for so long as required.

## **6.6 Sale**

*Crown land sales may occur through an application process if the proposed site meets specific criteria and the use is considered suitable by government agencies and other affected interests.*

## **7. PRICING POLICY**

### **7.1 Administrative Fees**

*Application fees for tenures, and other administrative fees, are payable to the Province of BC. These fees are set out in the fee schedules contained in the Land Act Fees Regulation.*

#### **Linear utilities (including oil and gas pipelines, electric transmission lines, etc):**

Uses that are ancillary or integral to construction of linear utilities such as access roads, staging areas, spoil sites, borrow pits, etc, can be applied for under a single application along with the linear utility use. The single application fee will be based on the appropriate utility fee category (i.e. item 18 or 30 in Table 1 of the *Land Act Fees Regulation* - Application Fees Schedule and Explanatory Notes).

Although multiple sites may be covered under a single application, the number and type of tenures that could be issued will need to be determined on an application specific basis.

#### **7.1.1 Oil and Gas Commission**

There is no application fee payable if an application is made under the *Oil and Gas Commission Act* (as per section 3 of the *Land Act Fees Regulation*). This is despite any fees listed for specific programs in the application fees schedule (e.g. Energy and Mining, or Utility fees).

#### **7.1.2 Oil and Gas Pipelines – National Energy Board (NEB) Projects**

Oil and gas pipelines approved by the National Energy Board (NEB) are not under the jurisdiction of the Oil and Gas Commission. Application fees for NEB pipelines less than 25 km in length are \$1,000 (item 18 of the fees schedule). For NEB pipelines greater than 25 km in length, companies are charged for the time spent processing the application based on a \$50 per hour rate (item 30 of the fees schedule); however, companies are also given the option of submitting individual applications to cover up to 25 km segments of the proposed pipeline project, with each application accompanied by a \$1,000 application fee. This latter option will not be available for major trans-provincial oil and gas pipeline projects that necessitate expedited processing or special treatment –

the \$50 per hour rate will still apply in these situations. (The \$50 per hour rate will still apply to all non oil and gas linear utilities 25 km or greater in length.)

## 7.2 Method of Valuation

Land value for lease and licence tenures for marketing/refining facilities is determined initially on the basis of the appraised market value of the site for industrially-zoned land (excluding building improvements). In subsequent years, land value is based on Actual Land Value as established by BC Assessment.

A fixed rental amount of a minimum of \$170 per hectare (minimum \$500 per tenure) is used for primary recovery and enhancement facilities and statutory rights of way. The per hectare value is based on the zone values of the Utilities Policy which is currently under review. As per that policy, the rate may be adjusted to reflect market values as established by an accredited appraiser. Values for individually appraised sites may be applied more broadly (e.g. well fields) in situations where land values are relatively consistent across the broader area.

## 7.3 Rentals

### 7.3.1 Investigative Permit

\$250 for terms up to one year, or \$500 prepaid for 2 years.

### 7.3.2 Temporary Permit

\$250 for terms up to one year, or \$500 prepaid for 2 years.

### 7.3.3 Lease and Licence of Occupation

Annual rental for a lease or licence of occupation is:

- 8% and 7.5%, respectively, of land value for marketing/refining facilities;
- \$170 minimum per hectare (minimum \$500 per tenure) for primary recovery and enhancement facilities.

### 7.3.4 Statutory Right of Way

Annual rental for a right of way is \$170 minimum per hectare, with a minimum rental of \$500 per tenure.

Where a lease with purchase provisions is issued over an existing right of way, the right-of-way rental is payable to the Crown until such time as the purchase provisions of the lease are exercised and the lease converted to fee simple interest.

## 7.4 Sales

Fee simple dispositions are priced at the full market value of the land.

## 8. ALLOCATION PROCESSES

The following procedures apply only to those oil and gas related land uses which are the authorizing agency's responsibility as per the *Oil and Gas Commission Act* and the Memorandum of Understanding between the Oil and Gas Commission and LWBC for

the Administration of *Land Act* Tenures for Provincially Regulated Petroleum, Natural Gas and Pipelines.

## 8.1 Applications

*New and replacement tenures are normally offered in response to individual applications.*

### 8.1.1 Application Package

*Applications must be complete before they can be accepted for processing. A complete application package will include all the material defined in the Application Checklist.*

### 8.1.2 Application Acceptance

*New applications will be reviewed for acceptance based on application package completeness, compliance with policy and program criteria, preliminary statusing, and other information which may be available to provincial staff. The acceptance review is to be completed within 7 calendar days. Applications that are not accepted will be returned to the applicant.*

#### **Receipt of Applications**

Prior to acceptance, applications for oil and gas development use of Crown land should be evaluated to confirm they are an oil and gas related land uses which are the authorizing agency's responsibility.

#### **Drillsite/Wellsite Tenures within Existing *Land Act* Tenures**

Drillsites/wellsites within an existing *Land Act* lease or licence of occupation are issued as statutory rights of way registerable under the *Land Title Act*.

#### ***Land Act* Dispositions over Existing Drillsite/Wellsite Tenures**

Subsequent to accepting an application for tenure over an existing unauthorized drillsite/wellsite area, the authorizing agency requests MEMPR to identify the drillsite/wellsite operator and initiate an application for *Land Act* tenure within 30 days.

*Land Act* leases issued over existing drill sites and well sites will exclude such sites if they are authorized under *Land Act* lease or licence of occupation and include them if they are authorized as statutory rights of way.

Leases and licences of occupation (including leases with purchase provisions) issued over existing unauthorized (under *Land Act*) drill sites and well sites will include the site area. The site operator will be responsible for all necessary authorizations from, and payments to, the subsequent tenure holder. The tenure holder will be permitted to sub-let portions of the tenure area for drillsite/wellsite purposes, subject to the authorizing agency's approval of terms and conditions.

Where a direct sale of Crown land is proposed over an existing unauthorized drillsite/wellsite, the site operator will be contacted by MEMPR and requested to submit an application for a statutory right of way within 30 days.

### **8.1.3 Clearance/Statusing**

*After acceptance, provincial staff undertake a detailed land status of the specific area under application to ensure all areas are available for disposition under the Land Act and to identify potential issues.*

### **8.1.4 Referrals**

*Referrals are a formal mechanism to solicit written comments on an application from recognized agencies and groups. Referrals are initiated as per legislated responsibilities and formal agreements developed with other provincial and federal government agencies. Referrals may also be used to address the interests of local governments and First Nations. Referral agencies, organizations and identified special interest groups provide their responses to the authorizing agency within 30 days (45 days for First Nations).*

#### **Project Review Team (PRT)**

*A Project Review Team (PRT) is an advanced referral method which may be used for complex applications. It is a team chaired by the authorizing agency and comprised of recognized agencies and groups which meets to review and comment on specific Land Act applications.*

### **8.1.5 Advertising/Notification**

*At the time of application acceptance, provincial staff will notify applicants if advertising is required and provide the necessary instructions.*

#### **Upland Owner Consent**

*Owners of waterfront property have certain "riparian rights" which include the right of access to and from the upland (see Riparian Rights and Public Foreshore Use in the Administration of Aquatic Crown Land). Provincial staff will advise applicants if there is a need to obtain a letter indicating the upland owner's consent to their application.*

#### **Adjacent Owner Notification**

*New applications to tenure foreshore adjacent to privately owned property, including Indian Reserves, are brought to the adjacent property owner's attention through referrals or direct contact. In certain circumstances, provincial staff may advise applicants that there is a need to obtain a letter indicating adjacent owner's consent to their application.*

### **8.1.6 Aboriginal Interests Consideration**

*The authorizing agency is responsible for ensuring the province's obligations to First Nations are met in the disposition of Crown land. Provincial staff carry out consultations in accordance with the consultation guidelines of the Province to identify the potential for aboriginal rights or title over the subject property and to determine whether infringement of either might occur.*

### **8.1.7 Field Inspections**

*Field inspection means the on-site evaluation of a parcel of Crown land by provincial staff. The need to conduct a field inspection will vary and the decision to make an inspection ultimately lies with the authorizing agency.*

### **8.1.8 Decision/Report**

*The applicant will be notified in writing of the government's decision. [Reasons for Decision](#) are posted on the relevant website.*

### **8.1.9 Issuing Documents**

*If the application is approved, tenure documents are offered to the applicant. All preconditions must be satisfied prior to the authorizing agency signing the documents. It is the applicant's responsibility to obtain all necessary approvals before placing improvements or commencing operations on the tenure.*

## **8.2 Direct Sale**

*Direct sales provide fee simple dispositions of Crown land through individual applications under the relevant land use program.*

## **9. TENURE ADMINISTRATION**

The following procedures apply only to those oil and gas related land uses which are the authorizing agency's responsibility as per the *Oil and Gas Commission Act* and the Memorandum of Understanding between the Oil and Gas Commission and LWBC for the Administration of *Land Act* Tenures for Provincially Regulated Petroleum, Natural Gas and Pipelines.

### **9.1 Insurance**

*A tenure holder is generally required to purchase, and is responsible for maintaining during the term of the tenure, a minimum level of public liability insurance specified in the tenure document. The province may make changes to the insurance requirements and request copies of insurance policies at any time during the term of the tenure.*

### **9.2 Security/Performance Guarantee**

*A security deposit or bond may be required to be posted by the tenure holder where any improvements on, or changes to, the land are proposed. The security deposit is collected to insure compliance and completion by the tenure holder of all the obligations and requirements specified in the tenure. Some examples where such security may be used are for any type of clean-up or reclamation of an area, and/or to ensure compliance with development requirements.*

At the discretion of the authorizing agency, a clean-up guarantee may be required from the applicant upon issuance of tenure (including permits) where clean-up provisions remain the responsibility of the authorizing agency. A blanket deposit may be requested if the applicant has more than one tenure.

If reclamation and/or clean-up are the responsibility of another agency either through statute or inter-agency agreement, then bonding will be the responsibility of that agency.

### 9.3 Assignment and Sub-Tenuring

*Assignment is the transfer of the tenure holder's interest in the land to a third party by sale, conveyance or otherwise. Sub-tenuring means an interest in the Crown land granted by a tenant of that Crown land rather than the owner (the Province).*

*Assignment or sub-tenuring requires the prior written consent of the authorizing agency. The assignee or sub-tenure holder must meet eligibility requirements. The authorizing agency may refuse the assignment of existing tenures if the details of the assignment or sub-tenure are not acceptable to the province.*

*Investigative and temporary permits can not be sub-tenured or assigned.*

Sub-letting of portions of a tenure to accommodate an existing unauthorized or proposed drillsite/wellsite may be permitted pursuant to this policy, subject to the authorizing agency's approval of terms and conditions. The authorizing agency will require each sub-tenure document to have a term corresponding to the term of the *Land Act* tenure, and to further state that upon termination, abandonment or cancellation of the *Land Act* tenure, the petroleum and natural gas sub-lease is also terminated.

Assignment is only permitted with the concurrence of the OGC.

### 9.4 Tenure Replacement

*Replacement tenure means a subsequent tenure document issued to the tenure holder for the same purpose and area.*

*In most cases, tenure holders may apply for a tenure replacement at any time following the mid-term of the tenure. Replacement of tenures is at the authorizing agency's discretion. The province may decline to replace a tenure, or may alter the terms and conditions of a replacement tenure. For tenure terms and conditions see Section 6.*

*Investigative permits are not generally replaced. A further two year term may be provided, at the authorizing agency's discretion, when there are legitimate requirements for a longer investigative period.*

### 9.5 Monitoring and Enforcement

*Tenure terms and conditions, including requirements contained in approved management/development plans, act as the basis for monitoring and enforcing specific performance requirements over the life of the tenure.*

#### 9.5.1 Cancellation

Surface tenure is to be cancelled upon notification by OGC that the sub-surface tenure has been cancelled. OGC is to be notified of any cancellation or abandonment of oil and gas tenures under the *Land Act*.

#### 9.5.2 Abandonment of Drillsite/Wellsite Tenures

If an existing drillsite/wellsite tenure surrounded by a *Land Act* lease or licence of occupation is abandoned, the lease or licence tenure holder is given the first right to

apply for a consolidation of the abandoned tenure area within his adjacent property for uses unrelated to petroleum and natural gas extraction.

## 10. VARIANCE

*Any decision that would vary from this policy must be made by the Assistant Deputy Minister, Crown Land Administration Division, Ministry of Agriculture and Lands.*



## Appendix 1. Oil and Gas Policy Summary

TENURE	TERM	VALUATION	PRICING	METHOD OF DISPOSITION
Temporary Permit	2 years	Fixed amount	\$250 for terms up to one year, or \$500 prepaid for 2 years	Application
Investigative Permit	2 years	Fixed amount	\$250 for terms up to one year, or \$500 prepaid for 2 years	Application
Licence of Occupation and Lease (Primary/Enhanced Field Recovery Facilities)	10 years (licence) 30 years (lease)	Fixed amount	Annual rental at a minimum of \$170 per ha.  Minimum rental of \$500 per tenure	Application
Licence of Occupation and Lease (Marketing/Refining Facilities)	10 years (licence) 30 years (lease)	Appraisal based on industrially-zoned land or BCA Actual Land Value	Annual rental at 7.5% (licence) and 8% of land value (lease).  Minimum rent of \$500 per tenure	Application
Right of Way	As long as required	Fixed amount	Annual rental at a minimum of \$170 per ha.  Minimum rental of \$500 per right of way	Application
Fee Simple	Perpetuity	Appraised Market Value	Full Market Value in advance	Application in rural and remote locations

## **Appendix 2. Classification of Oil and Gas Facilities for Rental Determination Purposes**

### **2.1 Primary and Enhanced Resource Recovery Field Facilities**

(Facilities within resource field and directly related to primary and enhanced recovery of resources)

Petroleum, Natural Gas and Geothermal

- (a) Drillsite/wellsite and related facilities
- (b) Single-gas well dehydrator
- (c) Central multi-gas well dehydration compression facility
- (d) Single oil well separator and tank facility
- (e) Oil battery and multi-well pressure maintenance facility
- (f) Injection facility
- (g) Collection tanks
- (h) Central campsites and ancillary services
- (i) Flaresite
- (j) Metre site

### **2.2 Marketing/Refining Facilities**

(Facilities outside resource field and/or distinctive from primary recovery and enhancement facilities).

Petroleum, Natural Gas and Geothermal

- (a) Refinery
- (b) Gas processing plant
- (c) Major compression facility
- (d) Non-field related tank farms