

More Information

Information available from the Titles Division includes:

- dates of tenure competitions;
- procedures and conditions for bidding;
- an electronic compact disk (CD) containing information on all tenures managed by the Division;
- reports of selected parts of the data base; and,
- encumbrances recorded against the various tenures by the financial community (information concerning these documents is available by requesting a title search letter).



Contacts

For more information about Petroleum and Natural Gas Rights in B.C. visit our internet site at www.em.gov.bc.ca

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For information about regulation of oil and gas activities visit the Oil and Gas Commission at www.ogc.gov.bc.ca

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Petroleum & Natural Gas Rights in British Columbia



Information Brochure



Petroleum & Natural Gas Rights in British Columbia

Ministry of Energy and Mines

Most of the petroleum and natural gas rights in British Columbia are owned by the province, with small percentages privately-owned or held by the federal government.

The province has not included subsurface rights in most land grants issued after 1891. As a result, the surface owner of property rarely owns underlying petroleum and natural gas rights, except in areas of early settlement such as Vancouver Island and the Fraser Valley.

The Titles Division, Ministry of Energy and Mines, manages provincially-owned petroleum and natural gas rights, including:

- issuing rights in an equitable manner;
- administering issued rights; and,
- collecting and accounting for revenues associated with the rights.

Managing Oil and Gas Rights

B.C. manages rights similar to other western provinces. The private sector explores for, develops, produces and markets oil and gas through tenure agreements with the province. These agreements give rights to specific areas, and may include rights to all depths, or may be restricted to certain geological formations. Typically, agreements are for three to 10 years and can be renewed or extended, require exploration or development, and call for payment of rents and royalties to the province.

As of March 2005, the Division is managing 13,000 petroleum and natural gas agreements covering 9 million hectares of rights.



Three types of agreements are used in British Columbia:

- permits, carrying an obligation to conduct exploration;
- drilling licences, conveying the exclusive right for permission to drill oil and gas wells in a defined area; and,
- leases, allowing production, in addition to
- providing exclusive drilling rights.

Parts of permits and drilling licences may be converted to leases if all obligations have been met. The remainder of the rights revert to the province. If the tenure holder does not meet the commitments, all rights revert to the province.

Exploration and Development

Although provincial tenure agreements contain obligations to conduct exploratory or development work, approval to carry out the work is not included. Each activity, such as a geophysical survey or drilling a well, must have specific approval from the Oil and Gas Commission. The Oil and Gas Commission is a Crown corporation responsible for regulating the exploration, development, production and pipeline transportation of oil and gas in British Columbia. The Commission conducts a review process to identify any environmental sensitivities or access issues, before approving any on-the-ground activities.

Sharing Production

An important feature of the oil and gas rights management system in Western Canada is the protection of correlative or adjacent rights, where owners of oil and gas in a reservoir share production fairly. This applies to both provincial and private rights.



The sharing is achieved in part by dividing the province into normal spacing areas and allowing, in most cases, only one well to be drilled in each spacing area. For gas wells, these areas are about 2.6 square kilometres. Production from a well, regardless of where it is drilled within the spacing area, must be shared among all owners of oil and gas rights in the spacing area.

Acquiring Rights

Provincial petroleum and natural gas rights can be acquired by bidding in competitions held monthly. These public competitions are held in the same manner as those in the other western provinces. The competition process is as follows:

- interested parties request rights be made available as tenures in a competition;
- competitions are announced in local newspapers and trade journals;
- details of tenures are provided in the B.C. Gazette and posted on the ministry's internet site; and,
- the province receives sealed bids and awards the tenures to the parties that submit the highest cash bids, providing the bids offer fair value.

An inter-agency referral and notification process is part of the disposition process. This allows provincial agencies, local governments, First Nations and the public to identify areas where access constraints may apply, and to have specific conditions included in the disposition notice.

