

ENERGY AND MINERALS DIVISION

EMD02-01

SUBJECT: REGISTERING ENCUMBRANCES AND DISCHARGES
WITH THE PETROLEUM LANDS BRANCH

RECORDING AN ENCUMBRANCE

The Petroleum Lands Branch maintains a registry of encumbrances recorded under Section 117 of the *Petroleum and Natural Gas Act*, against petroleum and natural gas titles issued by the Branch. Encumbrances are recorded for information purposes only and do not restrict the application of any provision of the *Petroleum and Natural Gas Act*.

The following types of agreements are some examples of registerable documents:

- Bank Act Assignment (Section 177 or Section 426)
- Deed of Trust
- Debenture
- Farmout Agreement
- Mortgage
- Builder's Lien

The procedures and requirements for recording encumbrances are as follows:

- The fee to record an encumbrance is \$12.50 per title, per document. Fees must be received prior to recording. Cheques must be made payable to the Minister of Finance.
- Pooling agreements are recorded as encumbrances. The fee to record a pooling agreement is \$37.50.
- A letter of instruction identifying the titles to be encumbered must accompany the document. The Petroleum Lands Branch cannot interpret schedules to determine which titles are to be encumbered.
- An encumbrance may be recorded against a portion of a title.
- Companies listed in the encumbrance document do not need to be registered titleholders.
- The document must be dated and signed by a signing officer of the company recording the encumbrance. (i.e. financial institution recording the encumbrance).

- The document must be an original or Certified True Copy, which will be retained in the Petroleum Lands Branch. Additional copies, which may be photocopies, can be submitted and will be returned bearing evidence of registration in the Branch.

The encumbrance will be assigned a registration number by the Branch, which must be quoted in any subsequent discharge documentation. Transfers of encumbrances are not accepted for recording.

If title searches are requested, they will be invoiced at \$7.50 per title.

DISCHARGING AN ENCUMBRANCE

The procedures and requirements for discharging an encumbrance recorded by the Branch are as follows:

- The fee for discharging an encumbrance is \$12.50 per title, per document. Fees must be received prior to discharging. Cheques must be made payable to the Minister of Finance.
- A letter of instruction identifying the titles to be discharged should accompany the document. The Petroleum Lands Branch cannot interpret schedules to determine which titles are to be discharged.
- Information on the discharge document must be consistent with the information on the original encumbrance registration. This includes:
 - type of document being discharged
 - full names of the companies involved
 - date of the original encumbrance registration
 - original encumbrance number
 - title number(s) being discharged
- Each recorded encumbrance being discharged must be on a separate discharge document.

NOTE: When a lease is split for administrative purposes any encumbrances on the title, the encumbrances are added to the new lease. It is recommended that title searches be obtained to ensure the most current information is used when preparing a discharge.

- The document must state whether the encumbrance is being partially or wholly discharged.
- The document must be dated and signed by a signing officer of the company whom the encumbrance was originally recorded in favor of. If this company is no longer in existence or has changed its name, documentation must be submitted to verify this.
- The document should have original signatures or be a Certified True Copy, which will be retained in the Petroleum Lands Branch. Additional copies may be submitted and will be returned bearing evidence of registration in the Branch.
- If title searches are requested, they will be invoiced at \$7.50 per title.

SAMPLE


Notice of Discharge of Encumbrance

The Bank hereby gives notice that the (type of encumbrance here) dated March 1, 2000 between The Bank and John Doe Resources Limited which was recorded in the Petroleum Lands Branch on March 20, 2001 as E _____ (encumbrance number here) is (fully or partially discharged) as the (lease or licence numbers).

Dated at _____ this _____ day of _____, 2002.

The Bank

Per: _____


Gerald German
Director of Petroleum Lands

April 11, 2002

MPCAA

For further information contact:
Christine McCarthy
Examiner
Petroleum Lands Branch
PO Box 9326, Stn Prov Gov't
6th floor, 1810 Blanshard Street
Victoria, BC V8W 9N3
Telephone: (250) 952-0341
Facsimile: (250) 952-0331

