

# **Ministry of Natural Gas Development**

## **Guide to Natural Gas and Oil Tenure Rents, Fees and Penalties**

Approved by: Inés Piccinino  
Assistant Deputy Minister  
Upstream Development Division  
October 2016



## Summary of Revisions

<b>Effective date</b>	<b>Section</b>	<b>Description</b>
October 2016	Leases and Miscellaneous Fees	Updated to : <ul style="list-style-type: none"><li>• include the new lease reinstatement fee,</li><li>• include the fee for continuation with penalty for five year leases, and</li><li>• remove the encumbrance fee as it is no longer required for the registration or discharge of encumbrances.</li></ul>

This guide describes the rents, fees and penalties associated with natural gas and oil tenure. The information in this guide is for your convenience and guidance and is not a replacement for the legislation or regulations. You can access the legislation and regulations online through [BC Laws](#).

<b>Drilling Licences</b>		
<b>Rent, Fee or Penalty</b>	<b>Amount</b>	<b>Details</b>
Issuance fee	\$500	<ul style="list-style-type: none"> <li>• Due upon acceptance of bid</li> <li>• Charged for each title issued</li> </ul>
Annual rent	\$3.50 per hectare	<ul style="list-style-type: none"> <li>• Due upon acceptance of bid and then each year on the anniversary date</li> </ul>
Fee for late rental payment within 60 days after anniversary	\$500	<ul style="list-style-type: none"> <li>• Drilling licence expires after 60 days</li> </ul>
Reinstatement fee	\$500	<ul style="list-style-type: none"> <li>• Director has limited discretion to reinstate a drilling licence that expired due to non-payment of rent. The following criteria must be met, though meeting the criteria does not guarantee reinstatement:               <ul style="list-style-type: none"> <li>○ The non-payment was inadvertent or due to non-financial circumstances beyond the control of the licensee;</li> <li>○ No portion of the expired drilling licence has been sold at a Crown disposition subsequent to the expiry of the drilling licence;</li> <li>○ The licensee submits a written request to the Director for re-instatement accompanied by the re-instatement fee of \$500.</li> </ul> </li> <li>• Reinstatement fee is charged in addition to the above fee for late rental payment</li> </ul>
Fee and annual rent for standard extension (section 3(5) of the Petroleum and Natural Gas Drilling Licence Regulation)	Fee – \$500 Rent – \$7.00 per hectare	<ul style="list-style-type: none"> <li>• Due before lease anniversary date</li> </ul>
Annual rent for other drilling licence extensions	\$3.50 per hectare	<ul style="list-style-type: none"> <li>• Drilling over expiry is an exception</li> <li>• See the <a href="#">Guide to the Petroleum and Natural Gas Drilling Licence Regulation</a> for more information</li> </ul>

<b>Leases</b>		
<b>Rent, Fee or Penalty</b>	<b>Amount</b>	<b>Details</b>
Issuance fee	\$500	<ul style="list-style-type: none"> <li>• Due upon acceptance of bid, or with lease selection application if converting to lease from a drilling licence or permit</li> <li>• Charged for each title issued (including new leases issued from a split lease)</li> </ul>
Annual rent	\$7.50 per hectare	<ul style="list-style-type: none"> <li>• Due upon acceptance of bid or with lease selection application and then each year on the anniversary date</li> </ul>
Penalty for late rental payment within 30 days after anniversary	1.5% of the rent	<ul style="list-style-type: none"> <li>• Penalty increases after 30 days</li> </ul>
Penalty for late rental payment 31 to 60 days after anniversary	3% of the rent	<ul style="list-style-type: none"> <li>• Lease expires after 60 days</li> </ul>
Reinstatement fee	\$500	<ul style="list-style-type: none"> <li>• Minister has limited discretion to reinstate a lease that expired due to non-payment of rent. The following criteria must be met, though meeting the criteria does not guarantee reinstatement: <ul style="list-style-type: none"> <li>○ The non-payment was inadvertent or due to non-financial circumstances beyond the control of the licensee;</li> <li>○ No portion of the expired lease has been sold at a Crown disposition subsequent to the expiry of the drilling licence;</li> <li>○ The lessee submits a written request to the Minister for re-instatement accompanied by the re-instatement fee of \$500.</li> </ul> </li> <li>• Reinstatement fee charged in addition to the above penalty for late rental payment.</li> </ul>
Continuation with penalty – first year	\$15 per hectare	<ul style="list-style-type: none"> <li>• May be used for five-year or ten-year leases not eligible under other continuation provisions</li> <li>• Penalty increases for the second and third years for ten year leases</li> <li>• See the <a href="#">Guide to BC Petroleum and Natural Gas Act Lease Continuations</a> for more information</li> </ul>
Continuation with penalty – second and third years	\$25 per hectare	<ul style="list-style-type: none"> <li>• May be used for 10-year leases not eligible under other continuation provisions</li> <li>• <b>Not</b> available for five-year leases</li> <li>• See the <a href="#">Guide to BC Petroleum and Natural Gas Act Lease Continuations</a> for more information</li> </ul>

<b>Miscellaneous Fees</b>		
<b>Fee</b>	<b>Amount</b>	<b>Details</b>
Visual examination of records	\$25 per hour	
Preparation and issuance of a title search letter	\$7.50	
Copy of a record 13 pages or less	\$10	<ul style="list-style-type: none"> <li>• Also applies to providing an extract of 13 pages or less from a record</li> </ul>
Copy of a record 14 pages or more	\$0.75 per page	<ul style="list-style-type: none"> <li>• Also applies to providing an extract of 14 pages or more from a record</li> </ul>
Certifying a copy of a record 15 pages or less	\$15	<ul style="list-style-type: none"> <li>• Charged in addition to the above fee for copying a record</li> <li>• Also applies to certifying an extract of 15 pages or less from a record</li> </ul>
Certifying a copy of a record 16 pages or more	\$1 per page	<ul style="list-style-type: none"> <li>• Charged in addition to the above fee for copying a record</li> <li>• Also applies to certifying an extract of 16 pages or more from a record</li> </ul>

## **More Information**

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Online: <http://www2.gov.bc.ca/gov/content/industry/natural-gas-oil/petroleum-natural-gas-tenure>

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