



BC Petroleum and Natural Gas Tenure Regulations

Seminar Presentation to CAPL

October 23, 2018

Garth Thoroughgood

Amy Teucher

Terry Branscombe

Courtney Webster



Legislation and Regulations

The information in this presentation is for your convenience and guidance and is not a replacement for the legislation or regulations. You can access the *Petroleum and Natural Gas Act* and Regulations online at www.bclaws.ca.



SEMINAR OUTLINE

PART 1 – MINISTRY UPDATES

- Ministry Structure
- Acquiring Petroleum and Natural Gas (PNG) Tenure in BC
- Policy and Regulatory Updates



SEMINAR OUTLINE

PART 2 – TENURE MANAGEMENT

- Resources for administrators
- General Introduction to Key Tenure Concepts
 - Land systems
 - Spacing Areas, Well Identification, Tenure Rental
 - Stratigraphic system
- Tenure Options
 - Drilling Licences (Features, Extensions, Earnings, Groupings)
 - Leases (Features, Continuation Options, Land Plats)



SEMINAR OUTLINE

PART 3 – GENERAL ADMINISTRATION

- e-Payments
 - Training Resources
 - Payment Types and when to use them
 - Tenure Cancellation
 - Letters of Authority
- Recording Transfers, Encumbrances, and Other Instruments



KEY CONTACTS

Garth Thoroughgood, *Executive Director, Tenure and Geoscience Branch*
Geoff Turner, *Executive Director, Economics and Market Development Branch*

778-698-3665

778-698-3700

POSTINGS, WEBMASTER, MAPPING

Nevis Antoniazzi, *A/Manager, Crown Sale and GIS Services*

778-698-3687

PRE-TENURE REFERRALS, TENURE CAVEATS

Chris Pasztor, *Director, Resource Development*

778-698-3691

GEOLOGY, ZONE DESIGNATION, TENURE AREAS AND LAND PLATS

Dave Richardson, *Manager, Geology*

778-698-3689

DRILLING LICENCE EXTENSIONS, LEASE SELECTIONS, LEASE CONTINUATIONS

Terry Branscombe, *Senior Tenure Management Advisor*

778-698-3683

LEASE CONTINUATIONS, TRANSFERS, SPLIT TRANSFERS, ENCUMBRANCES

Christine McCarthy, *Tenure Management Advisor*

778-698-3684

Courtney Webster, *Tenure Management Advisor*

778-698-3685

e-PAYMENTS, BCeID, PRE-AUTHORIZED DEBITS

Isabelle Burris, *Manager, Revenue Collection, Reconciliation and Reporting*

778-698-3800

GENERAL INQUIRIES

250-952-0333

PNGTitles@gov.bc.ca

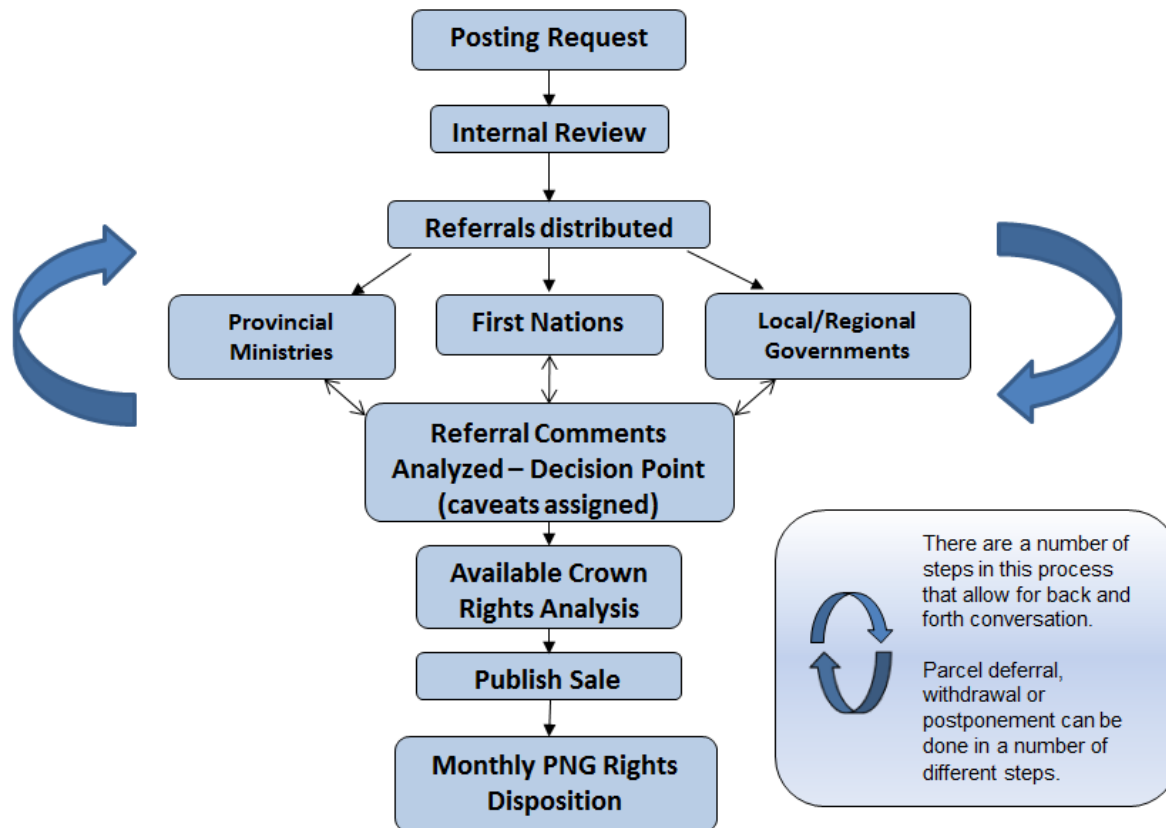


ACQUIRING PNG TENURE IN BC





Getting to Crown Disposition



- 106-day process
- One Disposition each month



PNG Tenure

- Tenure **does** provide:
 - exclusive rights to the subsurface resource
 - right to apply to the OGC for activities approval
- Tenure **does not** provide:
 - the authority to conduct any activities on lands (e.g., drilling)



Online Resources – Crown Sales

Petroleum and Natural Gas Tenure – START HERE

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



```
graph TD; A[Petroleum and Natural Gas Tenure – START HERE  
http://www2.gov.bc.ca/gov/content/industry/natural-gas-oil/petroleum-natural-gas-tenure] --> B[Publications]; A --> C[Information Letters]; B --> D[Crown Sales]; D --> E[Posting Request Guide  
Bidding and Disposition Guide]; C --> F[Crown Sales]; F --> G[2018-2018 Petroleum and  
Natural Gas Disposition Dates]
```

Publications

Crown Sales

Posting Request Guide
Bidding and Disposition Guide

Information Letters

Crown Sales

2018-2018 Petroleum and
Natural Gas Disposition Dates



Tenure Acquisitions

- Monthly Referral Process
 - Critical Information Summaries
 - Initial Impact Assessments (First Nations Specific Process)
- Tenure Dispositions
 - Risk Assessment
 - Economic Assessment (e.g., criteria 1, 2, 3)
- Deferred Parcels
 - Time to gather additional information
 - Time to resolve area-specific issues
 - Deferral strategy



POLICY & REGULATORY UPDATES

- Bill 15
- Regulation amendments





Bill 15, Energy, Mines and Petroleum Resources Statutes Amendment Act, 2018

- Amended the Oil and Gas Activities Act (OGAA) to:
 - Improve funding model of the Orphan Site Reclamation Fund
 - Introduce tools to reduce the number of future orphan sites and the liability associated with them
 - Enhance powers of the Commission to respond to emergencies and manage heritage resources
 - Minor amendments to improve OGC operations and debt collection tools



Bill 15, Energy, Mines and Petroleum Resources Statutes Amendment Act, 2018

- Amended the Petroleum and Natural Gas Act (PNGA) to:
 - Ensure there is sufficient regulation making power for amendments introduced in 2014 (tenure extensions and rent relief)
 - Replace the requirement to advertise tenure dispositions in the BC Gazette with method set by regulation



Bill 15 Regulations

- A number of Bill 15 amendments will be brought into force by regulation at a later date, including:
 - Tools to reduce liability associated with dormant oil and gas sites
 - Replacement of the orphan site restoration tax with a levy
 - Ensure sufficient regulation making power for tenure extensions



Notice of Public Tender

- In addition to removing the requirement to publish the Notice of Public Tender in the BC Gazette, Bill 15 introduced the authority to prescribe the method of publication by regulation.
- A requirement to publish the notice of public tender online is now prescribed in the PNGA General Regulation.
- This amendment aligns with current practice since the notice is already published on the ministry website and there is a subscription service to receive notices by email.



Website

Gov.bc.ca



Farming, Natural Resources & Industry



Natural Gas & Oil



Petroleum & Natural Gas Tenure



Tenure and Geoscience Website

- Policy guides are continuing to replace info letters as the main source of detailed information on BC tenure policy and legislation
 - Guides are updated each time there is a change eliminating the need to refer to multiple info letters
 - Guides available online
 - Info letters are still used for announcements
- Subscribers will receive notifications when a guide is issued or updated. To subscribe, send a request to PNGTitles@gov.bc.ca




QUESTIONS?





PART 2

Tenure Management



[CAREERS](#) | [SERVICES A-Z](#) | [ORGANIZATIONS A-Z](#) | [FORMS A-Z](#) | [NEWS](#) | [CONTACT US](#)

[Agriculture & Seafood](#) | [Construction Industry](#) | [Electricity & Alternative Energy](#) | [Forestry](#) | [Mineral Exploration & Mining](#) | [Natural Gas & Oil](#) | [Service Industries](#) | [Natural Resource Use](#)

[Petroleum Geoscience](#) | [Land Use](#) | [Petroleum & Natural Gas Tenure](#) | [Responsible Oil & Gas Development](#) | [Royalties & Royalty Programs](#) | [Statistics](#)

[Home](#) / [Farming, Natural Resources & Industry](#) / [Natural Gas & Oil](#) /

- » Crown Sales Notices
- » Sales Results & Statistics
- » Posting Request Maps
- » Information Letters
- » Publications
- » ePayments
- » Legislation
- » Treaty 8 Tribal Association
- » Working with First Nations
- » Information for Landowners

Petroleum & Natural Gas Tenure

The majority of subsurface petroleum and natural gas resources in British Columbia are owned by the Province. By entering into a tenure agreement with the Province, private industry can develop these resources.

Subsurface Rights

Tenure agreements with the Province give private developers rights to petroleum and natural gas resources. Typically, agreements are for three to ten years and can be renewed or extended, require exploration or development, and call for payment of rents and royalties to the Province. Rights are provided to specific areas and may include rights to all depths, or may be restricted to certain geological formations.

- » [Find out more about acquiring subsurface petroleum and natural gas rights](#)

Pre-Tenure Review

Before tenures are issued, the Province conducts a pre-tenure review. This may include gathering information from provincial agencies, local governments and First Nations. The purpose of this review is to determine whether a requested parcel should be made available for disposition.

Tenure Dispositions

The Province holds monthly petroleum and natural gas tenure dispositions. Interested parties submit sealed bids and each tenure is awarded to the party that submits the highest bid, provided the bid offers fair value.

- » [See sales notices with disposition dates, organized by year](#)
- » [See historical information and statistics about past dispositions](#)
- » [Find out more about the bidding process](#)

Consulting First Nations

Consultation with First Nations is an important part of issuing permits and licences related to water and land use, or when a development project may impact the environment.

- » [Find out more about this process](#)

IPSWeb Title Search

IPSWeb is an online title search application with public access.

- » [IPSWeb Title Search](#)

ePayments

Pay fees and rentals associated with other title maintenance activities online, using a BCeID.

- » [Acquire a BCeID](#)
- » [Information about ePayments](#)
- » [Sign into ePayments](#)

Tenure Management Hub



Tenure Management Online

- **Tenure and Geoscience Branch page (“The Hub”)**
 1. Navigate to: <http://gov.bc.ca/empr>
 2. Scroll down, and click ‘[Natural Gas and Oil](#)’
 3. Click link ‘[Petroleum and Natural Gas Tenure](#)’



- **DataBC**

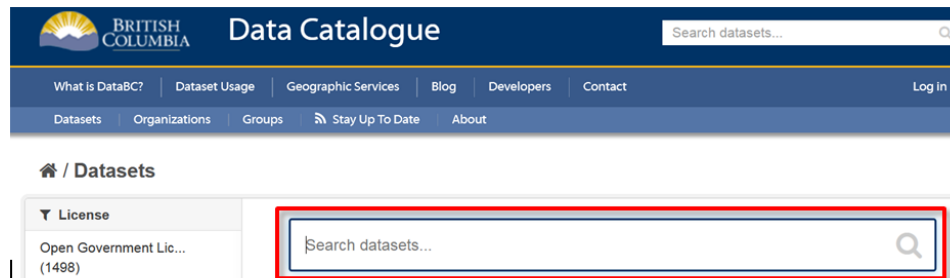
1. Navigate to: <http://data.gov.bc.ca>



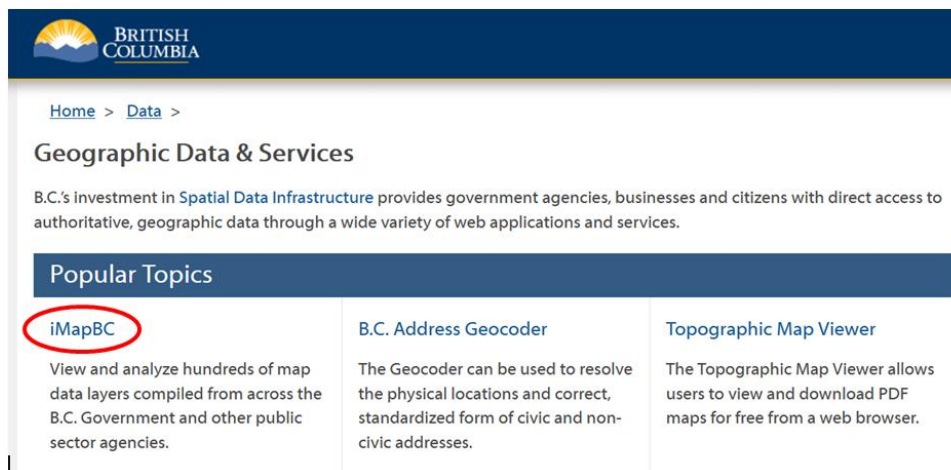
2. Data Catalogue: click '[Data Catalogue](#)', then search for:
 - Title Registry Extract (non-spatial - CSV)
 - Petroleum Title Tract Polygons (spatial)
 - Oil and Gas Land Plats (spatial)
3. iMapBC: click '[Geographic Services](#)'
 - Map Viewer (access to all BC government spatial data)



- Data Catalogue



- iMapBC





Key Acts and Regulations

- Click the “[Legislation](#)” link on the Hub’s left sidebar
- Petroleum and Natural Gas Act
 - Grid Regulation
 - Drilling Licence and Lease Regulation
 - Fee, Rental and Work Requirement Regulation
 - Storage Reservoir Regulation



Guides and References

- Key Guides
 - Guide to Drilling Licence Regulation
 - Earning Wells and Evaluation of Zones
 - Lease Continuations - now includes details on technical package for section 58(3)(a) applications and section 58(3)(c) program of work reports
 - Land Plats and Tenure Areas
 - Tenure Rents, Fees, and Penalties
 - Registering a Transfer and Initiating Payments
- Key References
 - NTS Unit Areas
 - Term Boundaries (DL and Lease)
 - Gas Spacing Areas and Hectarage in Peace River Block

IPS-Web



BRITISH
COLUMBIA

[B.C. Home](#)
[IPSWeb Home](#)
[Client Info Query](#)
[Quick Title Query](#)
[Multiple Title Query](#)
[Code Legend](#)

Multiple Title Query

The Multiple Title Report query allows you to search the Tenure Registry for multiple titles at a time and report in the same format and with the same content as a Quick Title Query report.

You can upload a file in a comma separated value format with a list of titles. 

Or you can click the icon to  to add new lines of input fields. Click Submit to generate the report for all added titles

Email Address

Upload File No file selected.

Title Number 

Output as ☒ Text ☐ Pdf



Online Title Searches

- Getting there:
 - From the Hub, click “[IPSWeb Title Search](#)” in right sidebar
- Support
 - From IPSWeb, click “ptsweb_support@gov.bc.ca”
- Content:
 - Up-to-the minute title status and descriptions for active title
 - Primary Term (years), Area (hectares), Key Dates: Issuance, Effective, Expiry
 - Tracts – Lands and Rights held
 - Groupings (Drilling Licences)
 - Owners, with undivided interest percentage
 - Term History (continuations, extensions, etc.)
 - Transfers and Encumbrances
 - Special Projects (OGAA), Wells (UWIs), Unit Agreements



e-Payments

- Getting there:
 - From the Hub, click “[Sign into ePayments](#)” in right sidebar
- Main Features
 - Requires a corporate BCeID authentication certificate
 - Mandatory for all Lease and Drilling Licences payments (rents, fees, penalties)
 - All payments initiated from the client side, i.e. PAD-style
 - Designated Payors; designated by any tenure holder
 - Two payment types: Statements and Submissions
 - Two Submission types
 - Client maintains corporate contact information, manages access levels for its staff, and maintains banking information
- Support
 - Online: Help icon (manuals, slides, tutorials)
 - E-mail: png.epayments@gov.bc.ca
 - Call: (778) 698-3800



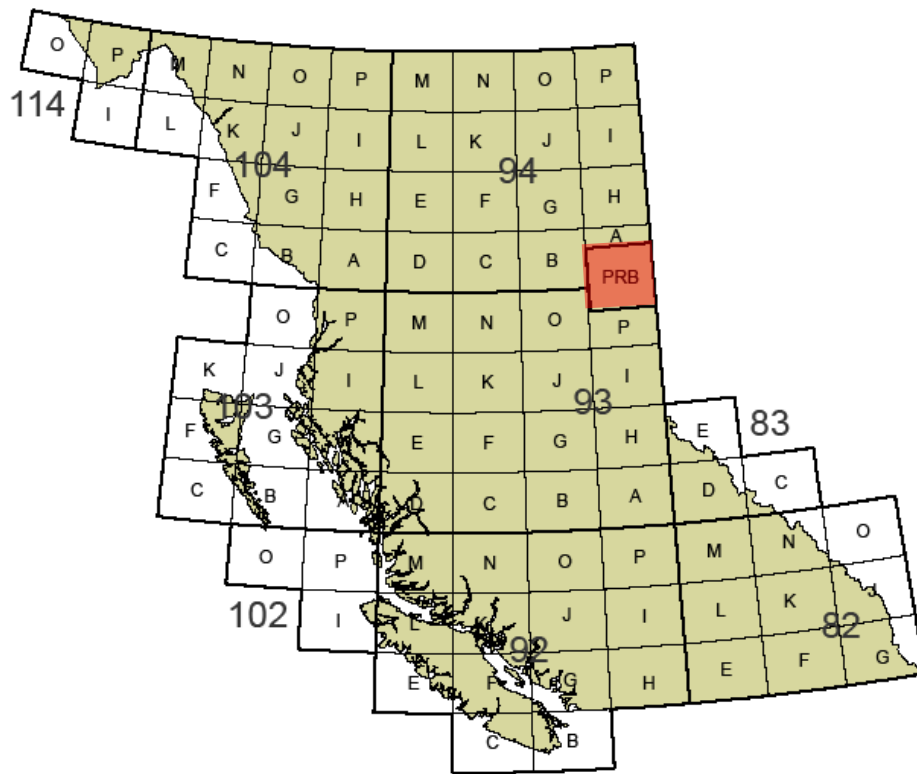
Defining Rights: Geography, Geology, Fluids



- Two Land Systems
 - Tenure location
 - Spacing Areas
 - Well Locations
- Two Zone Systems
 - Standard zones
 - Non-standard zones
- Two fluids
 - Petroleum
 - Natural Gas



Two land systems?



Dominion Land Survey (DLS)

- Peace River Block (PRB)
- Legal Subdivision – Section – Township – Range – Meridian

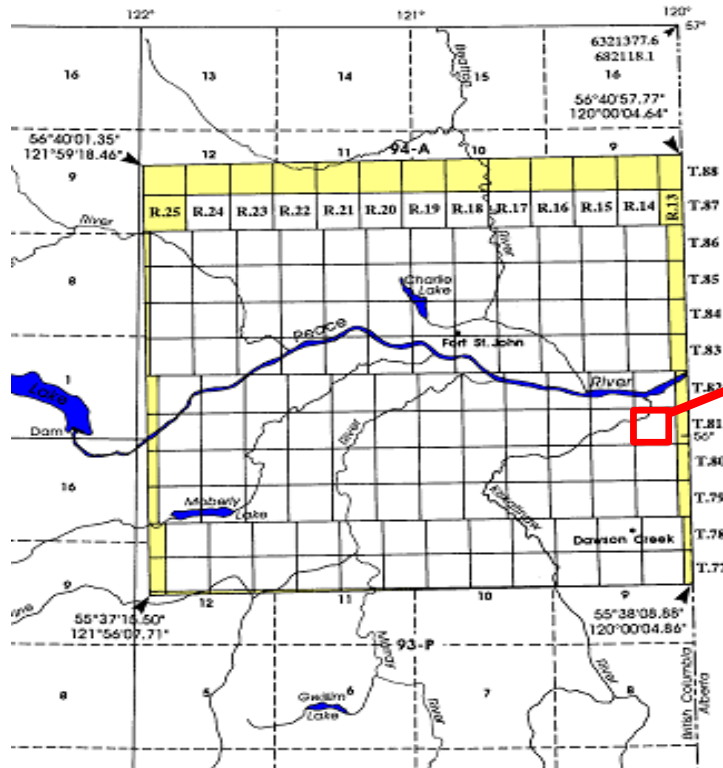
Petroleum Grid (NTS)

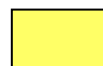
- Used everywhere but the Peace River Block (PRB)
- Map Sheet – Map Group – Map Block – Map Unit – Quarter-unit

Branch Website > Publications > *“Petroleum and Natural Gas Grid Guide”*



PEACE RIVER BLOCK



 Areas with Other Than Normal Spacing (OTNS) where DLS intersects NTS

- Townships 77-88, Ranges 13-26
- A township has 36 sections
- A section has 16 legal subdivisions

1 MILE
↔

31	32	33	34	35	36
30	29	28	27	26	25
19	20	21	22	23	24
18	17	16	15	14	13
7	8	9	10	11	12
6	5	4	3	2	1

TOWNSHIP (TWP)

13	14	15	16
12	11	10	9
5	6	7	8
4	3	2	1

SECTION
(SEC)

16

LEGAL
SUBDIVISION
(LSD)

Example:

Tenure: TWP 81, RGE 14, SEC 36

Well location: 16-36-081-14 W6M



DLS - Dominion Land Survey

- Similar to Prairie Provinces
- Legal Subdivision – Section – Township – Range – Meridian
- Confined to Peace River Block in BC:
 - Spans Townships (TWP) 76 – 88, Ranges (RGE) 13-26, West 6th Meridian (W6M)
 - corners defined in *PNG Grid Regulation Schedule 1*
- Normal gas spacing area (GSA) = 1 section
- Normal oil spacing area = $\frac{1}{4}$ section
- Section size is not standardized in BC (approx. 1 square mile)
- Make tenure size estimates from the downloadable reference “*Gas Spacing and Hectarage Map for the Peace River Block*”



Petroleum Grid (NTS) Sample

Map

093 + 094 in NEBC

Sheet

16 per map (A-P)

Group

16 per sheet (1-16)

Block

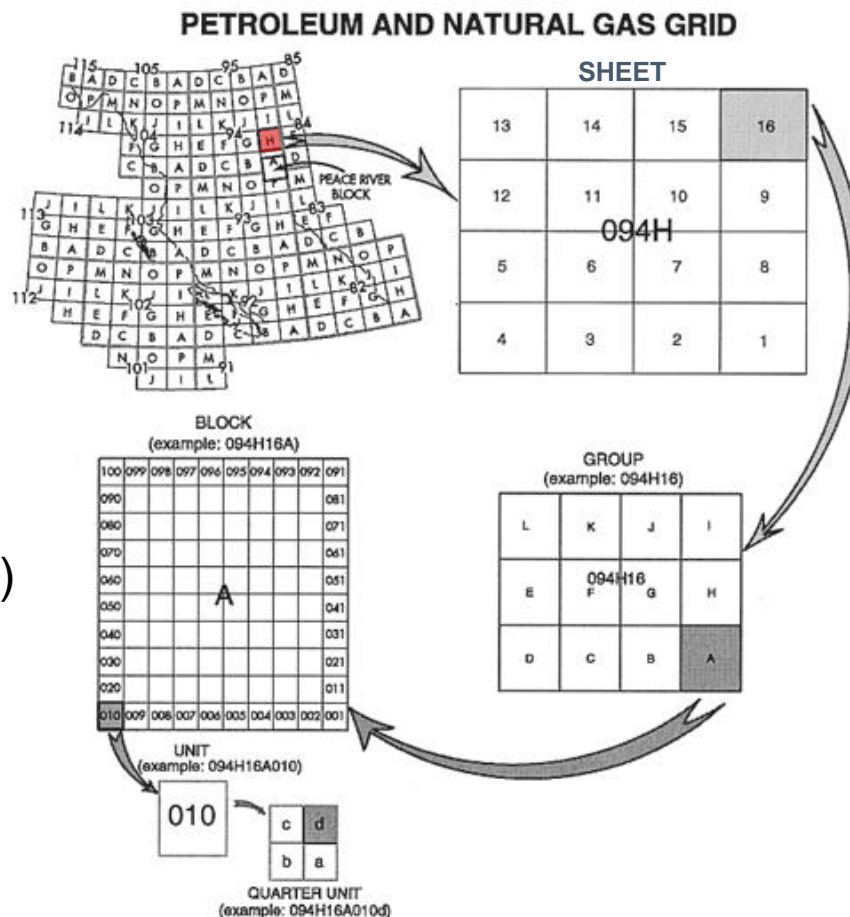
12 per group (A-L)

Unit

100 per block (1-100)

Quarter Unit

4 per unit (a, b, c, d)



d-010-A/**094-H-16**
094-H-16 Blk A Unit 10



Petroleum Grid (NTS)

- Defined by the *PNG Grid Regulation*
- Locations of each quarter unit based on UTM map projection coordinates of NAD83
- Sub-divisions devised to achieve oil and gas spacing areas similar in size to DLS
- Normal gas spacing area (GSA) = 4 NTS units
- Normal oil spacing area = 1 NTS unit
- Make tenure size estimates from the reference “NTS Unit Areas”



NTS – Normal Gas Spacing Areas

The centre of one Gas Spacing Area (GSA) of the NTS grid is the intersection of 4 blocks of the grid.

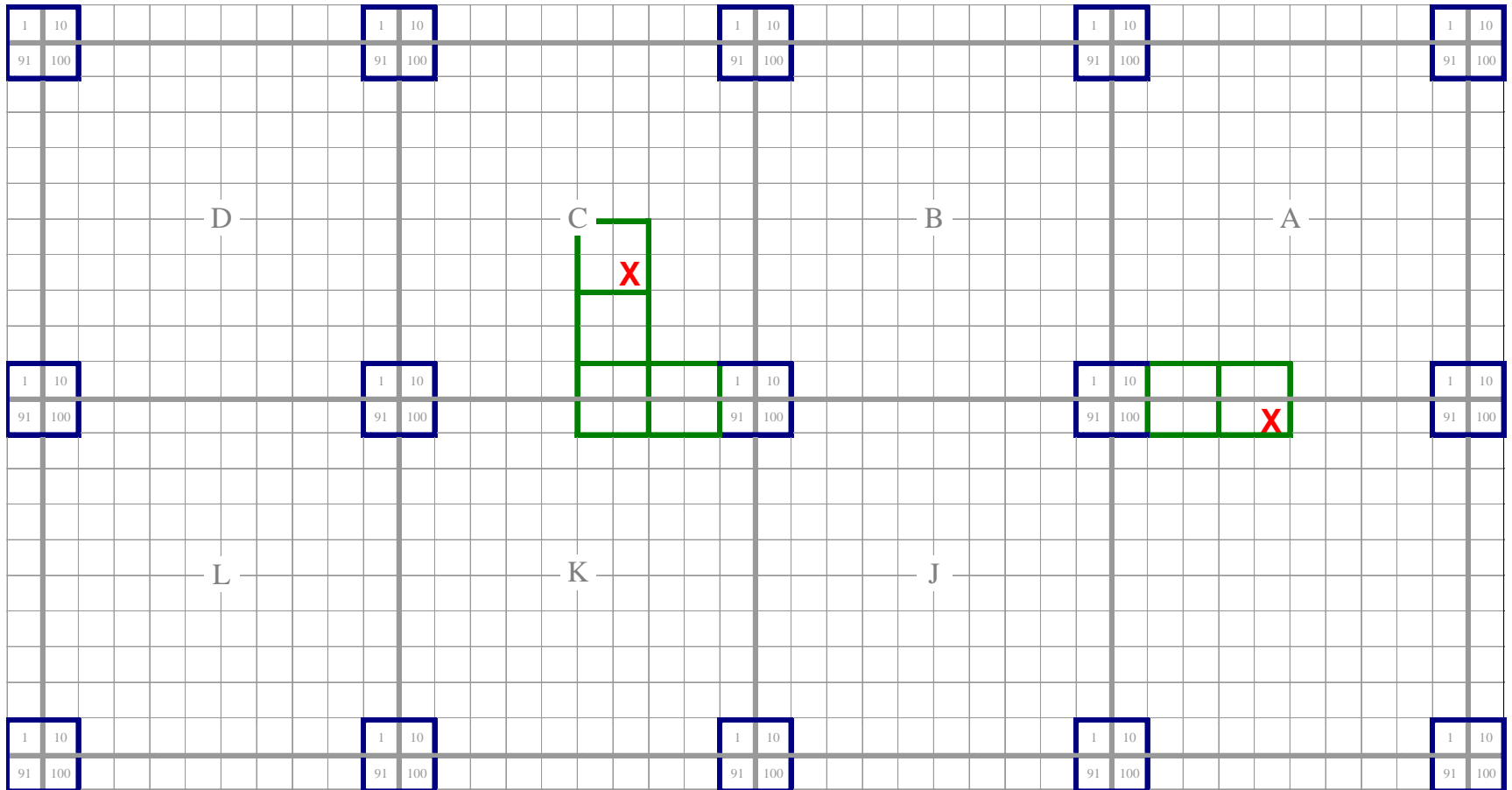
Example:

1 GSA = unit 100 of Block A; unit 91 of Block B; unit 1 of Block G; unit 10 of Block H, or any other four unit group moving outward in an adjacent manner.

025	024	023	022	021	030	029	028	027	026
094-H-04 Block G						094-H-04 Block H			
015	014	013	012	011	020	019	018	017	016
005	004	003	002	001	010	009	008	007	006
				1 GSA					
095	094	093	092	091	100	099	098	097	096
085	084	083	082	081	090	089	088	087	086
094-H-04 Block B						094-H-04 Block A			
075	074	073	072	071	080	079	078	077	076



NTS – Identifying GSAs of wells



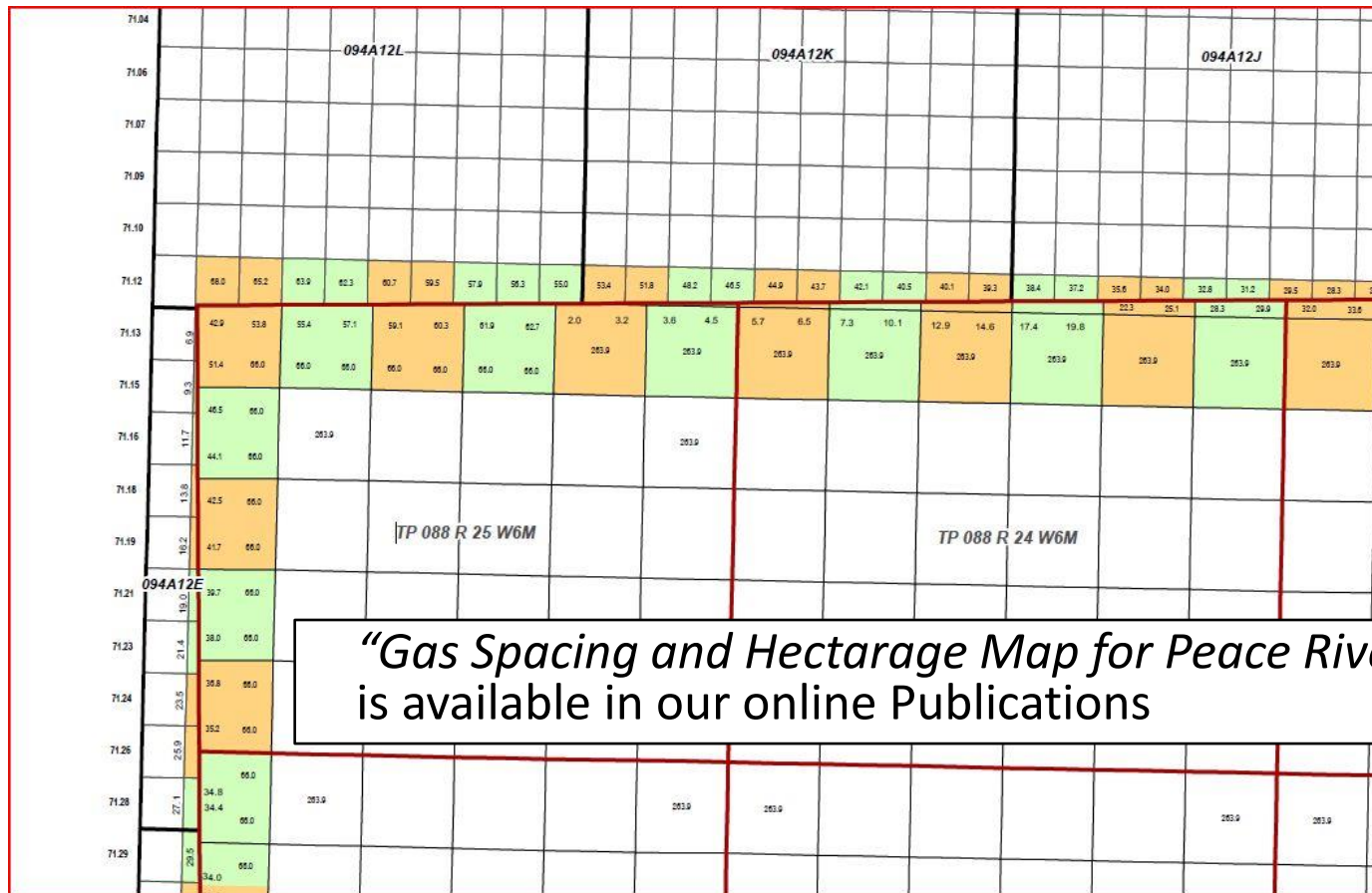


Modified Spacing Areas for Tenure

- Other-than-Normal Spacing (OTNS) areas
- Generally larger than normal spacing areas
- Used to adjust normal spacing areas in areas where normal spacing areas would be difficult to apply, such as areas adjacent to:
 - Boundary between Peace River Block (DLS) and NTS
 - Boundaries between BC and AB, YT, and NWT
 - Border between BC and USA
 - Protected Areas
- Implications for:
 - Lease selections from Drilling Licences
 - Lease Continuations



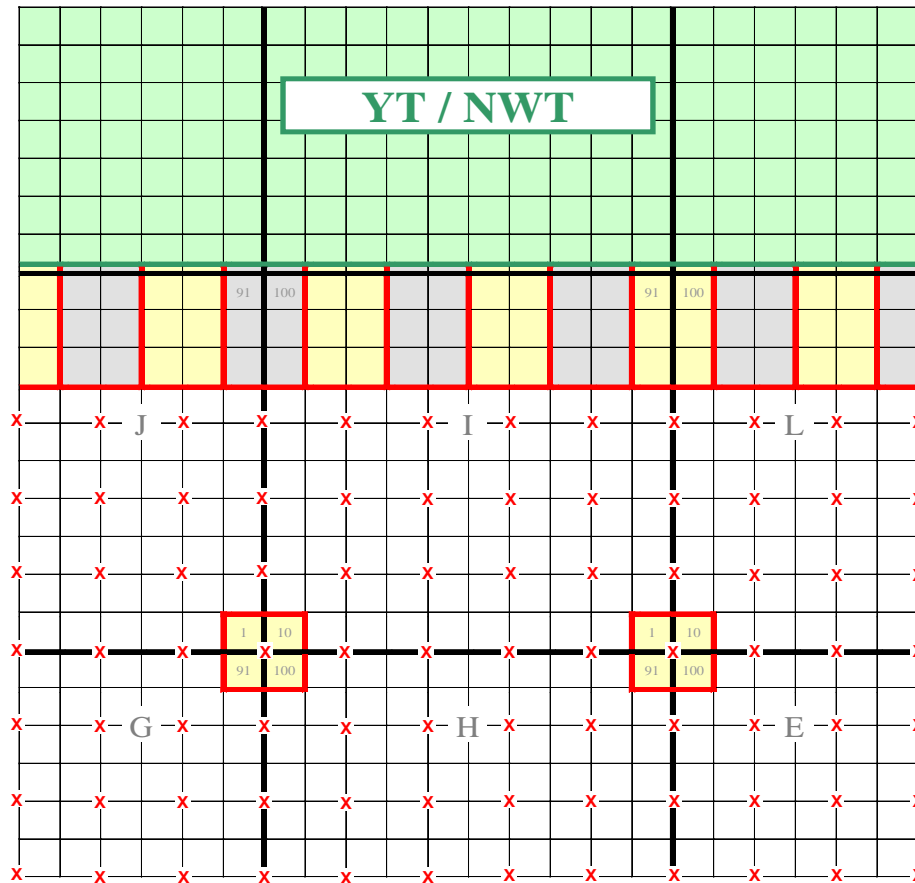
OTNS – Peace River Block



*“Gas Spacing and Hectarage Map for Peace River Block”
is available in our online Publications*



OTNS – Territorial Boundaries



Portions above 60°
North



Tenure Size (for rental purposes)

- Instructions included in *“Guide to the PNG Drilling Licence Regulation”*
- Tenures always issued in whole hectares
- Petroleum Grid (NTS)
 - “NTS Unit Areas” (Excel; download)
 - For NWT/YT and other areas, contact us for assistance
- Peace River Block (DLS)
 - “Gas Spacing and Hectarage Map ...” (PDF; download)
- The arithmetic:
 - Each title, regardless of origin, is calculated individually, from zero
 - Sum all individual area values, ignoring tracts; do not round
 - Round only the final sum for the title, to the nearest whole hectare
 - Rounding method: values ≥ 0.5 round UP; values < 0.5 round down





Tenure Area Calculation – NTS

- Exercise; find the combined area of NTS Units 42-47 of Block E in 094-H-06
- Map 94 EFGH
- Group 5 to 8
- Block E F G H
- Unit 41-50

Total
6 X 69.8 or 418.8
Rental Size: 419 ha.

MAP		LATITUDE 57° - 58°											
94 EFGH		Areas of centizone units in hectares to nearest 1/100 hectare											
		1 to 4			5 to 8			9 to 12			13 to 16		
BLOCK	Unit	Ha.	57° 00'	Unit	Ha.		Unit	Ha.		Unit	Ha.		
A	1-10	70.49		1-10	70.02		1-10	69.55		1-10	69.08		
	11-20	.48		11-20	.01		11-20	.54		11-20	.06		
	21-30	.46		21-30	69.99		21-30	.52		21-30	.05		
B	31-40	.45		31-40	.98		31-40	.50		31-40	.03		
	41-50	.43		41-50	.96		41-50	.49		41-50	.02		
C	51-60	.41		51-60	.94		51-60	.47		51-60	.00		
	61-70	.40		61-70	.93		61-70	.45		61-70	68.99		
D	71-80	.38		71-80	.91		71-80	.44		71-80	.97		
	81-90	.37		81-90	.90		81-90	.43		81-90	.95		
	91-100	.35	57° 05'	91-100	.88	57° 20'	91-100	.41	57° 35'	91-100	.94	57° 50'	
BLOCK	Unit	Ha.		Unit	Ha.		Unit	Ha.		Unit	Ha.		
E	1-10	.34		1-10	.86		1-10	.39		1-10	.92		
	11-20	.32		11-20	.85		11-20	.38		11-20	.90		
	21-30	.31		21-30	.84		21-30	.36		21-30	.89		
F	31-40	.29		31-40	.82		31-40	.35		31-40	.87		
	41-50	.28		41-50	.80		41-50	.33		41-50	.86		
G	51-60	.26		51-60	.79		51-60	.31		51-60	.84		
	61-70	.24		61-70	.77		61-70	.30		61-70	.83		
H	71-80	.23		71-80	.75		71-80	.28		71-80	.81		
	81-90	.21		81-90	.74		81-90	.26		81-90	.79		
	91-100	.20	57° 10'	91-100	.73	57° 25'	91-100	.25	57° 40'	91-100	.78	57° 55'	
BLOCK	Unit	Ha.		Unit	Ha.		Unit	Ha.		Unit	Ha.		
I	1-10	.18		1-10	.71		1-10	.24		1-10	.76		
	11-20	.17		11-20	.69		11-20	.22		11-20	.75		
	21-30	.15		21-30	.68		21-30	.20		21-30	.73		
J	31-40	.13		31-40	.66		31-40	.19		31-40	.71		
	41-50	.12		41-50	.64		41-50	.17		41-50	.70		
K	51-60	.10		51-60	.63		51-60	.16		51-60	.68		
	61-70	.09		61-70	.62		61-70	.14		61-70	.67		
L	71-80	.07		71-80	.60		71-80	.12		71-80	.65		
	81-90	.05		81-90	.58		81-90	.11		81-90	.63		
	91-100	.04	57° 15'	91-100	.57	57° 30'	91-100	.09	57° 45'	91-100	.62	58° 00'	



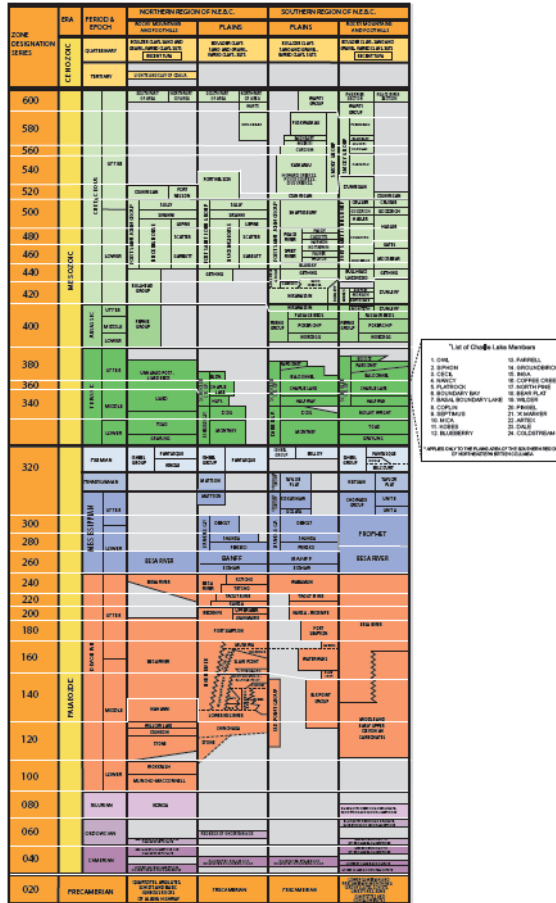
Well IDs and Locations

- **Well Authorization (WA):** 5-digit number
 - **Please refer to WA# in all correspondence**
- **Well Name:**
 - Operator(s) + [HZ] + Field + Surface Loc.

DLS: COPOL BRASSEY 02-04-077-19 W6M
NTS: CNRL HZ SPRUCE b-013-D/094-I-16
- **Unique Well Identifier (UWI):**
 - Digit 1: DLS (1) or NTS (2)
 - Digits 2-3: chronological sequence of well into the LSD or ¼ Unit
 - Digits 4-14: Bottom-hole location (Initially approved, later actual)
 - Digits 15-16: event sequence; value '01' never used

DLS: 100020407719W600
NTS: 200C013D094I1602
- **Reference:** <https://www.bcogc.ca/content/unique-well-identifier-format>

Standard Zone System



- The Stratigraphic Correlation Chart illustrates the age and depositional sequence of geological formations.
- White lines represent boundaries between commonly used **Standard Zone Designations**. Shaded names between these lines represent individual formations within these zones.
- The Stratigraphic Chart is a general guide, not a comprehensive list of all geological formations or zones.

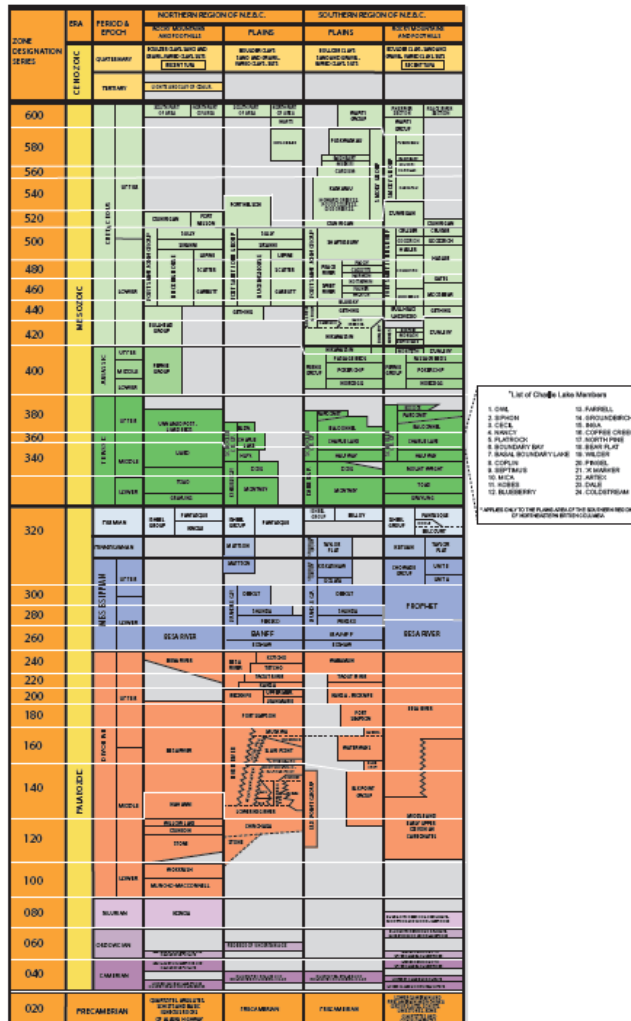


STANDARD ZONE DESIGNATION

- A package of one or more geological formations used to administer PNG tenure
- Defined using specific intervals on specific logs of a reference well to facilitate correlation over reasonable distances
- Carefully selected to avoid disputes; uses widespread markers in non-productive strata

5-DIGIT ZONE CODE

- Digits 1-3: Zone series (stratigraphic package)
 - Values increase from basement to surface
- Digits 4-5: A 2-digit identifier
 - Reflects the degree of variability within the same standard zone





Zone Designation System

- A few examples:
 - *34004 Artex-Halfway-Doig*
 - *33017 Montney (excluding basal lag)*
 - *20004 Jean Marie*
- **Reference wells (type wells)** describe the specific depth interval of the geological formation(s) contained within the zone designation.
 - An example:
38013 PARDONET-BALDONNEL ZONE IDENTIFIED IN THE INTERVAL FROM 3,615.7M TO 3,724.0M MEASURED DEPTHS OF THE COMPENSATED NEUTRON - LITHO DENSITY LOG (RUN 2) RECORDED 1991-JUN-25 IN THE WELL W.A. 7591 SHELL ESSO GWILLIM A-51-H/93-P-5.
- Refer to the title search (available in IPS-Web) to review the detailed zone designation for a title.



Zone Designation System

- In a Lease, if hydrocarbons are found in any part of a zone, the entire zone will be eligible for continuation.
eg. Gas in the Halfway Formation could qualify a lease for continuation in the *Artex-Halfway-Doig* zone.
- In a Drilling Licence, if any formation in a zone is sufficiently evaluated, the entire zone will be eligible for conversion to Lease.
eg. A well that drills into and evaluates the Halfway Formation could earn the *Artex-Halfway-Doig* zone.
- PNG tenure rights are usually described in relation to a zone base:
 - PNG **Down to Base (DB)** 36002
 - PNG **From Base (FB)** 38001 **To Base (TB)** 36002
 - PNG **Below Base (BB)** 36002
 - PNG **In** 36002



QUESTIONS?



BC Petroleum and Natural Gas Tenures

- Storage and Special Agreements
 - PNG Act sections 126 – 132
 - PNG Act section 72
- Permits (not currently offered)
- Drilling Licences
- Leases

A large, white scroll with a black outline, unrolled to reveal the text "Drilling Licence (DL)". The scroll has a black circular fastener at the top left and a red ribbon with a yellow sunburst seal at the bottom right.

Drilling Licence (DL)



Drilling Licences - Main Features

- A right to explore for oil and gas by drilling wells
- Not a right to produce (flow for sale); testing OK
- Acquired only from Crown Sale
 - Postings: 1 – 36 gas spacing areas
- Term is 3, 4, or 5 years, depending on which “Prescribed Area” the DL is located on
- Can be grouped with other DLs, and converted to Lease
- Earned lease credits may be deferred to end of DL term
- *Refer to the “Guide to the PNG Drilling Licence Regulation” on our Publications page for details*



DL - Term Extensions

- **Section 3(5) - “Standard Extension”**
 - One year period
 - Available once – after all primary term years
 - Pre-requisite for some other extension types
 - Cost is \$500, plus double rent (\$7/ha)
 - Written application not required
 - Apply from e-Payments Statement, unless you wish to reduce the area of the DL before extension
 - Available on or before the DL expiry date only



DL - Term Extensions

- **Section 3(5.1) - “Special Extension”**
 - Available after term expiry or another extension
 - Renewable for one year, or less, by application
 - Approval is discretionary
 - Decisions will be based on policy for extension - see Ministry website
 - Requires:
 - Application submitted to the Director before expiry
 - WA application filed with OGC at least 30 days before expiry
 - Drilling of an earning well is delayed by one of:
 - Environmental or socio-economic study
 - Public hearing
 - Planning or consultation process
 - Rental rate remains at \$3.50 per hectare, but...
 - Payment must be through Continuation/Extension Submission



DL - Term Extensions

- **Section 3(5.3) - “Coal Bed Gas Extension”**
 - Applies only to land and rights within a coalbed gas project approved by the OGC under s.75 of OGAA
 - No CBG projects currently



DL - Term Extensions

- **Sections 3(7) – “Drilling past expiry”**
 - No application required; rentals not required
 - DL expiry date is extended to the date a well eligible for designation as an earning well is released from drilling operations.
 - Where two or more likely earning wells are drilling past expiry on one DL, the expiry date is extended to the date the last rig is released from drilling operations.
 - Drilling must have reached at least 150m (from surface) at midnight of original expiry date and must be diligently pursued during the extension, barring significant access issues.
 - No other well may be started during the extension, unless it is a replacement well due to mechanical well failures.
 - DL must have been previously extended under 3(5)



DL - Term Extensions

- **Section 3(10): “Grouping Past Expiry”**
 - Extends the term of qualified DLs to the rig release date of a well being drilled on another DL (base DL) past its expiry date
 - Candidate DLs must:
 - Expire on or after expiry of DL extended under 3(7)
 - Expire before rig is released from drilling on base DL
 - Have previous extension under section 3(5)

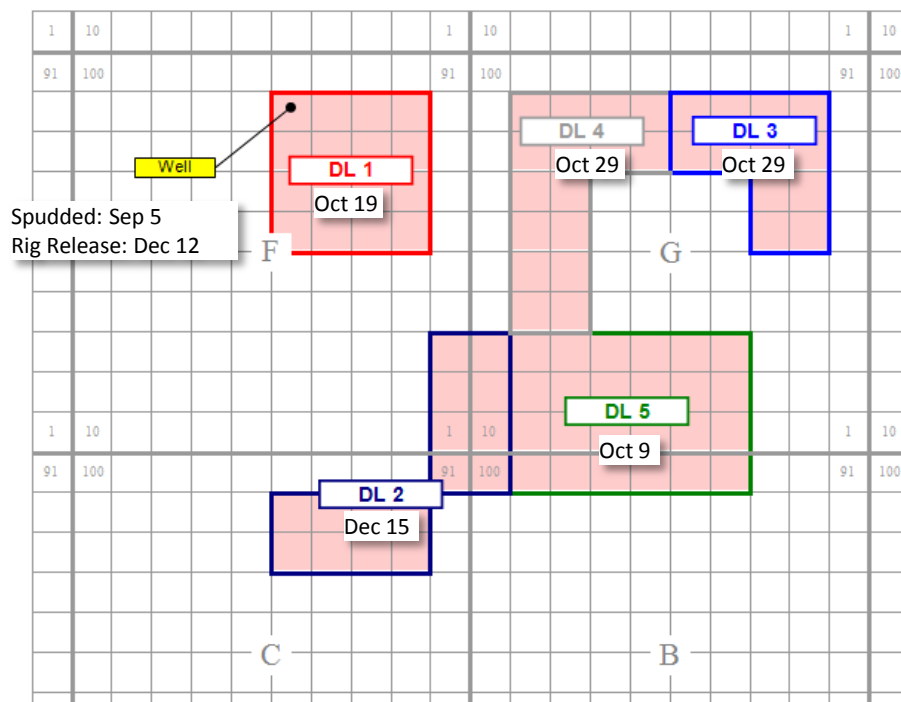


DL - Grouping

- Section 4.1 of the Drilling Licence Regulation
 - One DL must have, in the Director's opinion, an earning well not previously used as an earning well for grouping or selection
 - Any number of qualified DLs may be grouped based on an earning well
 - A DL must lie within 4 km (4,000m) of the DL linked to the earning well.
 - Verify using GIS measurement tools, such as iMap 2.0.
- Applications:
 - Must be submitted before the earliest of the expiry dates among the DLs to be grouped.
 - Include a letter from at least one registered titleholder of any DL to be grouped in which the applicant is neither the Payor nor a registered titleholder, expressly granting the applicant authority to include its DL in the grouping and to make lease selections from it



Drilling Past Expiry



Exercise:

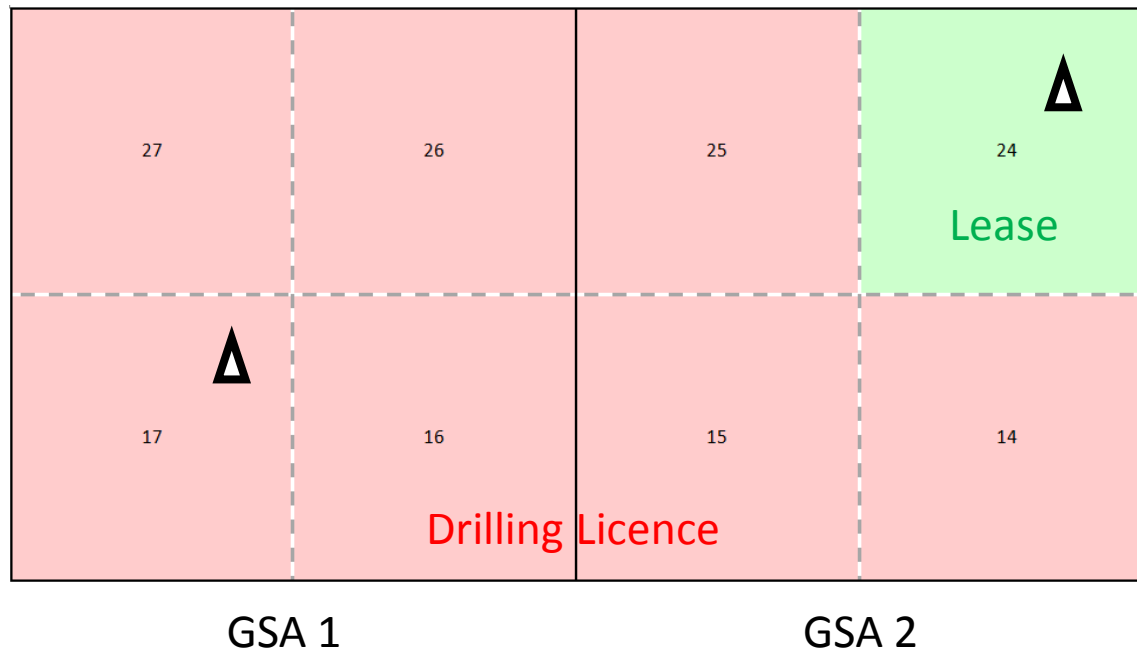
If today is Oct 20, DL 1 is extended under 3(7); all other DLs here reach the end of their s. 3(5) extension on the dates indicated

1. Which of the five DLs qualify to be extended under section 3(10)?
✓ DL 4
2. Why not DL 2?
✓ Expires after DL 1 extension ends
3. Why not DL 3?
✓ > 4 km from DL 1
4. Why not DL 5?
✓ Expires before DL 1 is extended



Converting to Lease – Earning Wells

- A DL must have at least one “earning well”, one that has drilled into and evaluated at least one GSA held or shared by the DL
- For example, both wells below are “earning wells”





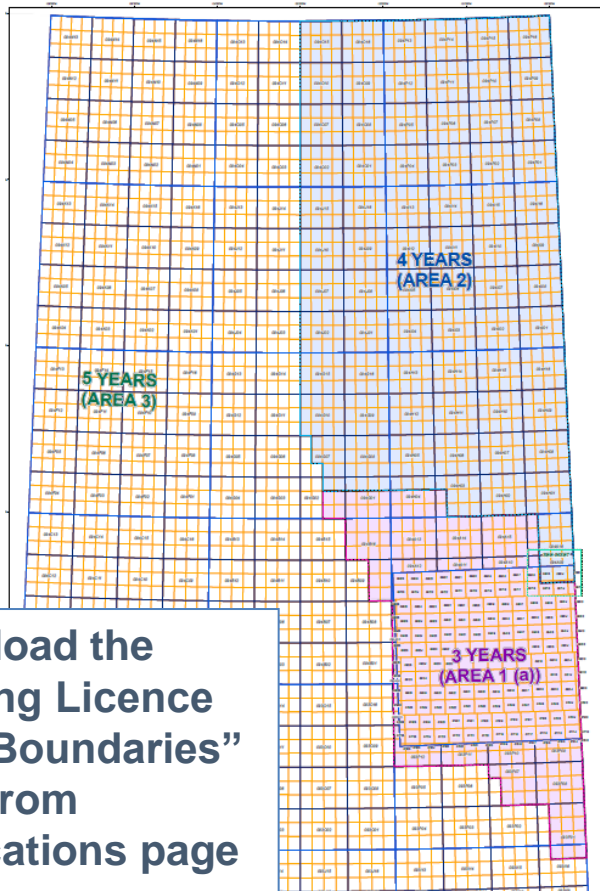
Converting to Lease – Earnings

- Multiple earning wells may be used in one application, but earnings will be calculated on a well-by-well basis, then summed.
- Earnings will be awarded as whole gas spacing areas according to total wellbore length and the primary term of the DL it is on or shares a GSA with.
- A GSA may only be designated once during the life of the DL.
- Other-than-normal GSAs are considered normal GSAs for this purpose
- Earnings include all zones held by the DL down to and including the deepest zone evaluated by each earning well in the designated GSA.
- If the well penetrates 2 or more DLs
 - Licensee must identify which of the DLs is the “drilled DL” for the purpose of assigning earnings, designating a GSA, 3(7) extension, and grouping



DL Term – Prescribed Areas

Drilling Licence Term Boundaries
Northeastern British Columbia

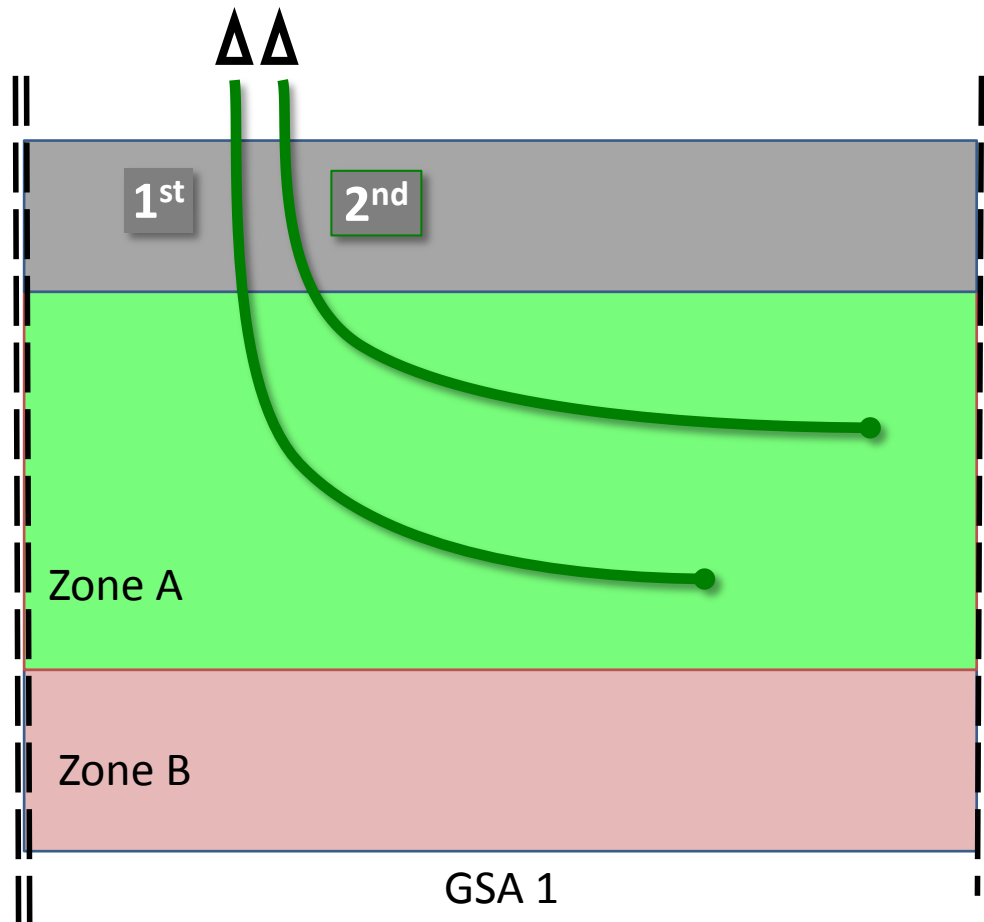


Download the
“Drilling Licence
Term Boundaries”
Map from
Publications page

Measured Wellbore Length (meters)	Primary Term		
	Column 2 3 years	Column 3 4 years	Column 4 5 years
less than 1001	2	2	3
1 001 to 1 300	3	3	4
1 301 to 1 500	4	5	6
1 501 to 1 800	5	6	8
1 801 to 2 100	6	7	9
2 101 to 2 400	7	8	10
2 401 to 2 600	8	9	11
2 601 to 2 800	9	10	12
2 801 to 3 000	10	12	14
3 001 to 3 200	11	13	16
3 201 to 3 400	12	14	18
3 401 to 3 600	13	15	20
3 601 to 3 800	14	16	22
3 801 to 4 000	15	18	24
4 001 to 4 200	16	20	26
4 201 to 4 400	17	22	28
4 401 to 4 800	18	24	30
4 801 to 5 200	18	25	31
over 5 200	18	25	32



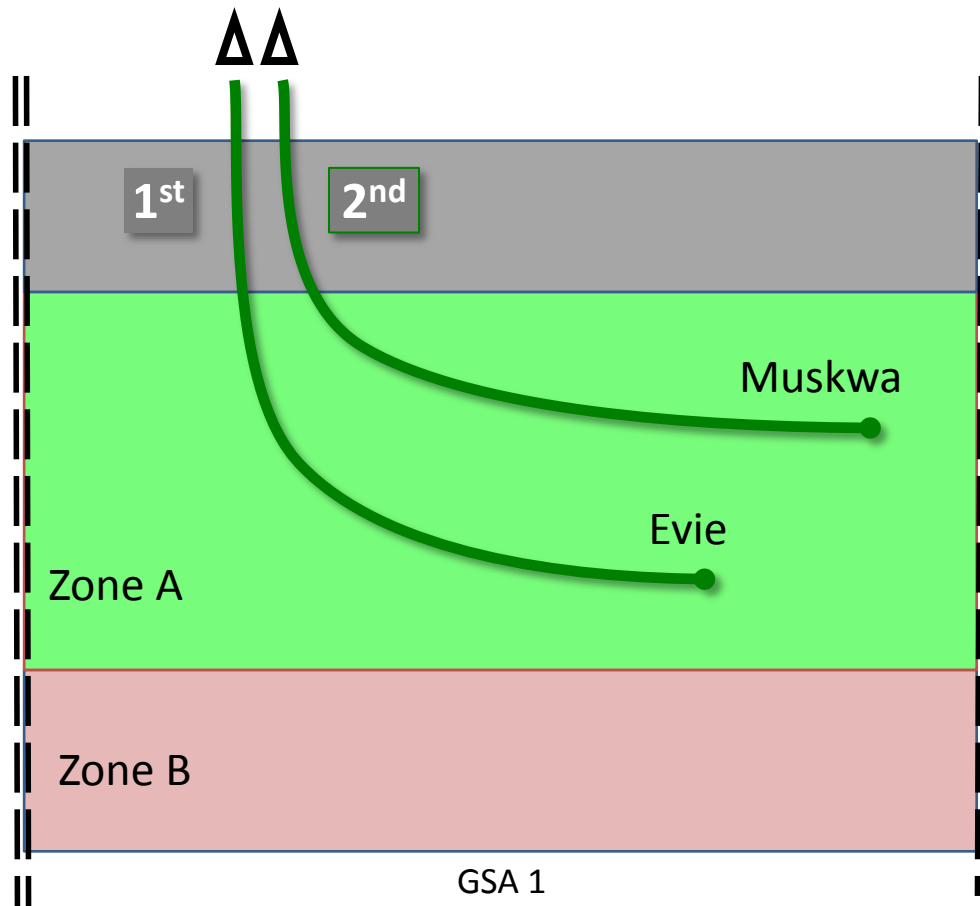
Earning Well: Scenario A



- Each well evaluates the same zones
- One well not an earning well
- Applicant chooses earning well
- Applicant designates GSA 1/Zone A



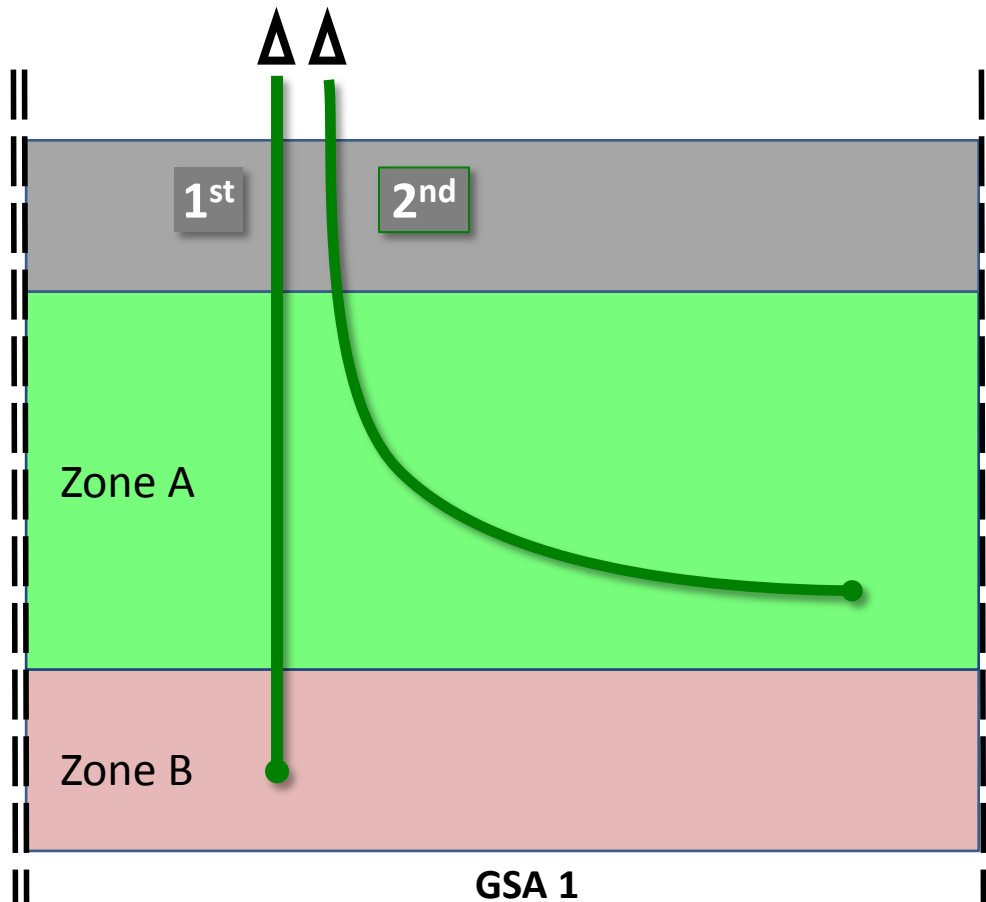
Earning Well: Scenario B



- Each well drills a distinct 'formation', but in same zone
- One well not an earning well
- Applicant chooses earning well
- Applicant designates GSA 1/Zone A



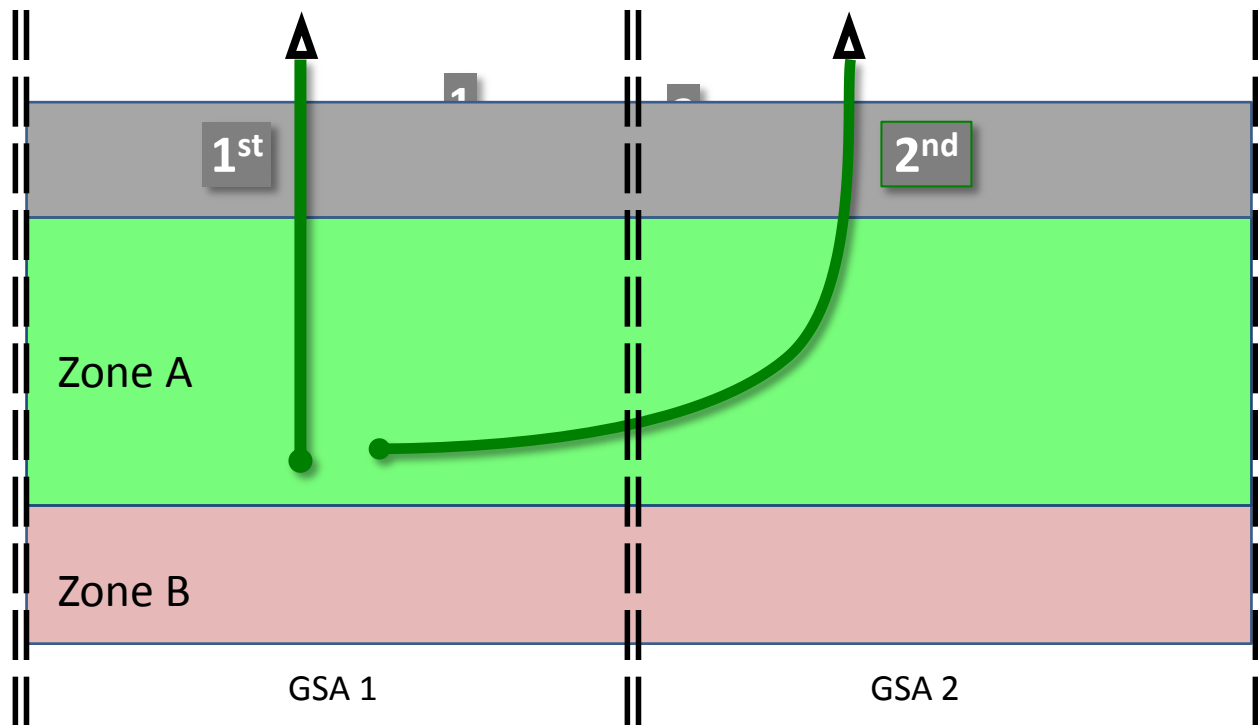
Earning Well: Scenario C



- Both wells qualify as earning wells
- Well #1 designates GSA 1/Zone B
- Well #2 designates GSA 1/Zone A



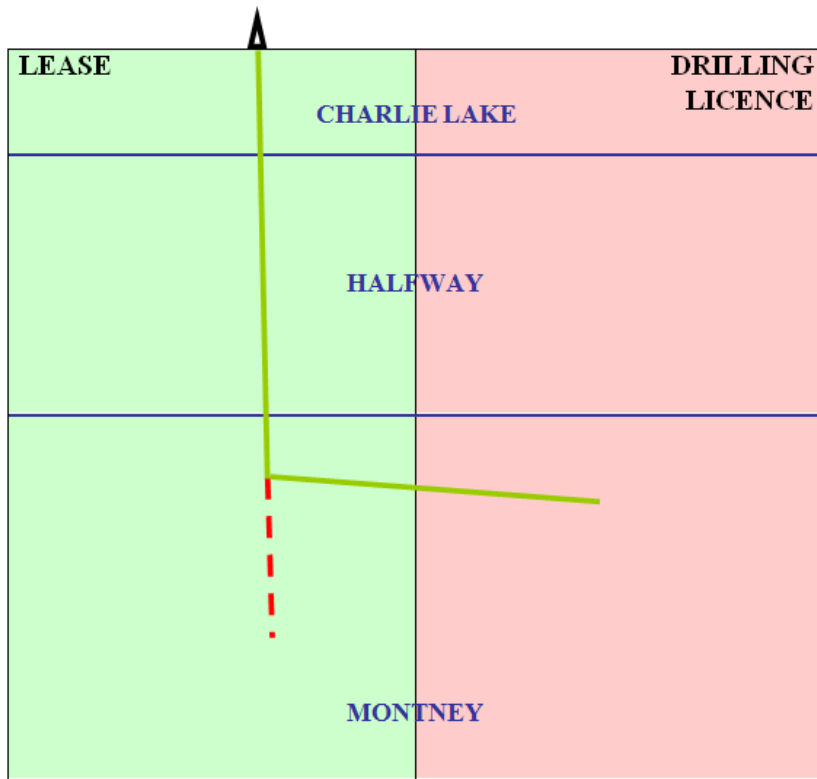
Earning Well Scenario D



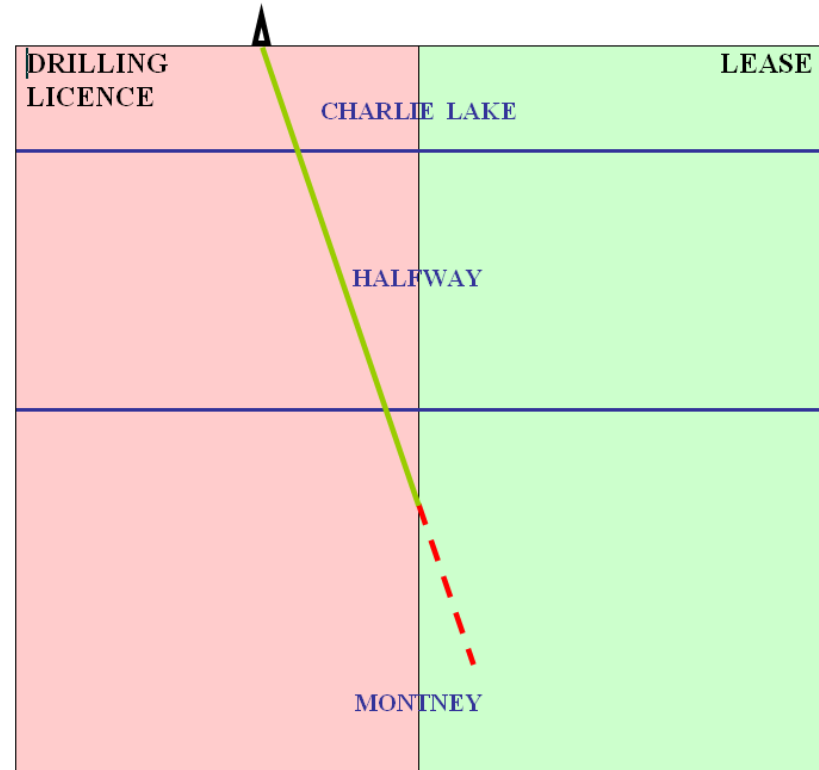
- Both wells qualify as earning wells
- Well #1 designates GSA 1/Zone A
- Well #2 designates GSA 2/Zone A



Wellbore Length - limits



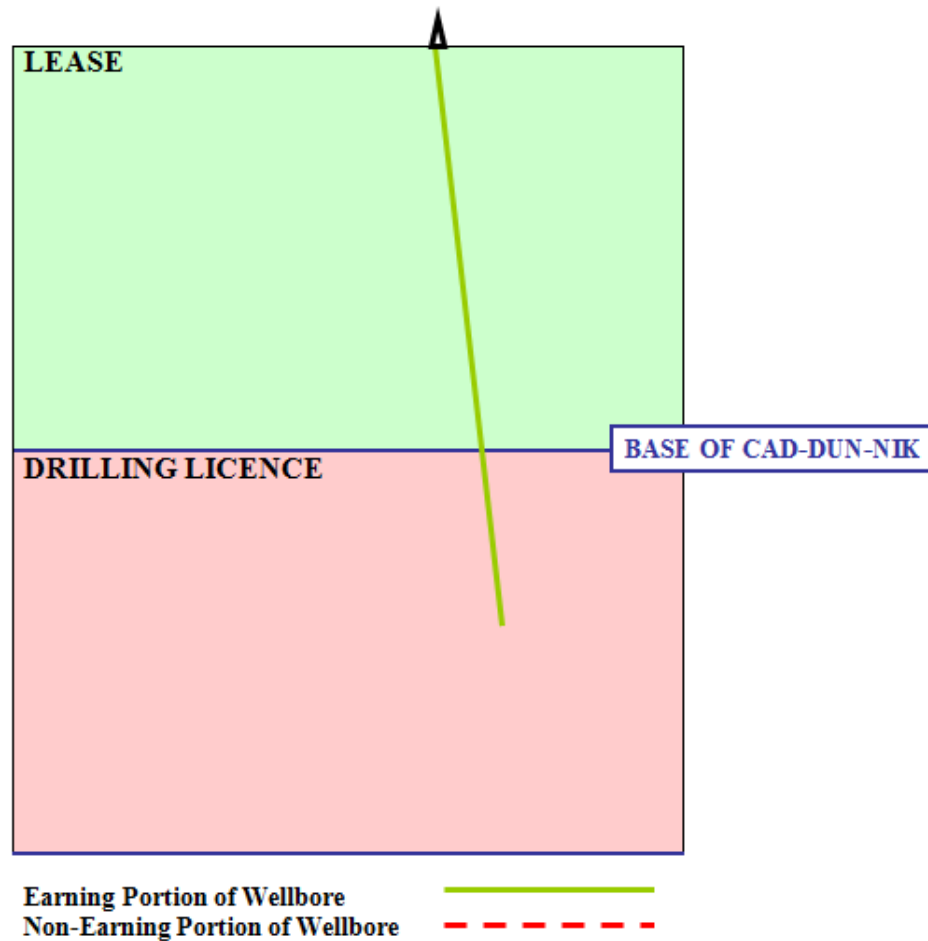
Earning Portion of Wellbore ———
Non-Earning Portion of Wellbore - - - - -



Earning Portion of Wellbore ———
Non-Earning Portion of Wellbore - - - - -

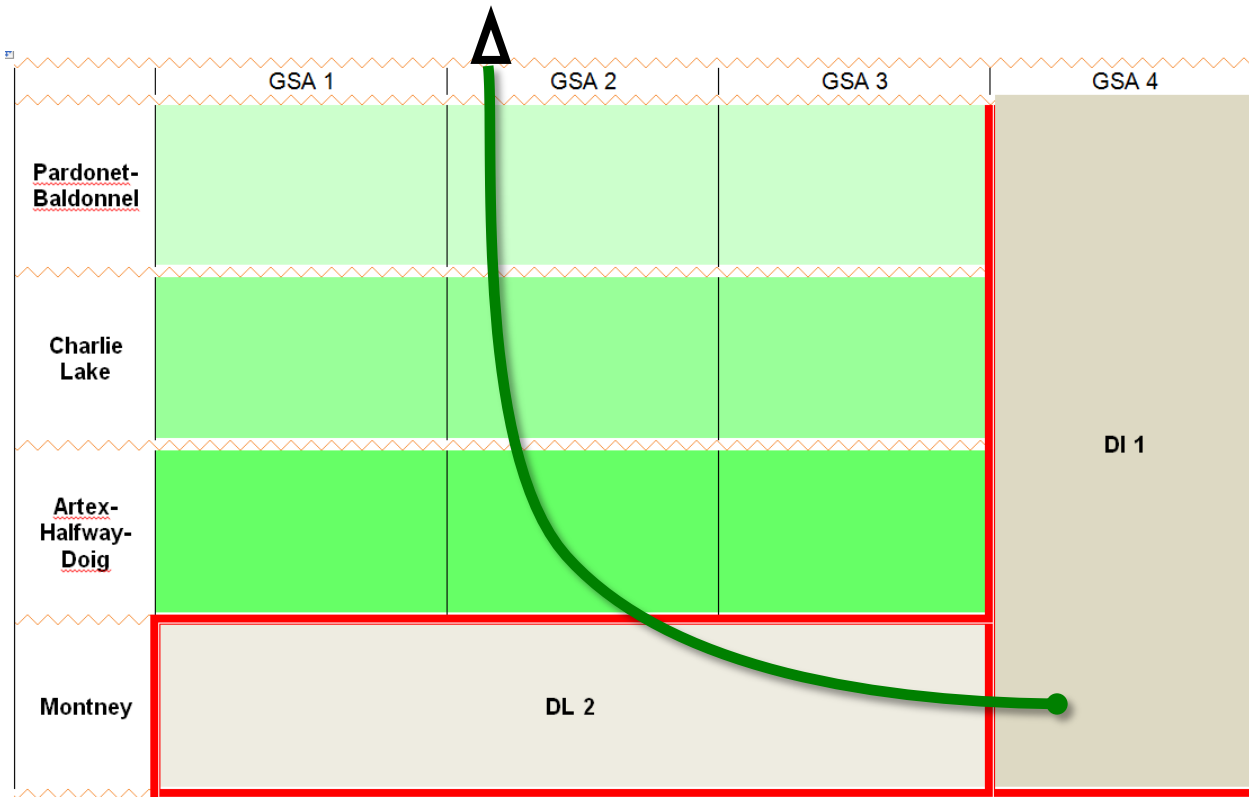


Wellbore Length limits





Designated DL: Scenario G



- Grouping is NOT mandatory
- Designating which DL 'contains' the well IS mandatory



Stacked GSAs: Scenario H

	GSA 1	GSA 2	GSA 3	GSA 4
Pardonet-Baldonnel			DL 1	
Charlie Lake			DL 2	
Artex-Halfway-Doig				
Montney			DL 3	

Diagram illustrating Stacked GSAs (Grouped Spacing Areas) for Scenario H. The table shows four GSAs (GSA 1, GSA 2, GSA 3, GSA 4) across four geological formations (Pardonet-Baldonnel, Charlie Lake, Artex-Halfway-Doig, Montney). A vertical green line with an upward arrow indicates a specific location, likely a well or boundary, passing through GSA 3. Red lines highlight the boundaries of the GSAs. Small black triangles are located at the bottom of the table, under GSA 2 and GSA 3.

Where a GSA occurs in more than one DL of a grouping, and is selected for conversion of two or more DLs, it will count only as a single spacing area deduction from the total earnings.



Earning Wells – “Evaluation”

- A selected Lease may include rights down to the base of the deepest geological zone “*sufficiently evaluated*” by the earning well.
- This standard is applied in a broad, exploratory sense. The well must at least drill into and find *significant or substantial new geological information* about a zone.
- It is not necessary to completely penetrate a zone in order to evaluate it.
- For example, if a zone is drilled into and, through the recording of well logs, mud gas logs, chip samples and other well data, significant new information is obtained regarding the zone, then the zone is considered to be evaluated.
- For remote/exploratory areas, or for relatively unknown zones, or for zones with local variability, smaller amounts of new information about the character of a zone may be considered ‘significant’.



Earning Wells – Redrilled Wells

- Redrilled wells may be used as earning wells for a drilling licence
- A "redrilled" well is one where the work carried out consisted of:
 - deepening the existing well to evaluate one or more underlying zones; or,
 - completing a previously uncompleted interval in the well; or,
 - re-completing one or more intervals in the well in a manner that provides significant new information about the formation
- The total wellbore length for such wells is measured from surface to the base of the new bottom-hole location or from surface to the base of the deepest new completion interval, whichever is applicable



Earning Wells – Online Guide

- Access the Online Guide on our “Publications” page
 - *Earning Wells – Guide to Geological Evaluation of Zones*



Lease Selection Applications

- First, the e-Payments submission
 - Ensure you are Payor of all DLs in the application
 - Create a Conversion Submission
 - If grouping, add each DL to the Submission
 - For each DL to be converted, add one row for each new Lease to be selected and enter its estimated area (hectares)
- Second, the application letter. It should:
 - Include e-Payments Submission number in subject line
 - State the name of the firm in whose name the application is being made. The signature block is fine.
 - Be dated and signed
- Third, a letter of authority from a registered titleholder must be included where the applicant is neither Payor nor a registered titleholder of any DL to be converted to Lease



Lease Selection Applications

- Application Letter (continued)
 - Include a table with rows for each earning well, containing:
 - OGC Well Permit number (WA#)
 - Spud and Rig release dates
 - Estimated total wellbore length (sum of eligible wellbore segments)
 - Expected number of earned GSAs
 - Location of the designated GSA and the deepest zone evaluated by the well in that GSA
 - Specify the desired configuration of selected Leases
 - Use legal descriptions that match formats used in the Drilling Licence
 - Keep identical rights in the same tract
 - Non-contiguous locations are permitted in the same tract

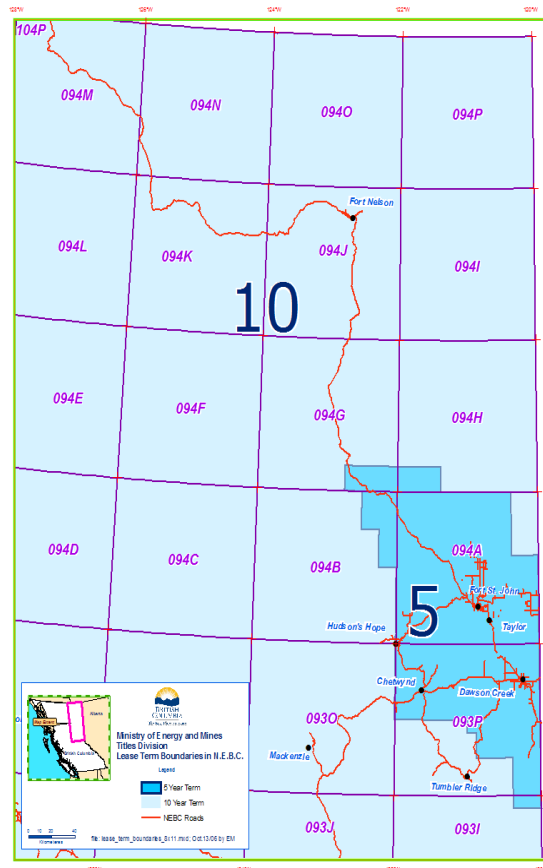


Lease Configuration - Constraints

- Basic restrictions on selected Leases:
 - Must include all spacing areas to be produced
 - Each Lease must be located entirely within one DL
 - Must not result in new split gas spacing areas, unless you have an oil well and want to split the gas spacing area
 - Lease term length depends on Lease location, not the DL term or location



Lease Term Boundary map



- 5-year area = Area 1 from DL term map
- 10-year area = Areas 2 + 3 from DL term map
- A Lease overlapping both areas gets 5-year term
- Posting requests and Lease selections should be done carefully!
- Downloadable from our Publications page



QUESTIONS?



Leases



Leases

- An exclusive right to explore for and produce oil and gas
- Available from these sources:
 - Crown Sale
 - Converting Drilling Licences
 - Splits from another Lease (with or without transfers)
- Issued with initial (primary) term of either 5 or 10 years.
- Issuance fee covers all subsequent ownership transfers
- Annual rental, payable one year in advance
- Continuation options beyond primary term
- Guides:
 - *“Guide to PNG Lease Continuations”*
 - *“Guide to Oil and Gas Land Plats and Tenure Areas”*



Leases – Continuations

- **Types:** (listed in order of increasing application complexity):
 - *Section 62*
 - *Section 61*
 - *Section 61.1*
 - *Section 58*
- **Duration:** One year, in all cases
- **Repeatability:** Section 62 fixed; remainder have no limit.
- **Application deadlines:**
 - Section 61 - On or before expiry
 - All others - 60 days past expiry
 - Use contingent applications to meet all deadlines



s. 62 - Continuation by Penalty Payment

- Repeatability:
 - 5-year Leases: once only
 - 10-year Leases: three times, throughout life of tenure
- Penalty amounts
 - Year 1 \$15.00 / Ha
 - Years 2 or 3 \$25.00 / Ha
- No rights revert to Crown
- See Section 6 of the *Petroleum and Natural Gas Drilling Licence and Lease Regulation*



s. 62 - Continuation by Penalty Payment

- Application and rental payment
 - Use the ePay Statement when the whole Lease is to be continued; or,
 - Use an ePay Continuation Submission and written application when other continuation types (splits) are anticipated or you wish to reduce the area of the Lease before continuation



s. 61 - Continuation by Commitment to Drill

- Written Drilling Commitment
 - Well must be designed to generate sufficient data to delimit a pool of hydrocarbons in at least one zone within a single GSA held by each Lease that will be drilled into by the well
 - **Application must be in writing and submitted prior to expiry**
 - Rental must be paid using a Continuation/Extension Submission
- No rights revert to Crown
- May be used more than once, but spacing area(s) of successful commitment wells will be split out under s.58 and the rights severed pursuant to s.59 or s.59.1
- Applies only to Lease(s) that will be drilled into
- Director has discretion to cancel the Lease for non-performance



s. 61.1 - Continuation for Disposal Purposes

- Eligibility requirements:
 1. The spacing area is not subject to a special project designation (i.e. disposal approval) issued under section 75 of the *Oil and Gas Activities Act*.
 2. The spacing area, in the opinion of the Director, will be required for existing or planned disposal.
- Disposal must be restricted to water, CO₂, and waste fluids from oil and gas exploration, production, and processing.
- Avoids conflicts between two operators in a single Gas Spacing Area.
- Discretionary approval allows for legitimate planning of future disposal necessary to allow development and production to proceed.



s. 61.1 - Continuation for Disposal Purposes

- Written application for first approval must provide technical support and must accompany e-Payments Submission of first year rental.
- Once approved, annual rent payments will renew the continuation indefinitely, like section 58(3)(a) continuations, but are subject to review.
- Only the disposal zone is continued; all others revert upon approval.
- Lease split required if other portions are continued under another section, such as s. 58(3)(a).
- If the OGC eventually issues a disposal approval under s.75 of *OGAA*, the lease may then be continued under s.58(3)(a).



s. 61.1 Continuation (Disposal)

Applications based on future/planned disposal wells should include:

- **Geological/engineering characterization of the proposed disposal zone.**
(eg. illustrations and discussions of the prospective zone).
- **A discussion of future disposal plans for each requested spacing area.**
Future drilling/completion/disposal plans may be based on estimated numbers of wells and spacing areas required or expected to be needed for disposal in the region.
- **An approximate time frame for future disposal well development.**
Firm well commitments are not required. The Ministry may accept long-term drilling plans with approximate time frames and locations (eg. with drilling contingent on future development and water disposal needs).



s. 58 Continuation

- **Section 58(3)(a) – “Eligible Spacing Areas”**
 - Once approved, your annual payment of rent is considered your application for further continuation under this section; subject to annual review under the *Act*.
- **Section 58(3)(b) - “Unit or Royalty Agreements”**
 - Portions of Lease subject to Unit or Royalty Agreements
 - Once approved, your annual payment of rent is considered your application for further continuation under this section; subject to annual review under the *Act*
- **Section 58(3)(c) - “Work Program”**
 - Work designed to delimit a pool or field of oil or natural gas in the lease (or leases)
 - One year, one-time continuation provision (except in extraordinary circumstances)
- **Section 58(3)(d) – “drilling incomplete”**
 - The drilling or work on the establishment of a well is incomplete on the expiry date
 - The Director is satisfied that the drilling or work will continue
 - One year continuation, may be used more than once



s. 58(3)(a) - Eligibility

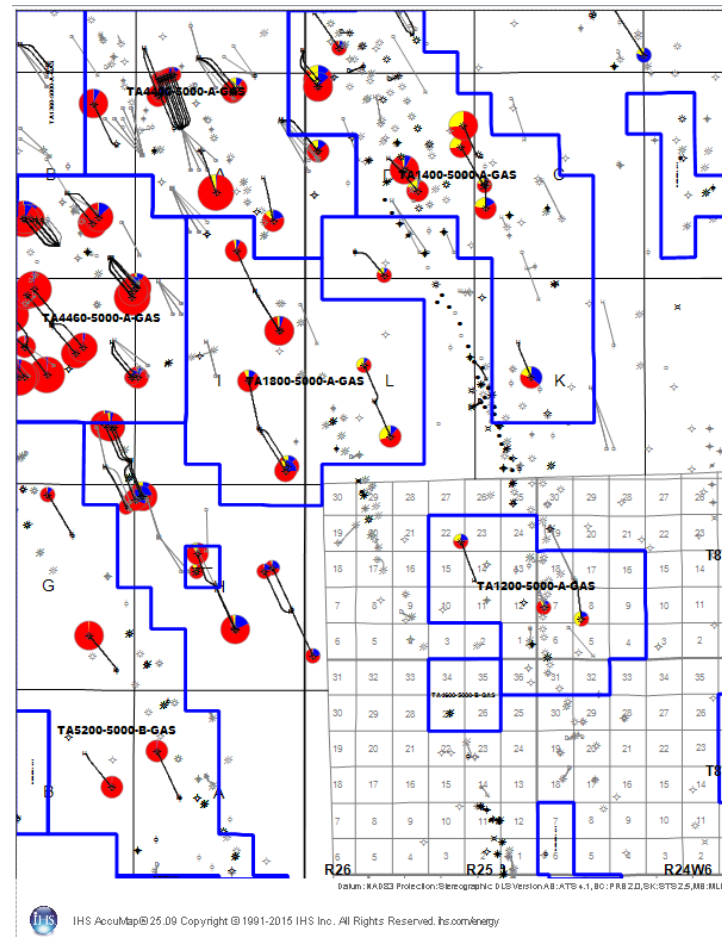
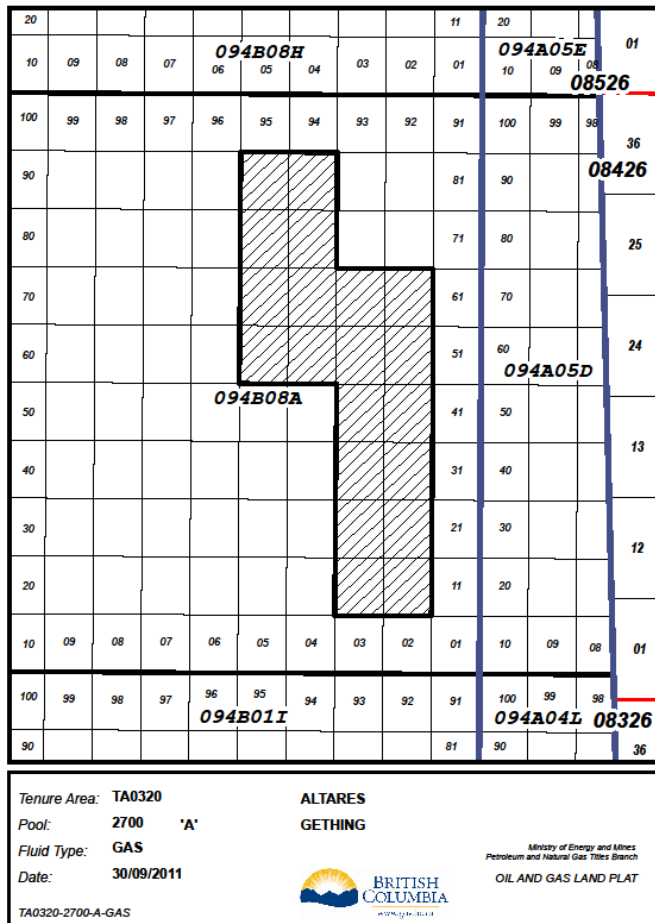
- ***Eligible Spacing Area*** – means a spacing area:
 - That contains a “petroleum well” or “gas well”; or,
 - Is subject to [certain types of] special project approvals issued under s.75 of the *Oil and Gas Activities Act* by the Oil and Gas Commission; or,
 - Where a significant portion of its area, in the Director’s opinion, covers a delimited pool of oil or gas; or
 - in the Director’s opinion, may be ‘adequately drained’ by an oil or gas well in an adjacent spacing area



s. 58(3)(a) – Land Plats

- Land plats are the official record of where the Director recognizes that a pool of oil or gas has been *delimited* through the exploration and development work of industry.
- Land Plats illustrate in map view, the oil or gas *spacing areas* delimited in a pool, and name the geological formation in which the pool is recognized.
- Naming Convention: Tenure Area (oil or gas field name), Geological Formation, Pool Sequence Letter, and Hydrocarbon Type (oil or gas).
 - eg. **Altares - Gething 'A' – Gas, TA0320-2700-A-GAS**
 - Each plat also has a publication date, which is updated when the plat shape is modified.

LAND PLATS - Example





s. 58(3)(a) – Land Plats

- Non-confidential land plats are published monthly online
 - Download the Land Plats as a shapefile, or
 - View the Land Plats online with the iMap tool
- Refer to the online “*Guide to Oil and Gas Land Plats and Tenure Areas*” on our Publications page.
- Confidential plats (based on confidential wells) will not be published until the well status changes to non-confidential.
- The Ministry’s *Land Plats* are distinct from the *Oil and Gas Pools* defined by the Oil and Gas Commission (OGC); the latter have no bearing on continuation decisions.



s. 58(3)(a) – Land Plats

- The *PNG Act* requires a pool be ‘delimited’ for Lease continuation under section 58.
- Land plats are delimited by control points of ‘hard’ and ‘soft’ data, including:
 - Well control (production, tests, or log shows)
 - Production and pressure histories
 - Interpreted 2D or 3D seismic mapping
 - Geological formation characteristics



s. 58(3)(a) – Land Plats

- Ministry staff consider many sources of evidence to delimit land plats, including:
 - Industry applications for continuation that interpret the results of drilling, well evaluation, and seismic work.
 - Evaluation of drilling reports, logs, samples, drillstem tests, completion and production results.
 - Pool maps, evaluations and various approvals received from the OGC.
 - Thousands of geophysical and geological interpretations on file from all Crown title holders, representing decades of information and analyses.
- All geological and geophysical information and interpretations submitted with s. 58(3)(a) applications are kept **confidential**.



s. 58(3)(a) – Conventional Plays

- A control well (production, test, or prospective well logs) will typically continue only the spacing area drained by that well.
- If a spacing area has not been drilled:
 - A line of correlation across an undrilled spacing area may help to delimit a pool over the undrilled spacing area, provided the offset wells demonstrate reservoir continuity and the presence of hydrocarbons.
 - Seismic data may be used to delimit a pool over an undrilled spacing area, if the seismic demonstrates continuity of the seismic response between a control well and the undrilled spacing area. A plat will not be delimited for an isolated/undrilled seismic feature.

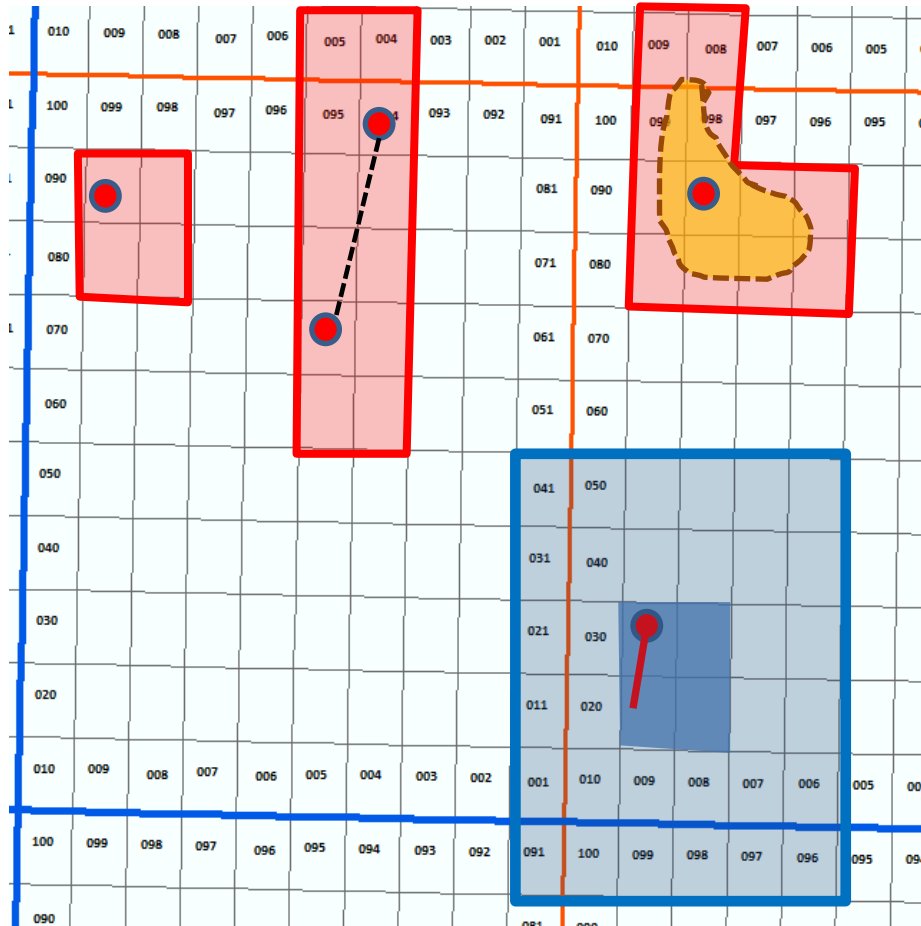


s. 58(3)(a) – Resource Plays

- The Director's continuation criteria are more generous for an established resource play (e.g. Montney, Doig Phosphate, Jean Marie, Buckinghorse, Deep Basin Cadomin, Muskwa-Otter Park-Klua Evie, Besa River than for a conventional reservoir.
- The Director will allow continuation of a GSA if a pool has been delimited by a control well drilled on the GSA or in an adjacent GSA.
- A control well is one that has tested or produced hydrocarbons, or has certain log characteristics that are analogous to a nearby well that flowed hydrocarbons from the zone of interest (e.g. *density log and mud gas detector log*).
- In some cases, seismic data paired with well control may be used to delimit additional GSAs, if the seismic demonstrates continuity of the response between a control well and the undrilled spacing area.



Land Plat and Control Well examples



Conventional Play Examples

- Single control well
- Correlation of offsetting control wells
- Well with seismic

Resource Play Example

- Spacing areas adjacent to control well



s. 58(3)(a) Eligibility

- Lease continuation eligibility is assessed on a spacing area by spacing area basis.
- Application letters must note which of the four criteria for eligibility have been met for each spacing area they wish to have continued, and how.
- It can be as simple as identifying the gas wells, land plats, or OGAA approvals already in place.
- For undrilled spacing areas or untested wells, a more complex technical package will be needed. Applicants should include interpretations and conclusions drawn from geological, geophysical, production, completion and well evaluation information to support the case for delimiting a land plat in each requested spacing area.



s. 58(3)(a) – Applications based on Land Plats

- Land plats are amended as new technical information is received, and sometimes the size of a recognized plat is reduced.
- If an applicant relies solely on an existing Land Plat to support a 58(3)(a) application (i.e.. does not include a supporting technical package or a contingent section 58(3)(c) application), the applicant will be notified if a Land Plat is reduced before the continuation is approved.
- Applicants will be notified by telephone, e-mail, or both.
- Applicants are granted one opportunity to make their case (58A or 58C) within 10 working days of that notification, regardless of how much time has elapsed after expiry.
- Once s.58(3)(a) is approved, annual rental payments will repeat the continuation, until a review shows eligibility has changed.



s. 58(3)(a) – Rights Reversion

- Rights reversion refers to the return of rights to Crown reserve
- Leases are subject to one of two forms of rights reversion upon approval:
 - Deep Rights Reversion (DRR); or,
 - Zone-Specific Retention (ZSR)



s. 58(3)(a) - Deep Rights Reversion (DRR)

- Leases obtained from a Crown disposition held before March 29, 2007, or belonging to a chain of title originating prior to that date, are subject to DRR.
- All rights held by the Lease down to the base of the deepest zone shown to contain recoverable oil or gas will be continued.
- Rights below the base of that deepest zone return to Crown reserve, unless continued under another section of the *PNG Act*.



s. 58(3)(a) - Zone Specific Retention (ZSR)

- Leases obtained directly from or belonging to a chain of title originating from a Crown disposition held on or after March 29, 2007 are subject to ZSR.
- This is not “Shallow Rights Reversion”
- Only those zones found to be eligible for s. 58(3)(a) continuation will be continued.
 - Rights in any zone found to be ineligible for s. 58(3)(a) continuation will be returned to Crown reserve, unless they are successfully continued under another section of the *PNG Act*.



s. 58(3)(c) – Work Program

- May include multiple leases, multiple zones, and different (but relatively close) expiry dates.
- Proposed work must, in the opinion of the division head, be designed to delimit a pool of oil or gas.
- Typically involves drilling new wells or completing existing wells.
- Drilling/completion commitments may be contingent on the results of proposed geophysical work.
- Approved work other than drilling must be completed during the continuation term.
- Contingent work must be started during the term of the continuation (e.g., contingent wells must be spudded).
- One year, one time continuation provision. Rare exceptions may be considered due to limited access or an unusually complex work program.
- Non-performance jeopardizes future work programs.



s. 58(3)(c) – Work Program

- Application must include a signed and dated cover letter on company letterhead, that contains:
 - A firm work commitment, e.g. “XYZ Corp. commits to carry out the following program of work: . . .”
 - A clear description of where the work will take place in relation to the Leases included in the application
 - The locations and formation names of the pools that the work program is designed to delimit
- Technical package contents:
 - Must demonstrate the current state of geologic knowledge of the pools to be delimited, and how the work is likely to further delimit those pools
 - May include any technical material, such as public and proprietary well data, geological x-sections, isopachs, interpreted seismic, remote sensing data, and field studies



s. 58(3)(c) – Work Program

- Where approved programs include seismic components (new or re-evaluated), an acceptable report of the geophysical results is required at the end of the continuation year
 - See “Guide to PNG Lease Continuations” for specific reporting requirements
- Reports held confidential for 10 years, then deposited with thousands of similar studies
 - See our cumulative “Geological and Geophysical Reports Index” for the complete listing of reports available
 - Full reports available for viewing and copying in-person only
 - Digitally mapped seismic lines, summarized reports, and scanned seismic lines available on DataBC (Petroleum Survey Index of Geological and Geophysical Reports)



s. 58(3)(d) – Establishing a Well

- Designed to allow leaseholders to finish drilling or “establishing” a well that is clearly in progress.
- More scrutiny will be applied if the well has not been spudded by expiry.
- If the well will penetrate multiple Leases, all such Leases may be approved under this section, where appropriate.
- Leases approved under this section are subject to a form of DRR:
 - Rights below the base of the deepest objective zone corresponding with the OGC well permit’s (WA) deepest “objective” formation are not included.



Applications

- Each continuation provision has a strict application deadline:
 - Prior to expiry for s.61
 - 60 days past expiry for s.62, s.61.1 and s.58.
- The Ministry accepts continuation applications up to 60 days before lease expiry, but does not issue a decision until after expiry. If a technical package is submitted, decisions tend to be issued after all application deadlines have passed. Turnaround is quicker otherwise.
- To make back-up or contingent applications, include a statement of application in your initial application to avoid missing deadlines.
 - Eg. “Should any rights be deemed ineligible under section 58(3)(a), <inset applicant’s name> hereby applies to continue those rights pursuant to <insert section number> of the *PNG Act*. “



Lease Continuation Applications

- In summary, to help prevent unwanted lease expiry, ensure your application:
 - identifies under which provisions you are applying;
 - demonstrates how the zones and spacing areas in your lease meet the eligibility criteria;
 - indicates how the Ministry should handle zones or spacing areas which are not eligible for continuation;
 - adheres to the application deadlines set for each provision.



Issuing the Continuation Decision

- For section 58(3)(a) applications that result in all rights under application being recommended for approval, no advance Eligibility Notice will be sent; we will simply notify you by letter that your application was approved.
- For section 58(3)(a) applications where only a portion of the rights under application are recommended for approval, or which include applications under other sections, we will send an advance Eligibility Notice listing the rights recommended to the Director for approval, section by section. At this point, no decision will have been made.
- An Eligibility Notice gives you the opportunity to either agree with the recommendations, by signing and returning it, or contest them.



Issuing the Continuation Decision

- If you disagree with the Eligibility Notice recommendations:
 - Contact the person that signed the Eligibility Notice
 - Be prepared to elaborate your arguments and provide any new support material we request.
 - Under no circumstances will data collected after the lease expiry date be accepted, but you may be asked to provide more details from existing data or modify its presentation to better support your argument.
 - The Ministry will review any revised arguments and materials, and provide written reasons for decision.



PART 3

General Administration



ePayments – Overview

- Accepts rents, fees, and penalty payments
 - Requires self-managed BCeID, electronic passport to BC Gov
 - Mandatory for all PNG Leases and Drilling Licences
 - Client responsible to initiate payment; no invoice or auto-debit
 - Key components: Payors, Statements, Submissions, Receipts, Refunds, Cancellation Requests
- Issues refunds
 - Mandatory
 - Requires separate registration
- e-Payments will not accept payments for:
 - Fees and prorated rents for split transfers of PNG Leases
 - PNG Permits
 - Section 72 Agreements
 - Underground Storage Leases



ePayments – Signing up

- Verify your firm is registered to do business in BC
- Register for a Business BCeID
 - ExtraProvincial Registration No.
 - Business Number
- Identify a BCeID Profile Manager and backup Profile Manager
- BCeID mails a package to your registered B.C. address.
- Complete the package, return it to BCeID, and await confirmation
- Once confirmed, the Profile Manager can grant other staff their own unique BCeID username linked to your firm.
- Complete the attached 'Fee and Rental PAD' and 'Direct Deposit for Refunds' forms and return the signed originals to the attention of Isabelle Burris (see Contacts)
 - Hardcopy, by courier or Canada Post
 - Scanned PDF versions as email attachment to png.epayments@gov.bc.ca
- Once you receive confirmation from the Ministry that the forms have been processed, login to ePayments,
- Accept the Terms and Conditions,
- Add other Users, and
- Add your Banking Information.



ePayments – User Roles

- BCeID Profile Manager
 - Appoints Company Administrator for each application accessed with BCeID
- Company Administrator (e-Payments)
 - Assigns roles to other users; can perform function of any role
 - Users may be assigned multiple roles
- Land Administrator
 - Creates and 'opens' submissions
- Payment Administrator
 - Initiates payments from Statements or Open Submissions
- Viewer
 - Read-only access



ePayments – Which pay option?

Pay from Statement

- When written applications are not required
- Payment comprised of both annual rental (primary term) or annual rental, fees, and penalties (secondary term)
- Use Primary Term and Secondary Term statement, as appropriate:
 - Lease continuations:
 - ✓ Section 62
 - ✓ Section 58(3)(a), 58(3)(b), or 61.1 when the previous continuation was identical
 - Drilling Licence extensions:
 - ✓ Section 3(5) only

Pay from Submission

- When written applications are required
- First secondary term
 - Change secondary term type
- or to reduce title area by partial surrender
- Use “Manage Expiring Titles” screen
 - Leases
 - ✓ 58(3)(a),(b) – first time
 - ✓ 58(3)(c),(d) – each time
 - ✓ 61 – each time
 - ✓ 61.1 – first time
 - Drilling Licences
 - ✓ Conversions to Lease
 - ✓ 3(5.1) – each time
 - ✓ 3(5.3) – each time



ePayments - Submission payments

- Distinct from payments made from a Statement
- Used when written applications are required
 - Some DL extensions and Lease continuations
 - All DL groupings and lease selections
 - When requested by the Crown
- An electronic “bucket” to hold a group of tenures related by their inclusion in a common application for extension, continuation, or grouping/selection
- Designed to facilitate application tracking by industry and reduce need to contact Branch staff for updates
- e-Payments generates a Submission ID number; please reference it in all application correspondence
- Tracking with Milestones and Communication Log



Managing Rental Deadlines

- Payment status of all tenure available 24/7
 - We do not invoice for rentals
 - We not provide official notice of overdue payments
- Use “All Titles” screen to monitor
 - Click ‘Titles’ link in left sidebar
 - Enter Payor company name in ‘company’ search box
 - Overdue titles are shown in ‘plum’
- Use Statements screen to pay
 - Click ‘Statements’ link in left sidebar
 - Enter Payor company name in ‘Company’ search box
 - Review and pay from each Statement section
- e-Payments sends a generic monthly e-mail reminder to review your statements



Late Penalties

- Late penalties are automatically assessed by ePayments, based on how many days have elapsed past expiry on the date of payment
- Rates are:
 - PNG Leases
 - Day 1-30 1.5 %
 - Day 31-60 3.0 %
 - PNG Drilling Licences
 - Day 1-60 \$500.00



Cancellations

- Request from All Titles screen in ePayments
 - Ministry will cancel 60 days after anniversary date and send confirmation
- Check title to be cancelled
 - While the title remains visible, the cancellation request can be reversed with the Cancel Request function button
- Please use signed letters for tenure types not managed through e-Payments (may require letter of authorization from a titleholder)



Letters of Authority

- Letter of Authorization needed when you are neither an owner nor payor
- Required for Titles not covered by e-Payments
- For e-Payments, the registered Owner's intent is implied by authorizing the Designated Payor to make decisions on the title



Other Services



Registering Powers-of-Attorney

- No fees required
- Cover letter is required
- Power of Attorney documents should have original signatures or be a Certified True Copy
- The document must clearly state the types of document that the person/position is authorized to sign on behalf of the company
- A registration number will be assigned to the company upon the initial registration, this number will be used for all future registrations



Partnerships

- Permitted to hold title in BC
- Partnership needs to provide documentation showing the partnership structure
- Documentation must be signed by all parties of the partnership



Title Transfers

- Our Guide is available from the Publications page
 - *Guide to Registering a Transfer of Interest in PNG Title*
- No fee (tenure issuance fees)
- Stale-dated transfers will be processed; but,
 - Transfers are considered effective from the date they are received error-free, not the execution date
- Changes are recorded only against titles specified in the transfer document



Title Transfers

- Two or more titles will be accepted on a single transfer only if:
 - the transferor wishes to assign all its undivided interests in all the titles to the same transferee, i.e., the undivided interests may vary, but the transferor is assigning all of it to the transferee(s)
 - the transferor wishes to assign the same portions of its undivided interests in all titles and that undivided interest is identical across all titles



Title Transfers

- Submit with a cover letter
- Submit original transfer documents, using either:
 - Applicable templates (use links at the end of the Guide); or,
 - Your own format, but with same elements as our templates
- Ink colour is not an issue
- Electronic Signatures or signature stamps are not acceptable



Title Transfers - Documents

- Be executed by all transferors and all transferees
 - Subsequent edits must be initialled by all parties
 - Counterpart signatures are accepted
- A properly “executed” document is:
 - Dated
 - Signed by a signing officer of the firm or by a person with a Power of Attorney registered with Upstream Development Division
 - Witnessed or affixed with a corporate seal



Title Transfers

- Title schedules are permitted and should include only the title number and the company's file number
- Must not contain implied or explicit encumbrances, such as a "subject to" clause
- Transfer documents must use percentages only to refer to undivided interests
 - 8 decimal places (max)
 - Percentage not required when the request is to transfer "all" a company's undivided interest



Split Transfers

- Divides one parent tenure into two or more child tenures, and assigns some portion of the original interests to the same or different partners
- Leases only
- \$500.00 fee for each new lease to be issued
- Leases may be divided by:
 - Surface hectares
 - Stratigraphic
 - A combination of both
- Prorated rentals are charged for portions split along stratigraphic boundaries, but not through ePayments



Split Transfers

- All criteria applicable to simple transfers are applicable to split transfers, plus:
 - “in and to a portion of...” must be used on the transfer documents”
- Legal descriptions of the transferred portion, including the rights held by that portion, must be specified
- Must not divide gas spacing areas containing gas wells
- May divide gas spacing areas if:
 - Contains an oil well; or
 - Spacing area already split



Pooling Agreements

- Purpose – joint development of a spacing area
- Recorded as an ‘encumbrance’ in the titles registry (will appear online in title searches)
- Letter contents:
 - Name all title holders
 - Title numbers
 - Well authorization No.
 - UWI of well
 - Date of Pooling Agreement
 - Signature of all title holders



Encumbrances

- A claim or lien placed on a title by a third-party
- No fee to record or discharge
- For information purposes only; not a legal registry
- Encumbrances do not restrict the application of any provision of the Petroleum and Natural Gas Act
- Examples of types of documents:
 - Deeds of Trust
 - Contracts
 - Debentures
 - Mortgages
 - Builder's Liens



Recording Encumbrances

- Requests must include:
 - Letter of instruction must state:
 - Type of encumbrance
 - Full legal names of the companies, for and against
 - Crown tenures to be subject to the encumbrance
 - Encumbrance document
 - Original or certified true copy
 - Document must be dated and signed by a signing officer of the company holding the encumbrance



Discharging Encumbrances

- No fee
- Requests must:
 - Be dated and signed by a signing officer of the company holding the encumbrance
 - Include a copy of the original encumbrance summary; or,
 - State the encumbrance registration (“E”) number to be discharged, the full legal names of the companies involved, and the date of the original encumbrance registration
 - State the active title numbers to be discharged from the encumbrance. Attach a schedule for longer lists.
- Each encumbrance must be discharged with a separate request



Copies of Encumbrances

- Requests for copies of encumbrances to:
 - E-mail: pngtitles@gov.bc.ca
 - Fax: (250) 952-0291
 - Fees – minimum charge of \$10.00, or .75 cents per page whichever is greater, an invoice will be sent with the documents
- If, in the Director's opinion, the copying or scanning of the requested document(s) would exceed our available resources, we will send you the first 6 pages of the document only, plus the signature page
- All documents may be viewed or photographed on-site by an authorized agent for a nominal room rental fee.



Name Changes & Amalgamations

- Requests must include the Certificate of Registration and associated articles of amendment
 - Photocopies acceptable
- Recorded only against “active” title
- Certificates from most jurisdictions are accepted where:
 - Jurisdiction and registration numbers are included
 - Full legal names of the parties are used



THANK YOU