

# PETROLEUM AND NATURAL GAS DEVELOPMENT: INFORMATION FOR LANDOWNERS

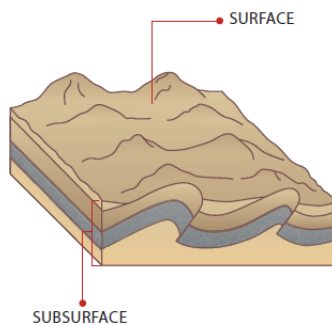
## WHY DO WE NEED TO DEVELOP PETROLEUM AND NATURAL GAS?

Petroleum and natural gas (**PNG**) resources are linked to almost everything we use and do every day. These resources are used to manufacture many of the products we rely on and enjoy, such as computers, cell phones, clothing and food containers, to name just a few. PNG resources also provide us with the fuel we need to heat our homes, cook our food and operate our vehicles.

PNG development contributes directly to the provincial economy and our way of life - by providing thousands of jobs and creating important economic and investment opportunities for businesses, large and small.

## WHO OWNS PNG RESOURCES IN BRITISH COLUMBIA?

In most cases in British Columbia, **landowners do not own the subsurface rights** to underground natural resources such as PNG resources. Rights under privately owned property are typically owned by “The Crown” (the public).



## THE MINISTRY OF NATURAL GAS DEVELOPMENT

The Ministry of Natural Gas Development (The Ministry) is responsible for ensuring subsurface PNG resources are developed in a sustainable manner for the benefit of all British Columbians.

## THE BC OIL AND GAS COMMISSION

The BC Oil and Gas Commission (The Commission) is an independent, single-window regulatory agency that oversees PNG operations in British Columbia, including exploration, development, pipeline transportation and reclamation. The Commission regulates PNG and pipeline activities in a manner that provides for the sound development of the sector by fostering a healthy environment, a sound economy, public safety and social well-being.

## IMPORTANT TERMS

### PNG

Petroleum and natural gas

### PNG Parcel

A specific geographic area being considered for PNG activity and development

### PNG Tenure

A time-limited right to the subsurface PNG resource, including the right to apply to the BC Oil and Gas Commission to explore for, develop, and produce PNG

### Pre-Tenure Review

A process that provides First Nations, local governments, and other government ministries and agencies the opportunity to provide feedback on proposed PNG parcels to aid in the Ministry's determination of which PNG parcels can be offered for disposition and under which tenure terms

### Tenure Terms

PNG development considerations placed on a parcel to address concerns raised in the pre-tenure review process

### Disposition

Competitive auction of PNG tenure

### Surface Lease Agreement

A legal, binding contract between a company and a landowner that specifies the terms and conditions for use of the land surface, including how impacts to the land will be addressed



## PNG TENURE

**PNG tenures** are typically requested for disposition by industry, but the decision to dispose of PNG tenures is at the discretion of the Ministry. PNG tenures are acquired by industry through monthly crown **dispositions** held by the Ministry.

All tenure requests are subject to a **pre-tenure review**, which involves a referral process where the Ministry seeks input from First Nations, local governments, the Commission and other government agencies that may have specific knowledge about the requested **PNG parcel**. The purpose of this referral process is to identify environmental, community and First Nations considerations. The Ministry takes these considerations into account when determining if the PNG parcel should be made available for disposition and may record them as caveats to the tenure (**tenure terms**) when it is advertised for disposition and in tenure documents subsequently issued to a company.

## LANDOWNER NOTIFICATION PROGRAM

The Ministry initiated a Landowner Notification Program in 2008 to notify landowners of an upcoming disposition of PNG rights beneath their property. The program is the first of its kind in North America. As part of this program, the Ministry provides landowners with an information package, including a **property checklist** that landowners may voluntarily complete to identify current land uses and features on their property. The Ministry provides the completed property checklists to the oil and gas company to aid them in planning for activity.

## WHAT HAPPENS AFTER DISPOSITION OF PNG TENURE?

Acquiring PNG tenure is only the first step that industry must take toward oil and gas development. The tenure holder is expected to adhere to the parcel specific tenure terms established by the Ministry and the regulatory requirements established by the Commission that address public safety and protection of the environment.

The Commission requires consultation with directly affected landowners prior to an application for activity being submitted. The Commission is available to offer assistance throughout the life of activities (seismic, wells, pipelines, facilities) if other concerns arise. The Commission's Community Relations Department provides Landowner Liaisons to help landowners understand their rights, and how to provide input on decisions about activity applications affecting them.

All exploration and development activities conducted on PNG tenures are authorized and regulated by the Commission.



## ACTIVITY ON YOUR LAND

The disposition of PNG tenure does not necessarily mean that PNG development will occur on your property. Development may occur on another portion of the PNG parcel.

Before development can occur on private property, PNG tenure holders must attempt to negotiate and conclude a **surface lease agreement** with the registered landowners (renters are not eligible). Landowners are encouraged to negotiate their own surface lease agreements with industry to determine:

- Fair compensation for surface access to well sites and related infrastructure located on their property;
- Facility and equipment locations; and
- Any mutually agreed upon conditions on activities.

## WHAT IS THE PURPOSE OF A SURFACE LEASE AGREEMENT?

A surface lease agreement grants a company access to privately owned land for the purposes of constructing and maintaining above ground and subsurface structures (such as a well site, battery or pipeline). The agreement also specifies any conditions relating to the commitments and responsibilities of both the company and the landowner, including the payment of compensation. Either a surface lease agreement or a right of entry from the Surface Rights Board is required when a company needs to enter private land for oil and gas activities.

## THE SURFACE RIGHTS BOARD

If a mutually satisfactory surface lease agreement is not reached, either party may apply to the Surface Rights Board (SRB) for a resolution. The SRB provides dispute resolution services to assist landowners and companies in the timely and just negotiation of the terms of a surface lease agreement, including compensation. The SRB will endeavour to facilitate a resolution of the issues between a landowner and company, but depending on the circumstances, may issue a right of entry in the absence of an agreement between the landowner and the company, giving the company the right to enter onto private land for the purpose of exploring for, developing or producing PNG or for a connected or incidental purpose. The SRB will continue to assist with a negotiated settlement but, if a negotiated agreement is not possible, it may determine the amount of compensation payable as a result of an entry onto private land following an arbitration hearing.

A landowner or an occupant may also apply to the SRB for assistance in resolving a claim for loss or damage arising from the company's access to their land or neighbouring land.

## FARMERS' ADVOCACY OFFICE

The Farmers' Advocacy Office was created to provide additional resources and assist landowners negotiating surface lease agreements and rights of way associated with the oil and gas industry. The office provides online information for landowners and a team is available to answer questions and provide assistance.



## CONTACT US

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Landowner Notification Program  
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Victoria BC V8W 9N3

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250-952-0331 (fax)

[landownernotification@gov.bc.ca](mailto:landownernotification@gov.bc.ca)

## ADDITIONAL INFORMATION

**BC Ministry of Natural Gas Development**  
[www.gov.bc.ca/mngd](http://www.gov.bc.ca/mngd)

**Petroleum Titles Online**  
[www.ptonline.gov.bc.ca](http://www.ptonline.gov.bc.ca)

**BC Oil and Gas Commission  
Community Relations Department**  
<http://www.bcogc.ca/public-zone>  
250-794-5200 (Fort St John)  
250-795-2140 (Dawson Creek)

**Canadian Association of Petroleum Producers**  
[www.capp.ca](http://www.capp.ca)  
403-267-1100

**Surface Rights Board**  
[www.surfacerightsboard.bc.ca](http://www.surfacerightsboard.bc.ca)  
604-775-1740  
1-888-775-1740

**Farmer's Advocacy Office**  
[www.farmersadvocate.ca](http://www.farmersadvocate.ca)  
250-782-1088  
1-877-503-2765