

Petroleum Tenure and Development South of the Divide March 9, 2015

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Crown Sales
Petroleum Tenure Branch**

Outline

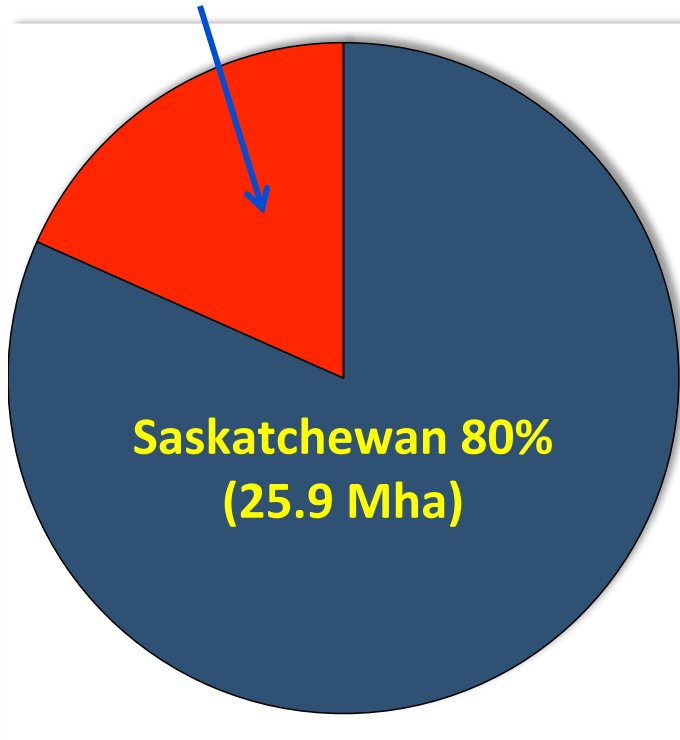
- Petroleum Tenure Mandate
- Mineral Ownership
- Acts and Regulations
- Land Sale Process
- Exploration and Development within the South of the Divide (SOD) area

The Ministry of the Economy is mandated with administering and regulating the Crown's mineral rights, duties which are managed by the Petroleum Tenure Branch of the Ministry.

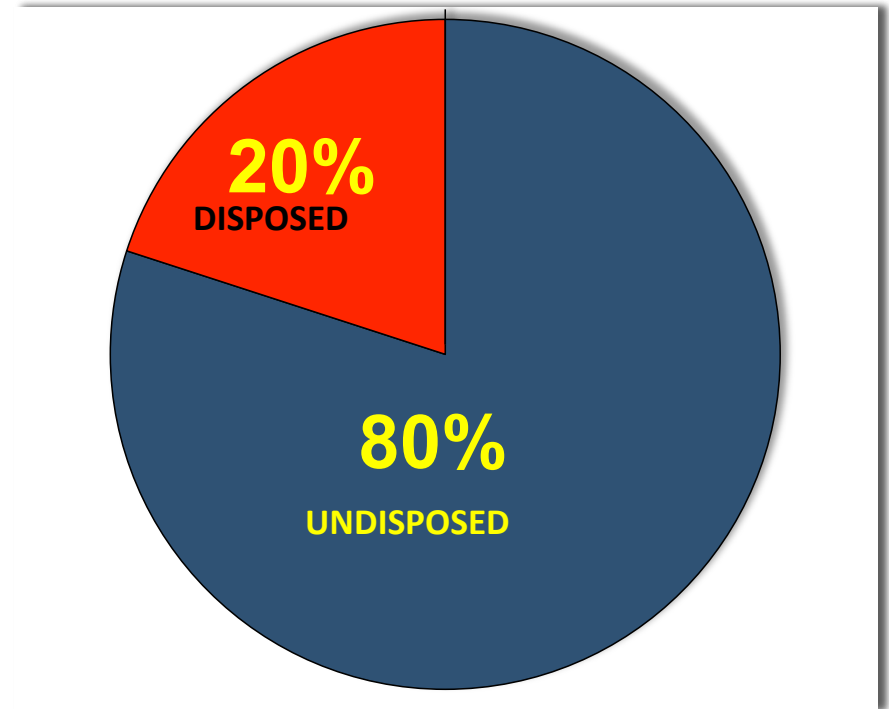
One of our primary goals is to advance and regulate safe and responsible resource development.

Mineral Ownership

Freehold/Fed. Gov't. 20%



OWNERSHIP



STATUS

Acts and Regulations

- The leasing of Crown petroleum and natural gas rights is governed by the *Crown Minerals Act* and *The Petroleum and Natural Gas Regulations, 1969*.
- The lessee is granted the right to explore for and produce the oil and gas found within the leased lands.
- Section 19 of the *Act* and section 88 of the *Regulations* clearly indicate that the **right of entry is not granted** with the issuance of a PNG lease.

Crown Sales

- 6 sales held per year, every second month beginning with the February sale.
- We lease out the mineral rights, not outright sell them.

Posting Requests:

- receipt and review of posting requests
- determine status and availability of parcels requested
- apply restrictions (environment, heritage, Sage Grouse EPO, other SOD SAR areas??)
- approved parcels are published, with restrictions, in the Sale Notice.
- restrictions are also listed on the lease document

Sale: Receive and review bids submitted on parcels advertised in the Sale Notice.

B ENVIRONMENTALLY SENSITIVE

These lands either in whole or in part contain an environmentally sensitive area and as such will require an **Oil and Gas Project Proposal (OGP) be submitted to Lands Branch for environmental review before the proposed activity may proceed.** Activities that meet the definition of a “development” under *The Environmental Assessment Act* will be forwarded to the Environmental Assessment Branch and **may require an Environmental Impact Assessment and Ministerial Approval prior to proceeding.**

Inquiries regarding these areas should be directed to the nearest Ministry of Environment Lands Branch office:

C WILDLIFE HABITAT

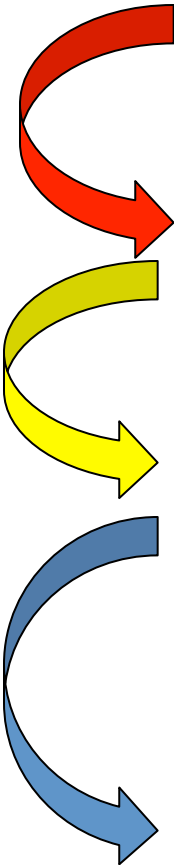
These lands either in whole or in part are subject to *The Wildlife Habitat Lands Disposition and Alteration Regulations* under *The Wildlife Habitat Protection Act, 1992*. Lands designated under *The Wildlife Habitat Protection Act* are protected for natural and wildlife values. **A detailed review is necessary prior to any development on these lands. Surface alteration to these lands may not be granted without the prior approval of the Ministry of Environment.** Inquiries regarding these areas should be directed to:

Mr. Marlon Klassen, Landscape Area Specialist

Ministry of Environment

Telephone: (306) 787-8620; Fax: (306) 787-9544

Obtaining a Well Licence

- 
1. Acquire Petroleum & Natural Gas Disposition
 - Crown (Government) or Privately held
 - Ministry of the Economy
 2. Register Company in Saskatchewan
 - Corporate Registry: Information Services Corporation
 3. Obtain Surface Lease & Access Agreements
 - Private Land Owners
 - Ministry of Agriculture
 - Ministry of Environment
 - Local Government (R.M.)
 4. Obtain Well Licence
 - Ministry of the Economy

Oil and Gas Companies

- Approximately 300 companies operate in Saskatchewan
- Large and mid-sized companies account for most of production and drilling activity.
 - Top 20 oil companies account for over 80% of total oil production.
 - Top 20 gas companies account for over 90% of total gas production.

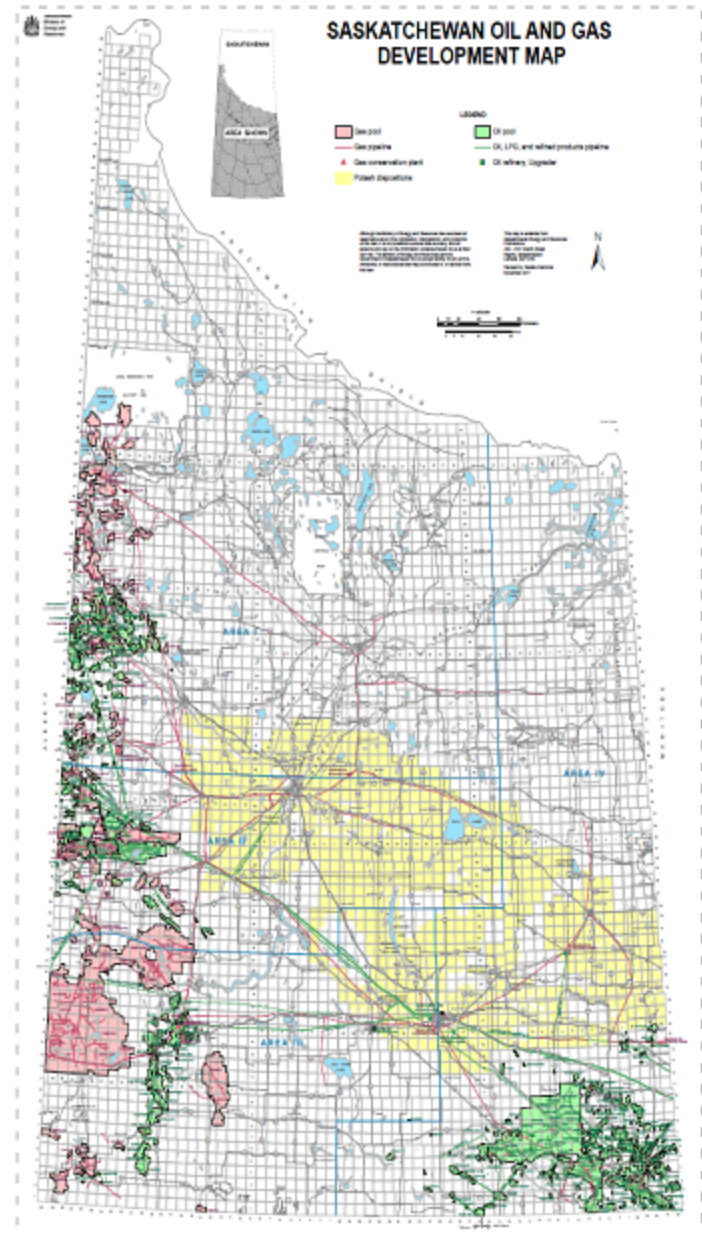
Oil and Gas Pools



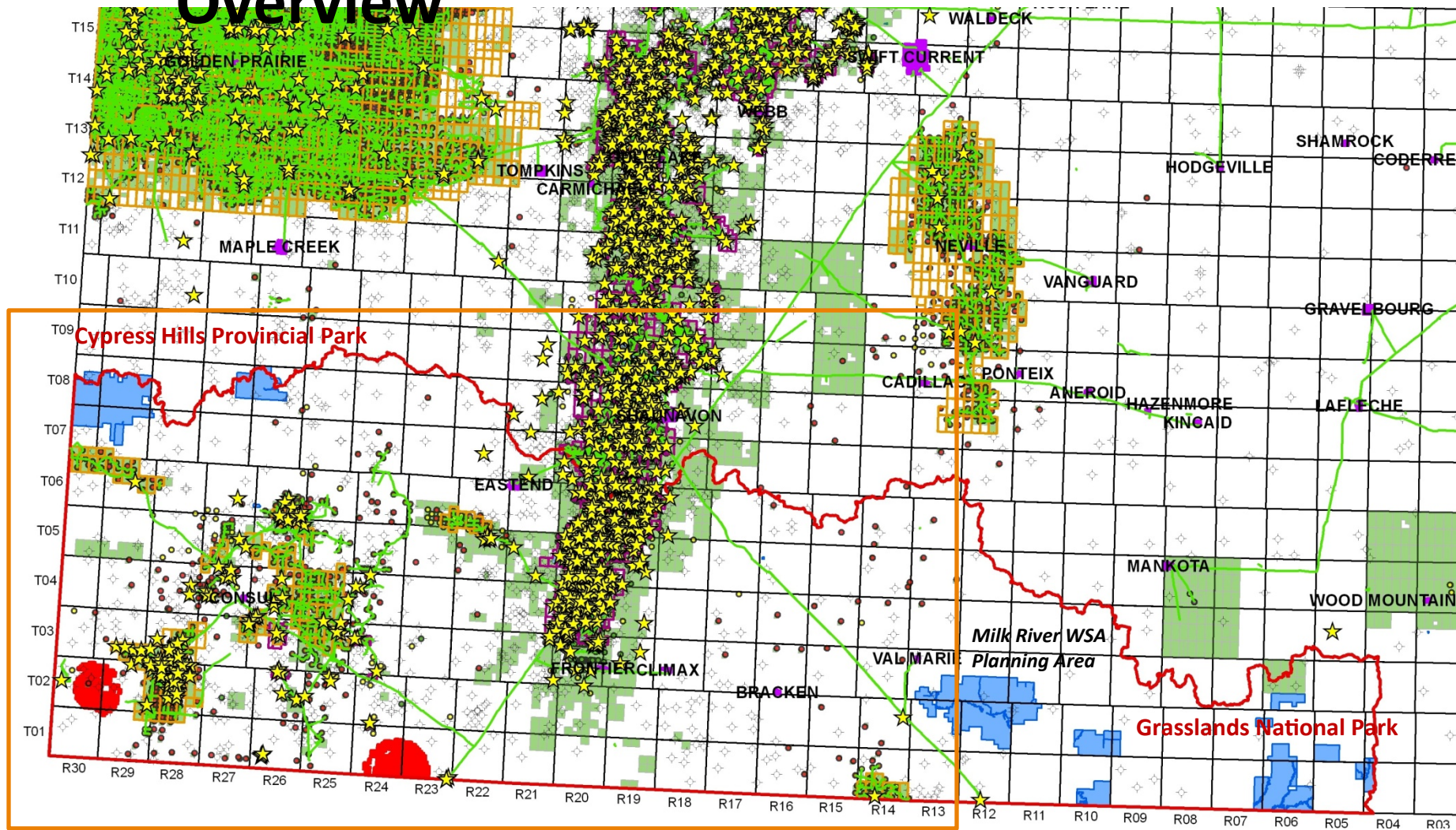
Crude Oil



Natural Gas



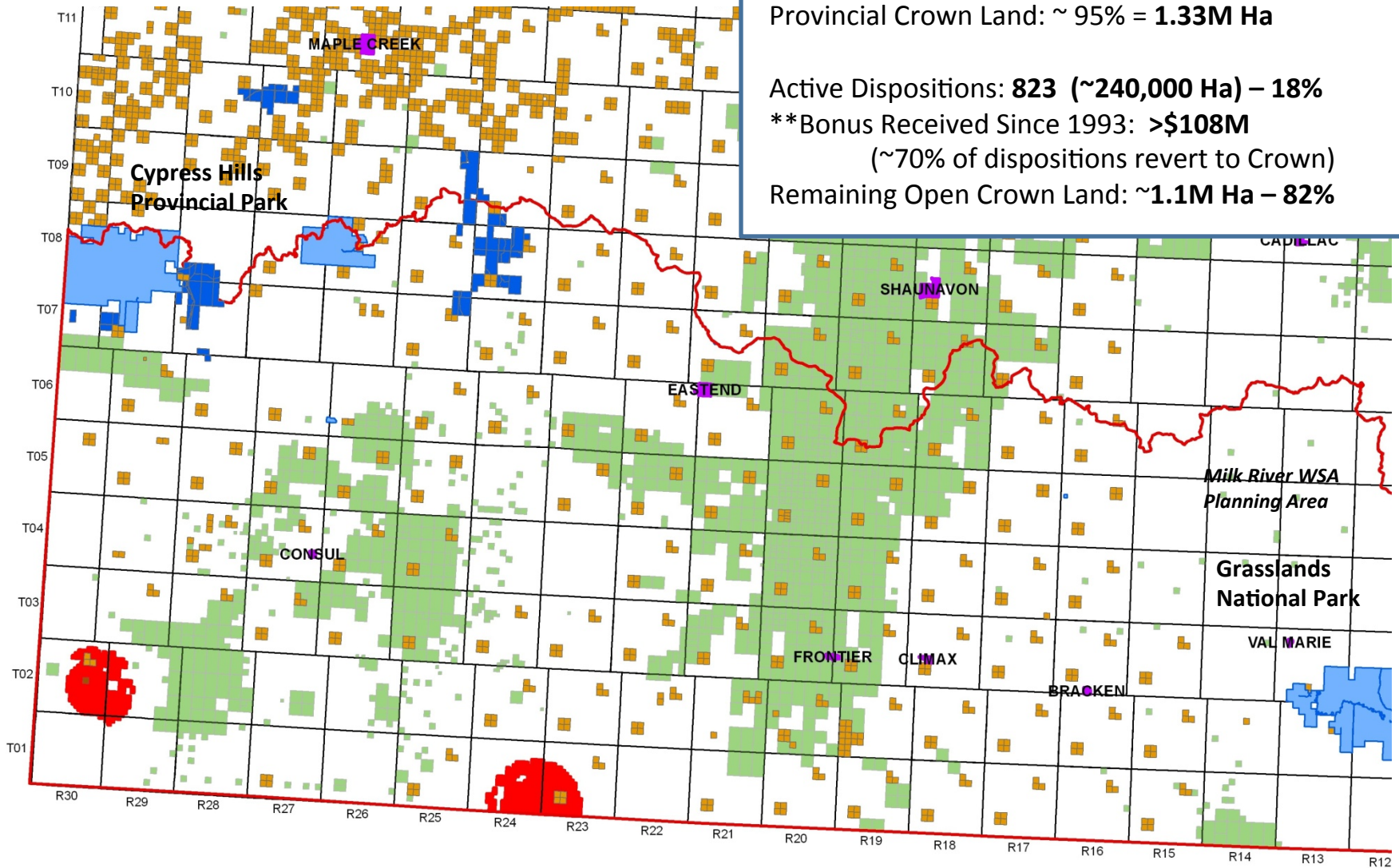
Exploration and Development Overview



Mineral Ownership

Total SOD Area: 1,400 square km = **1.4M Ha**
 Freehold and Federal Crown Land: ~ 5% = **70,000 Ha**
 Provincial Crown Land: ~ 95% = **1.33M Ha**

Active Dispositions: **823 (~240,000 Ha) – 18%**
 Bonus Received Since 1993: **>\$108M
 (~70% of dispositions revert to Crown)
 Remaining Open Crown Land: **~1.1M Ha – 82%**



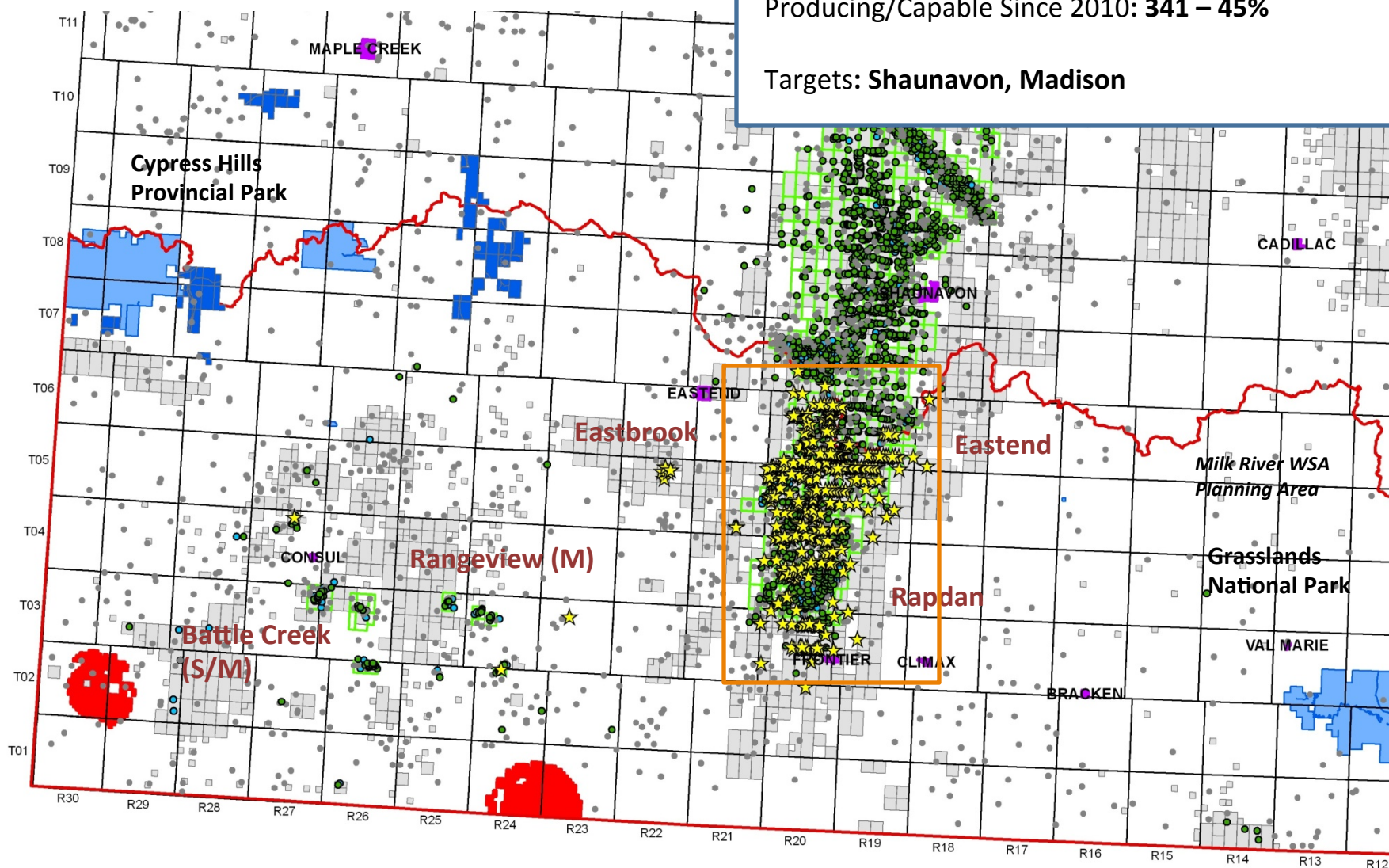
Oil Activity

Total PNG Wells: **2,729**

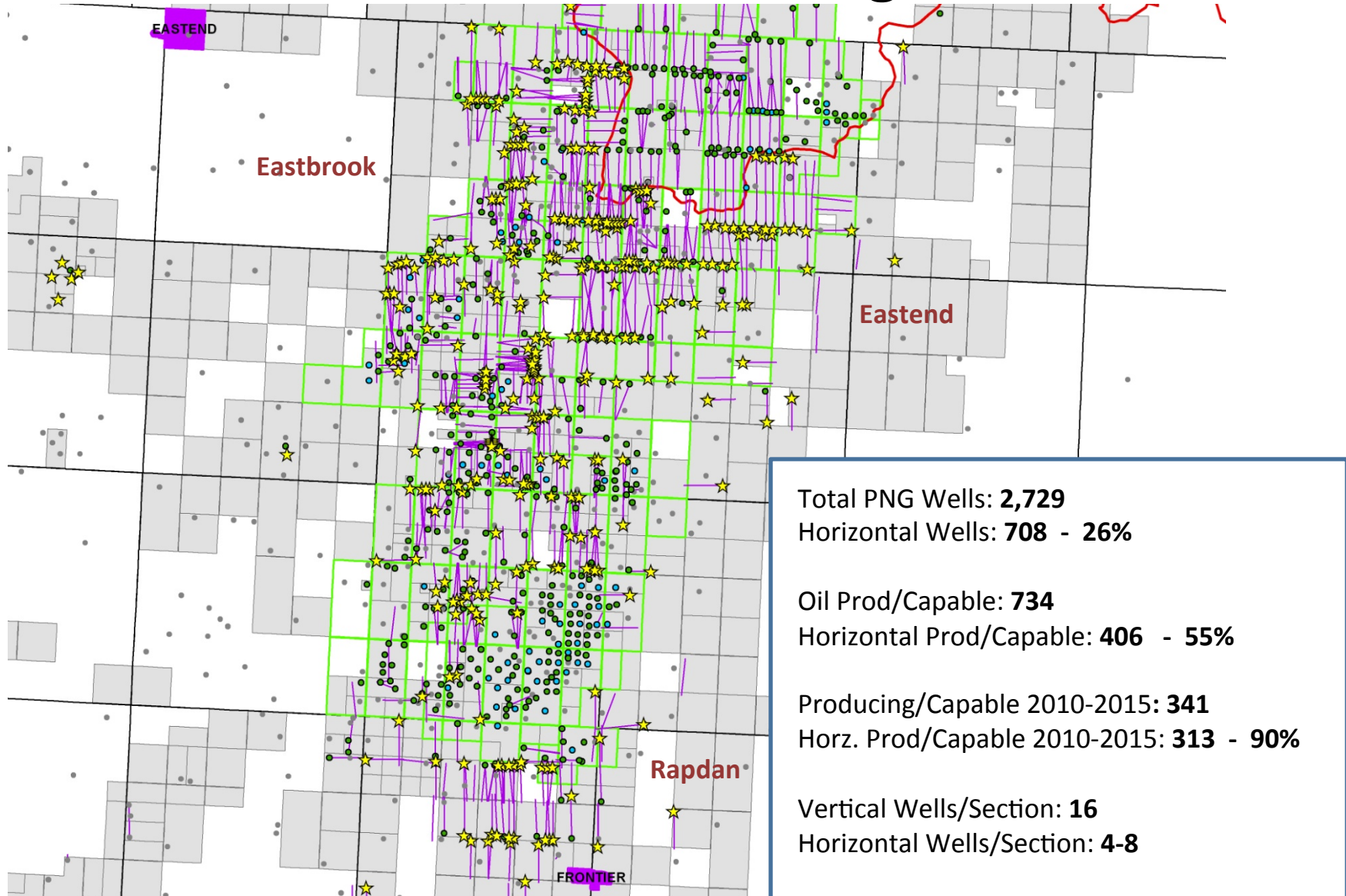
Producing/Capable: **734 - 27%**

Producing/Capable Since 2010: **341 – 45%**

Targets: **Shaunavon, Madison**



Horizontal Drilling



Gas Activity

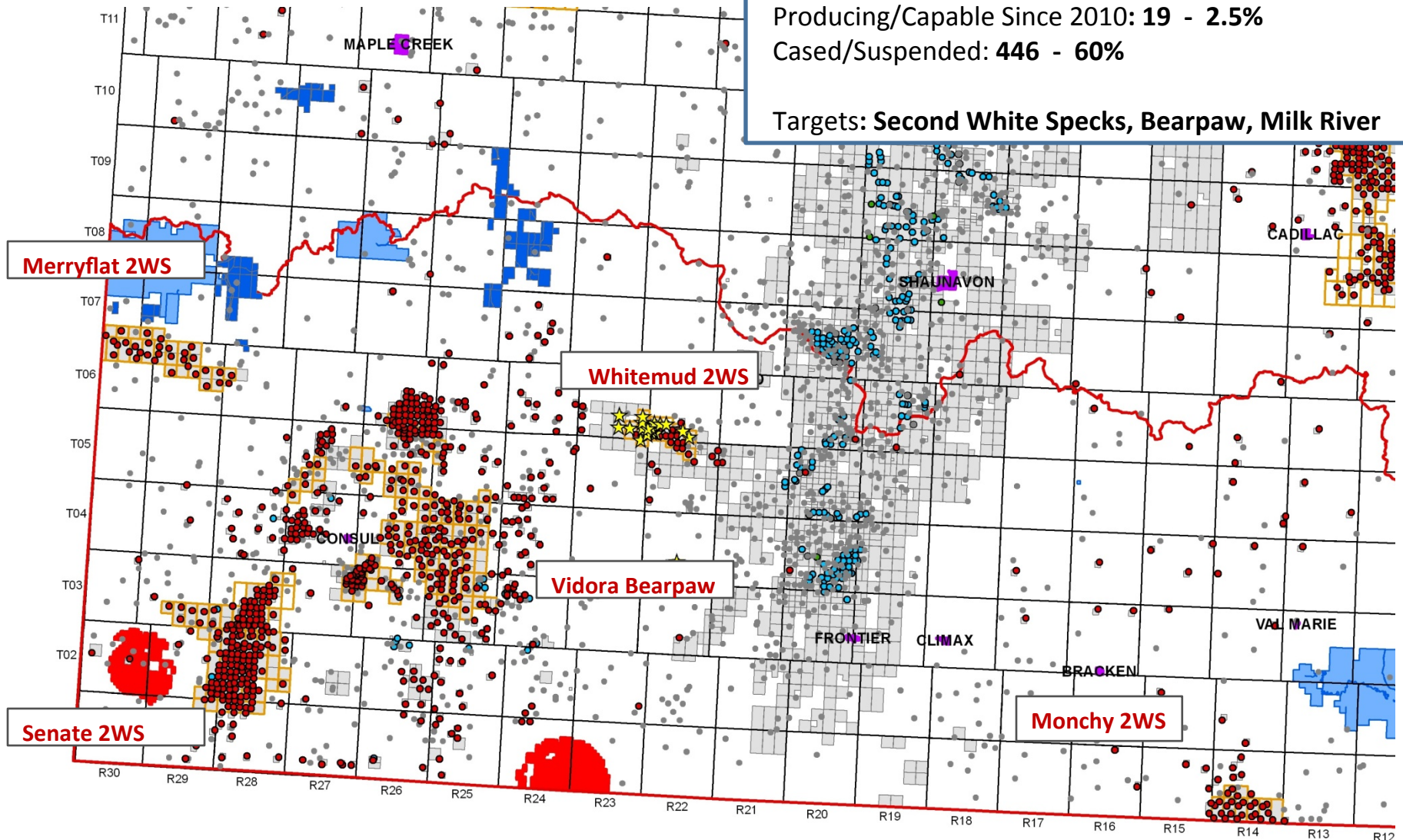
Total PNG Wells: **2,729**

Producing/Capable: **741**

Producing/Capable Since 2010: **19 - 2.5%**

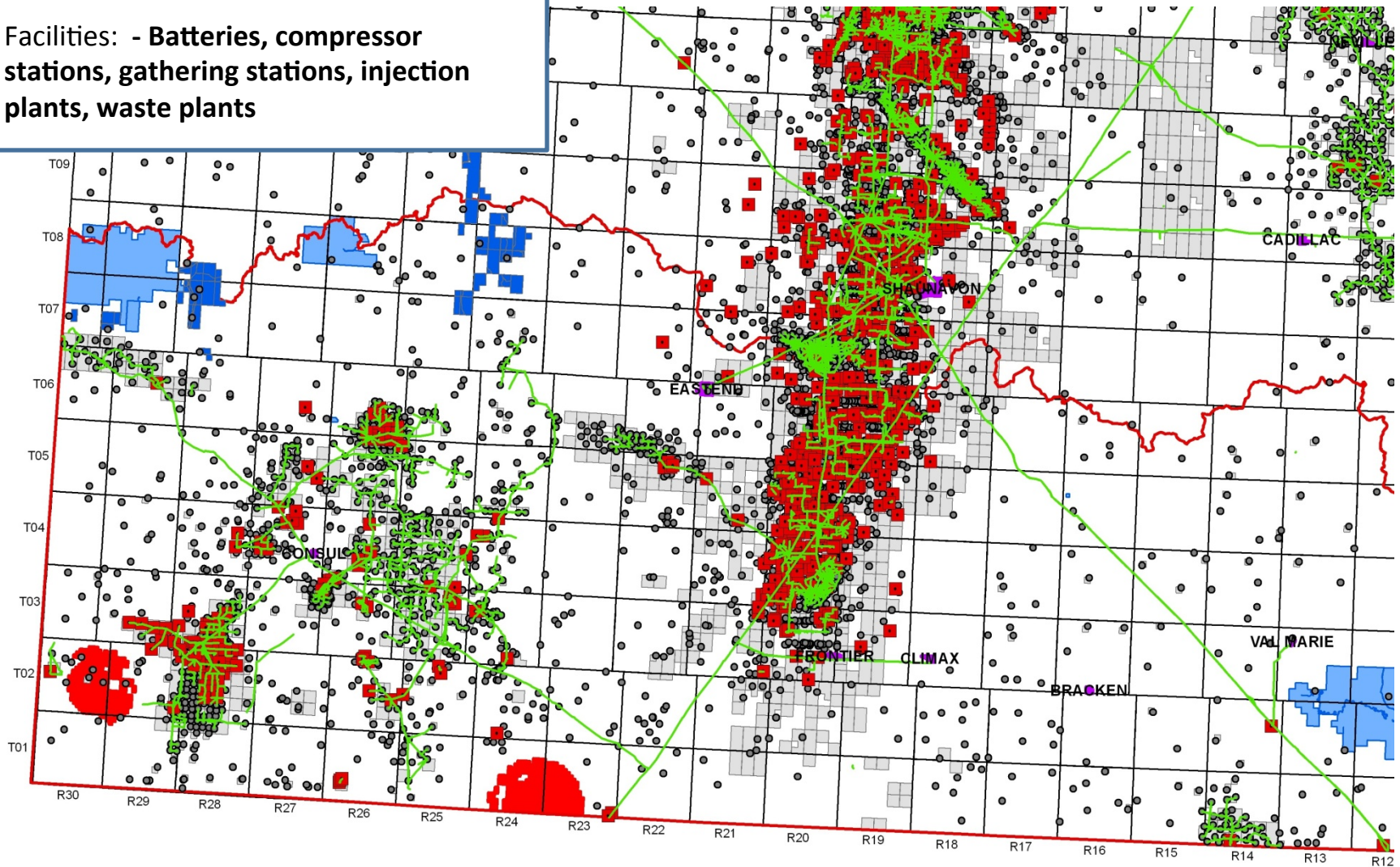
Cased/Suspended: **446 - 60%**

Targets: **Second White Specks, Bearpaw, Milk River**



Pipelines and Facilities

Facilities: - Batteries, compressor stations, gathering stations, injection plants, waste plants



Summary

- 95% of mineral rights are held by the Crown
- 823 active Crown leases (>\$100M)
- 734 oil wells prod/capable (45% since 2010)
- 90% of prod/capable oil wells are horizontal since 2010 (smaller footprint)
- 741 active/capable gas wells (446 cased/susp)
- extensive network of pipelines and facilities
- value to the province in the billions
- Effect of newly created critical habitat ??
- Restriction or Exclusion

Questions?

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