



talk about **tenure**

October 2007

Facts on oil sands tenure

The Crown owns 81 per cent of the province's mineral rights in Alberta. The remaining 19 per cent are 'freehold' mineral rights owned by individuals and companies and other Crown land held by the federal government on behalf of First Nations or in national parks.

What is a public offering?

The Department of Energy (DOE) administers Crown mineral rights on behalf of Albertans. Public offerings or sales of these rights are scheduled to be held every two weeks. Oil sands rights are issued as leases or permits through a competitive bidding system. The highest bidder wins the right to "drill for, win, work, recover and remove" minerals that are owned by the Crown.

On a yearly basis, the province holds an average of 24 public offerings. Over the past five years, the province issued an average of 350 oil sands agreements per year.

How do public offerings work?

The DOE conducts public offerings or sales every second Wednesday throughout the year. Sales of mineral rights are initiated by posting requests submitted by companies or individuals. Once a posting request has been received, the DOE determines whether the rights are available and then advises the requestor of any access restrictions. If the requestor wishes to proceed, the rights are offered for sale as a parcel.

Parcels consist of three elements: the substances, the rights and the lands to which those rights pertain. Parcels are advertised in a public offering notice published on the DOE's website eight weeks in advance of the sale.

Bidding on a parcel

To bid on the mineral rights, eligible companies must be registered to do business in Alberta and have an Electronic Transfer System (ETS) account. ETS gives users access to a web-based posting and bidding system. Participants submit bids electronically by 12:00 p.m. on the day of the sale. Late bids are not accepted. The names of the winning bidders and the amount paid for each parcel of land are published on the DOE's website after each sale.

Agreements

Approximately 54,275 square kilometres of Alberta's oil sands areas are leased. This leaves close to 61 per cent of oil sands areas available for exploration and leasing. As of December 31, 2006 the DOE administered 3,360 oil sands agreements.

Oil sands projects

Alberta's oil sands underlie 140,200 square kilometres of land primarily in northern Alberta. The oil sands are one of the few oil deposits in the world with growing production. Under anticipated economic conditions, Alberta has about 174 billion barrels of proven oil reserves. Currently, there are 69 oil sands projects underway producing approximately 1.1 million barrels a day.

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