

## General Information

- ◆ A request for a direct purchase must be submitted using the Department's Electronic Transfer System (ETS). ETS gives you access to a web-based e-posting system for petroleum and natural gas rights (P&NG).
- ◆ Once you submit a direct purchase request to the Crown, it is expected that you will complete the purchase. Withdrawals may only occur under extenuating circumstances.
- ◆ A direct purchase request will only be accepted once for any particular land/rights. If a request has been withdrawn, and the same company applies to purchase the same land/rights again, they will be advised to post through the Public Offering process.
- ◆ Once a request and all the required information is received, the processing time is approximately 2 months.
- ◆ You will be sent an update through ETS confirming the purchase price. Once accepted, the funds will be removed from your account within 48 hours by electronic funds transfer. If there are insufficient funds in your account, your request may be cancelled.
- ◆ An issuance fee of \$625 is applicable to all types of direct purchases. The first year's rent of \$3.50 per hectare with a minimum rent of \$50.00, is also required (except for the purchase of a single substance).
- ◆ The regional (Plains, Northern, Foothills) average price is posted on the Department's website at <http://www.energy.gov.ab.ca>, under Our Business, Tenure, Petroleum & Natural Gas Sales, Direct Purchases, Direct Purchases Pricing. It is used to calculate the bonus to purchase a single substance or to purchase complementing rights in an oil sands area.
- ◆ The Department will only issue an agreement to a company that is registered to conduct operations in the Province of Alberta.
- ◆ An applicant who does not qualify for a direct purchase always has the option of posting the land through the Public Offering process.
- ◆ For further information see frequently asked questions available on the Department's website at <http://www.energy.gov.ab.ca>, under Our Business, Tenure, Petroleum & Natural Gas Sales, FAQs.

## Portion of Land

*To facilitate a company or individual in acquiring the lands in a drilling spacing unit, the Crown may lease their portion of the lands through a direct purchase if the applicant meets the requirements outlined below:*

- ◆ Portions of Crown rights will only be leased if the Crown portion is less than 50% of the smallest applicable spacing unit for the land (usually ¼ section).
- ◆ You **must** control the freehold portion of the spacing unit in order to qualify for this type of direct purchase, (*i.e. hold the title to the freehold mineral rights or have an active freehold lease with the title owner*). Simply being party to a Farm Out Agreement or Letter of Intent does not mean that you control the freehold rights in the spacing unit.
- ◆ To support your request you **must** submit a statutory declaration stating that you or the company have ownership of or control over the P&NG in the freehold portion of the spacing unit. This control may occur by virtue of being the owner of a percentage of undivided interest in the P&NG or the holder of a percentage of undivided interest in the P&NG under a valid and subsisting freehold lease. The statutory declaration can be found on the Department's website at <http://www.energy.gov.ab.ca>, under Our Business, Tenure, Forms & Reporting.
- ◆ Indicate on the statutory declaration the substance and zone(s) you own or hold a controlling interest. The Crown lease will be issued with the available corresponding mineral rights.
- ◆ The bonus to purchase a portion of land is \$500 per hectare with a minimum bonus of \$2,000.00.

## Single Substance

*To facilitate common ownership of petroleum and natural gas rights, the Crown may lease a single substance (either the petroleum or the natural gas) by direct purchase if the agreement holder meets the requirements outlined below:*

- ◆ To purchase a single substance, you must be the holder of either the petroleum or the natural gas in an active agreement.
- ◆ You must purchase all lands where the rights are available for your entire agreement.
- ◆ Your existing agreement will be amended to include the additional substance. The amended agreement will retain the same commencement date, surface access conditions, etc.
- ◆ The bonus to purchase a single substance is calculated as follows:  
50% of the regional price per hectare, plus 25%, based on the average of the prices bid in the region (Plains, Northern, Foothills) for the last six P&NG sales held immediately prior to the date the Department receives the request for purchase. The regional average price is posted on the Department's website at <http://www.energy.gov.ab.ca>., under Our Business, Tenure, Petroleum & Natural Gas Sales, Direct Purchases, Direct Purchases Pricing.
- ◆ As the requested substance is added to the existing agreement, no additional rent is required.

## Complementing Rights

*To facilitate common ownership of oil sands rights and natural gas rights, the Crown may lease the natural gas rights to the oil sands agreement holder by direct purchase if the applicant meets the requirements outlined below:*

- ◆ To apply for natural gas rights within an oil sands zone, you must be the holder of an active oil sands agreement.
- ◆ You may request the purchase of the natural gas rights in all or part of the land that is currently held in the oil sands agreement.
- ◆ Natural gas rights that are available will be leased to match the oil sands zone(s) within your agreement.
- ◆ The complementing agreement will be issued with the same interest holders and designated representative as the oil sands agreement.
- ◆ Your request will not be processed if the oil sands agreement expires within six months of the date of the request. Please re-apply after you have received confirmation that your agreement has been continued.
- ◆ The bonus to purchase complementing rights to an oil sands agreement is calculated as follows:  
125% of the regional price per hectare based on the average of the prices bid in the region (Plains, Northern, Foothills) for the last six P&NG sales held immediately prior to the date the Department receives the request for purchase. The regional average price is posted on the Department's website at <http://www.energy.gov.ab.ca>., under Our Business, Tenure, Petroleum & Natural Gas Sales, Direct Purchases, Direct Purchases Pricing.