

A Citizens¹ Guide
2nd Edition, Completely Revised

When the Oilpatch Comes to Your Backyard





Mary Griffiths
Chris Severson-Baker
Tom Marr-Laing

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About the Pembina Institute

The Pembina Institute is an independent non-profit research, education and advocacy organization. It promotes environmental, social and economic sustainability through the development of practical solutions for businesses, governments, individuals and communities. The Pembina Institute provides policy research leadership on climate change, energy policy, green economics, renewable energy, and environmental governance, as well as extensive formal and public education programs. More information about the Pembina Institute is available at http://www.pembina.org or by contacting:

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70% reduction in solution gas flaring in Alberta. Tom was an active member of the CASA Electricity Project Team, which developed the comprehensive framework for air emissions management of the Alberta electric power sector recently adopted as policy by the provincial government. He has co-authored several reports and guides assessing environmental issues, pollution prevention opportunities, and regulatory issues associated with the oil and gas and electricity generation industries. His writings have focused on problem analysis as well as offering practical solutions for reducing the impacts of energy developments.



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Mike Doyle and Doug Iverson, Canadian Association of Geophysical Contractors (CAGC); Kathy Sloan, CAGC and Boyd PetroSearch; Alex Galanti, Canadian Association of Petroleum Producers; Canadian Energy Pipeline Association; Pat Payne, Orphan Well Association.

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The contents of this guide are entirely the responsibility of the Pembina Institute and do not necessarily reflect the view or opinions of those acknowledged above. We deeply appreciate the financial help we receive from individuals and organizations that make our work possible.

We have made every effort to ensure the accuracy of the information contained in this guide at the time of writing. However, the authors advise that they cannot guarantee that the information provided is complete or accurate and that any person relying on this publication does so at their own risk.

When the Oilpatch Comes to Your Backyard A Citizens' Guide

Table of Contents

About th	a Pamh	oina InstituteII
		ors
		nts and Disclaimer
	0	the 2nd Edition
		ed
	•	s this book for?
		o find what you need
1.3		g the right government board, agency or department
1.4		words on mineral rights
		or Oil and Gas 7
-		erview of geophysical exploration
	2.1.1	Setbacks9
	2.1.2	Plugging of seismic holes
	2.1.3	Compensation
	2.1.4	Questions to ask before granting right of entry
	2.1.5	Refusing permission for access
2.2	Comp	laints
2.3	Adjace	ent landowners and occupants
3. Oil ar	nd Gas	Wells
3.1	How a	a company gets permission to develop oil and gas resources
	3.1.1	Well spacing
	3.1.2	Disposal wells
	,	ring
3.3	The la	nd agent calls
3.4		lection and setbacks
3.5		nmental considerations
	3.5.1	Air emissions
	3.5.2	Drilling wastes
	3.5.3	Water wells
	3.5.4	Water issues with coalbed methane wells
	3.5.5	Conservation and reclamation
		ions to ask before signing a lease agreement
		g the lease agreement
		il and gas developments and emergency response plans
-		
4.1	•	nes regulated by the Alberta Energy and Utilities Board
		Route selection
		Setbacks
	4.1.3	Environmental issues

		4.1.4 Questions to ask before signing a pipeline right-of-way agreement	40
		4.1.5 Emergency response plans for pipelines	42
		4.1.6 Rural gas distribution lines	42
	4.2	Pipelines regulated by the National Energy Board	42
5. B	atter	ries, Gas Compressors and Other Facilities	45
	5.1	Batteries	45
	5.2	Compressor stations	46
	5.3	Gas processing plants	47
	5.4	Alberta Environment's responsibilities	49
	5.5	Questions to ask regarding batteries, compressors and facilities	50
6. E	merg	gencies	51
	6.1	General emergency situations	51
	6.2	What to do in a sour gas emergency	51
7. P	oten	tial Environmental Impacts During Oil and Gas Operations	53
	7.1	Oil and gas wells, pipelines and facilities	53
	7.2	Odour	54
	7.3	Flares and smoke	55
	7.4	Spills and soil and water contamination	56
	7.5	Water well or water quality concerns	57
	7.6	Noise	57
	7.7	Pipelines	59
	7.8	Reclamation	59
	7.9	Animal Health	59
8. V	Vell a	and Pipeline Abandonment and Reclamation	61
	8.1	Capping wells	61
	8.2	Reclamation of well sites	62
		8.2.1 The reclamation process	62
		8.2.2 Questions to ask regarding reclamation of wells and facilities	65
	8.3	Reclamation of other sites	66
	8.4	Pipeline Abandonment	66
		8.4.1 Questions to ask regarding pipeline reclamation	66
	8.5	Orphan wells and pipelines	67
9. (Comp	ensation and Surface Rights Access	69
	9.1	Compensation for wells and facilities	69
	9.2	Compensation for pipelines	71
	9.3	The role of the Surface Rights Board	71
		9.3.1 Right-of-entry orders when landowner and company cannot agree	71
		9.3.2 Right-of-entry orders when landowner and company agree	72
		9.3.3 Other board powers	72
10.	Nego	otiating with a Company	73
	10.1	Direct negotiations with a company	74
	10.2	Appropriate dispute resolution	75
		10.2.1 Energy and Utilities Board (EUB)	75
		10.2.2 Environmental Appeals Board	76
		10.2.3 National Energy Board (NEB)	76
	10.3	Public consultation, notification and involvement	76
	10.4	Forming a local landowners and concerned citizens group	78
	10.5	Media	80
		10.5.1 The role of the media	80

	10.5.2	Issuing a media release	81
	10.5.3	Talking to the media	82
	10.6 An exan	nple of an effective negotiation process	82
	10.7 If all dis	pute resolution fails	85
11.	Public Hearin	ng and Regulatory Board Processes	87
	11.1 Alberta	Energy and Utilities Board hearings	88
	11.1.1	Who can request a hearing?	88
	11.1.2	What to consider before requesting a hearing	88
	11.1.3	Objecting to a project and applying for a hearing	89
	11.1.4	Preliminary steps in the EUB hearing process	89
	11.1.5	The pre-hearing	90
	11.1.6	The hearing	90
	11.1.7	Evidence to submit at a hearing	90
	11.1.8	Funding and intervener costs	91
	11.1.9	Appeals and legal challenges to unfavourable decisions	92
	11.1.10	Post-regulatory follow-up	92
	11.2 Surface	Rights Board procedures and hearings	93
	11.2.1	Right-of-entry orders	93
	11.2.2	Types of hearing	93
	11.2.3	The compensation hearing process	94
	11.2.4	Cost of hearing	94
	11.2.5	Rehearing	95
	11.2.6	Appeal	95
		mental Appeals Board procedures and hearings	
	11.4 Nationa	l Energy Board hearings	97
12.	The Roles of (Government Boards and Departments and Contact Information	99
	12.1 Alberta	Energy and Utilities Board	
	12.1.1	What the Alberta Energy and Utilities Board (EUB) does	
	12.1.2	Alberta Energy and Utilities Board offices	
	12.1.3	Information published by the Aberta Energy and Utilities Board	101
	12.2 Alberta	Sustainable Resource Development and the Surface Rights Board	102
	12.2.1	Alberta Sustainable Resource Development	
	12.2.2	Surface Rights Board	
	12.3 Alberta	Environment and the Environmental Appeals Board	
	12.3.1	Alberta Environment	
	12.3.2	Environmental Appeals Board	
	12.4 Farmers	Advocate Office and Alberta Agriculture, Food and Rural Development	107
	12.4.1	The Farmers' Advocate Office	
	12.4.2	Alberta Agriculture, Food and Rural Development	
		Energy	
		Health and Wellness	
		Human Resources and Employment	
		n of Information	
	12.9 The Offi	ce of the Ombudsman	110
		nal Energy Board	
		dian Environmental Assessment Agency	
13.		vyers, Professional Bodies and Local Groups	
	13.1 How	to find a lawyer, expert witness or technical assistance	
	13.1.1	Lawyers	113

	13.1.2	Environmental Law Centre	113
	13.1.3	Mediation and Arbitration	114
	13.1.4	Technical Consultants and Laboratories	115
	13.1.5	Alberta Research Council	115
13.2	Professio	onal organizations representing the energy sector	116
	13.2.1	Alberta Association of Surface Land Agents	116
	13.2.2	Alberta Land Surveyors' Association	116
	13.2.3	Canadian Association of Geophysical Contractors	116
	13.2.4	Canadian Association of Oilwell Drilling Contractors	116
	13.2.5	Canadian Association of Petroleum Landmen	116
	13.2.6	Canadian Association of Petroleum Producers	117
	13.2.7	Canadian Centre for Energy Information	117
	13.2.8	Canadian Energy Pipeline Association	117
	13.2.9	Canadian Society for Unconventional Gas	118
	13.2.10	Environmental Services Association of Alberta	118
	13.2.11	Orphan Well Association	118
	13.2.12	Small Explorers and Producers Association of Canada	118
	13.2.13	Strathcona Industrial Association	118
13.3	Province	-wide non-profit organizations	119
	13.3.1	Alberta Environmental Network	119
	13.3.2	Alberta Native Plant Council	119
	13.3.3	Alberta Surface Rights Federation	119
	13.3.4	Clean Air Strategic Alliance and Airshed Groups	119
	13.3.5	Freehold Owners Association	120
	13.3.6	Industry Land Owner Relations Committee	121
	13.3.7	The Land Advocate Society of Western Canada	121
	13.3.8	Pembina Institute for Appropriate Development	121
	13.3.9	Prairie Acid Rain Coalition	122
13.4	Local co	mmunity and synergy groups	122
	13.4.1	Airdrie and Area Public and Petroleum Producers Awareness Alliance	
	13.4.2	Bert Riggall Foundation	122
	13.4.3	Butte Action Committee for the Environment	
	13.4.4	City of Calgary Synergy Group	123
	13.4.5	East Parkland Liaison Committee	123
	13.4.6	Edson Creative Solutions Group	123
	13.4.7	Gregg Lake Cottage Owners	123
	13.4.8	Indus Community Petroleum Industry Association	123
	13.4.9	Lakeland Industry Community Association	123
	13.4.10	McLeod Valley Coalition	123
	13.4.11	Patricia Area Landowners Association	124
	13.4.12	The Pekisko Group	124
	13.4.13	Pembina Agriculture Protection Association	124
	13.4.14	Pembina Area Natural Resources Advisory Committee	124
	13.4.15	Residents for Responsible Energy Development	124
	13.4.16	Rimbey Multi-Stakeholder Group	124
		Saddle Hills Awareness Committee	
	13.4.18	Strathcona County Energy Exploration Committee	125
		Southwest Alberta Sustainable Community Initiative	
	13.4.20	Sunchild-O'Chiese Mutual Aid Group	125

		13.4.2	11 Sundre Petroleum Operators Group	125
		13.4.2	22 Vulcan County Multi-Stakeholder Group	125
		13.4.2	West Central Stakeholders	126
		13.4.2	4 Wheatland Surface Rights Action Group	126
Арр	endi	x A: Le	gislationgislation	127
	A.1	Legisla	ation relating to the Alberta Energy and Utilities Board	127
		A.1.1	Alberta Energy and Utilities Board Act	127
		A.1.2	Energy Resources Conservation Act	128
		A.1.3	Oil and Gas Conservation Act	128
		A.1.4	Oil Sands Conservation Act	129
		A.1.5	<i>Pipeline Act</i>	129
	A.2		ation relating to Alberta Sustainable Resource Development and the	
		_	e Rights Board	129
		A.2.1	Public Lands Act	129
		A.2.2	Surface Rights Act	130
	A.3		ation relating to Alberta Environment and the Environmental Appeals Board	
		_	Environmental Protection and Enhancement Act	
			Water Act	
	A.4		a Energy	
			Mines and Minerals Act	
	A.5		a Human Resources and Employment	
			Land Agents Licensing Act	
	A.6		nal Energy Board	
			National Energy Board Act	
App	endi		lected EUB Decisions	
			oalbed Methane	
•••			arison of coalbed methane and natural gas wells	
			al plans	
			ell site	
			tering	
			g, flaring and compressors	
			nes and roads	
		•	points	
App			lossary	
Inde			· · · · · · · · · · · · · · · · · · ·	
		gures		
		0	UB Field Centre Locations	100
	0		lberta Environment Regions	
	_		irshed Zones in Alberta	
	_		lberta Coal Zones with CBM Potential	
List	of Ta			
	Table		hronology of well site development	2
	Table		hronology of pipeline development	
	Table		Quick reference list for selected government bodies	
	Table		etback requirements for wells and for pipelines and facilities with gas pipelines	'
			ontaining hydrogen sulphide (H ₂ S)	. 19
	Tahla		xamples of noise levels.	. 58
	Tanı	P 5 F 1	ramnies of noise levels	י הר

Introduction to the 2nd Edition

When the Oilpatch Comes to Your Backyard is a guide designed to help landowners, those who rent land, and affected members of the public address the numerous issues that arise when oil and gas developments are proposed for private or public land.

First released in 2001, the guide was heartily welcomed by many landowners. Some said that they would not have known where to start without this book. Those with years of experience also expressed their appreciation for our work, saying they had learned new information.

These readers discovered what environmental issues they needed to consider before signing a surface lease or right-of-way agreement. They learned the roles of the various government bodies and where they could seek independent advice. Members of the public discovered what to do if they were affected by developments on adjacent property.

Three years later, we still receive numerous requests for the guide. However, since its first release, much has changed in the management of oil and gas development.

The Alberta Government has introduced new legislation, regulations, and procedures; the responsibilities of some departments have changed while others have been reorganized. Industry and government interest in coalbed methane, a new source of natural gas, has been steadily increasing. As it is an emerging industry in the province, landowners need to know how its development might affect them.

We are excited to now be releasing this completely revised and wholly updated second edition of When the Oilpatch Comes to Your Backyard. This expanded version contains the latest information available. The format has been changed to make it easier to use, and more references and Web site links have been included to help readers obtain further information.

Note to Readers

We encourage all readers to review Chapter 1 in its entirety, as it provides important background information. Beyond that, we expect that most readers will not choose to read this book from cover to cover, but rather will reference those sections most relevant to them at a given time. To this end we provide several quick reference tables in Chapter 1 to make it easy to find the most important sections. We also draw attention to the Index at the end of the report and to the Glossary in APPENDIX D.

There are frequent references in the text. Crossreferences to other sections of this document are in SMALL CAPITALS; references to other publications, legislation, and sections of legislation are in italics. References to online documents available through the Internet are underlined in the conventional manner.

1. Getting Started



It pays to be informed, whether you own or rent land or you are a member of the public who may be affected by oil and gas development.

1.1 Who is this book for?

This book is for landowners, those who rent land, and members of the public who may be affected by adjacent oil and gas activities. It outlines what to expect and ways to get involved in decision-making processes. It provides information on legally required minimum standards that apply to any company engaged in resource development activities. The guide also suggests ways you can encourage a company to adopt best practices to reduce possible impacts of energy development on air, land and water quality.

This guide can help those unfamiliar with oil and gas development and regulations to quickly come to an understanding of how the system works and what their rights are. It provides accessible answers to these complex questions:

• If a permit agent knocks at your door and says a company wants to conduct seismic exploration

on your land, how do you decide whether to grant permission?

- If a land agent tells you a company plans to drill a well or put a pipeline on your land, what do you need to know before you start negotiations? How do you decide whether any special conditions are needed in a surface lease or right-of-entry agreement?
- If there are plans to build a well or pipeline near your home, is the company obliged to tell you or consult with you?
- If you have concerns about a proposed oil and gas project, how can you ensure your concerns are addressed before it proceeds?

The guide serves as a helpful reference book for those working with oil and gas development companies and those in government. It provides an overview of all the information produced by the various government bodies. This revised edition will also be useful to all those directly involved in the field, including permit agents, land agents, and drilling rig operators, as well as those involved in reclamation activities.

Our hope it that, if all parties have access to a common body of information about citizens' rights in Alberta, the result will be easier resolution of landowners' issues with respect to oil and gas developments.

1.2 How to find what you need

Easy reference tables at the front, a detailed index at the back, and overall organization of content are designed to help readers quickly find the information they need. As outlined in the TABLE OF CONTENTS, several Chapters deal with the issues that arise at the initial stage of resource development, from exploration for oil or gas to the location and construction of wells, pipelines and facilities. CHAPTERS 2, 3 and 4 each contain a series of questions that you may want to ask before signing a permit, lease or right-of-way agreement. Chapter 6 addresses emergencies, while CHAPTER 7 describes issues that may arise during operations and some potential impacts on land, air or water. Chapter 8 outlines the requirements for abandoning wells and reclaiming land.

While Chapters 2 to 8 primarily address the physical environment, later chapters provide information and advice on dealing with more

administrative-type issues, including compensation for surface rights access and right-of-entry orders (Chapter 9). Chapter 10 discusses negotiations and dispute resolution, both for landowners and those living adjacent to developments. The public hearing process is outlined in Chapter 11. The final two chapters provide contact information: Chapter 12 for a range of government departments and boards, and Chapter 13 for lawyers, professional bodies and non-profit organizations. The four appendices contain a summary of government legislation, selected decisions by the Alberta Energy and Utilities Board (EUB), a summary of potential issues relating to coalbed methane and a Glossary (Appendix D).¹

Text boxes throughout the document highlight information of special importance or interest. Web links are given in the footnotes to some sources but not, for example, for all EUB publications or legislation. Web links for government departments are given in Chapter 12 and for legislation in Appendix A.

The Pembina Institute series on Environment and Energy in the North, available at http://www.pembina.org, includes detailed descriptions of the processes involved in seismic exploration; exploration, production and drilling; well site operation; and, pipeline construction and operation. While the guides in this series were written specifically for the Yukon and Northwest Territories, much of the general information is relevant for Alberta (SECTION 13.3.8).

Table 1 Well site development

Activity	Sections in book
Seismic survey	Chapter 2
Land survey	3.2
Initiating negotiations	3.3
Location negotiation	3.4
Environmental considerations	3.5
Surface lease negotiation	3.6, 3.7, 10.1
Help with negotiations	10.2
Compensation	9.1, 9.3, 11.2.2, 11.2.3
Right-of-entry orders	9.3
If lease negotiations fail: right-of-entry process	11.2.1
Emergency Response Plans	3.8
Emergencies	Chapter 6

¹ APPENDIX C on Coalbed Methane (CBM) provides a list of questions that landowners may wish to ask about CBM development. Some issues relating to CBM are mentioned in the text. For further information about CBM see *Unconventional Gas: The Environmental Challenges of Coalbed Methane Development in Alberta*, published by the Pembina Institute in 2003 (see SECTION 13.3.8).

Operational problems	CHAPTER 7		
Well abandonment and site reclamation	8.1, 8.2		
Coalbed methane wells	3.5.1, 3.5.4, APPENDIX C		

Table 2 Pipeline development

Activity	Sections in book
Route selection	4.1.1
Setbacks	4.1.2
Environmental considerations	4.1.3
Right-of-way negotiations	10.1
Help with negotiations	10.2
Compensation	9.2
Right-of-way agreement	4.1.4
Right-of-entry orders	9.3
If lease negotiations fail: right-of-entry process	11.2.1
Emergency response plans	4.1.5
Emergencies	Chapter 6
Operational problems	7.7
Pipeline abandonment	8.4
National Energy Board pipelines	4.2
Gas distribution pipelines	4.1.6

1.3 Finding the right government board, agency or department

Several government departments and agencies are involved in the regulation of the oil and gas industry. The roles of these and other government bodies are described in Chapter 12. In Table 3 we provide a quick reference list, in alphabetical order, showing some of the government bodies you may want to contact and the most important phone numbers. The table indicates the section in Chapter 12 where each board, department, etc. is described, but they are referred to in many sections throughout the guide.

CHAPTER 12 also gives information on several other government bodies. The Department of Energy is responsible for leases or licences for mineral rights (SECTION 12.5). Alberta Health and Wellness is involved in issues relating to health (SECTION 12.6). Other sections deal briefly with Freedom of Information, the Office of the Ombudsman and the Canadian Environmental Assessment Agency.

1.4 A few words on mineral rights

Most Albertans do not own the minerals that lie under the surface of their land. The 1887 Dominion Lands Act stated that all minerals were to be reserved for the Crown, so when home-steaders came to the Prairies, they received title to the land surface only. The government has since created various pieces of legislation and regulations that attempt to balance the right of access to minerals with fair treatment for landowners, including an entry fee, compensation for land value, loss of use, adverse effects, and damages.

This document focuses on the rights of landowners and others who lease or occupy the land but do not own the mineral rights. Those belonging to the minority who actually own the mineral rights on their land (as indicated on their legal mineral title) should read Leasing Mineral Rights² before starting negotiations or entering into an agreement with any company seeking access to their mineral rights

² Farmers' Advocate Office. 2001. Leasing Mineral Rights; http://www1.agric.gov.ab.ca/\$department/deptdocs.nsf/all/agdex1124?opendocument

Table 3 Quick reference list for selected government bodies

All Government of Alberta staff and Members of the Legislative Assembly (MLAs) can be reached toll-free from anywhere in the province by first dialing the Alberta Government RITE line at 310-0000, then entering the area code and number you wish to reach. The Government of Alberta publishes a telephone directory of staff and MLAs as well as department information; http://www.gov.ab.ca/directory.

Government body	Section	Responsibilities	Contact	Phone
Alberta Energy and Utilities Board (EUB)	12.1	Regulates oil and gas wells, provincial pipelines and facilities	Head Office	403-297-8311
EUB regional offices	12.1	Facilitate negotiations and give information on the appropriate dispute resolution process and all other issues relating to oil and gas development, except compensation	On call 24 hours Bonnyville Midnapore (Calgary area) Drayton Valley Grande Prairie Medicine Hat Red Deer St. Albert Wainwright	780-826-5352 403-297-8303 780-542-5182 780-538-5138 403-527-3385 403-340-5454 780-460-3800 780-842-7570
Alberta Environment	12.3.1	Handles conservation, reclamation, and contaminant remediation on private land as well as protection of air and water quality	24-hour Emergency Hotline Reclamation Regional Offices Northern Region (Edmonton) Central Region (Red Deer) Southern Region (Calgary)	800-222-6514 780-427-2700 780-427-7617 403-340-7052 403-297-7880
Alberta Sustainable Resource Development	12.2.1	Addresses seismic exploration on public and private lands (see Geophysical Inspector, below), and remediation and reclamation on public lands	Reclamation General Inquiries	780-422-3750 780-427-4407
Farmers' Advocate	12.4.1	Provides advice on lease agreements and negotiations, and offers water well restoration or replacement program	General Inquiries	780-427-2433
Geophysical Inspector	12.2.1	Investigates damage resulting from seismic exploration	General Inquiries	780-427-3932
National Energy Board	12.10	Regulates interprovincial and international pipelines	General Inquiries or 24-hour Interprovincial Pipeline Emergency (call collect)	800-899-1265 403-292-4800 819-997-7887
Registrar of Land Agents	12.7	Handles questions about land agents (housed within Alberta Human Resources and Employment)	General Inquiries	780-415-4500
Surface Rights Board	12.2.2	Addresses compensation issues and right-of-entry orders	General Inquiries	780-427-2444

(SECTION 12.4.1). They may also wish to contact the Freehold Owners Association (SECTION 13.3.5). Additionally, while the ownership issues are different, much of the general information in this book will still be relevant.

Those who own or legally occupy land have specific rights, but anyone who may be affected by an oil or gas industry activity also has certain rights or opportunities for input (see, for example, SECTIONS 2.3, 3.3, 3.8 and 10.3-10.7). The EUB recognizes the legal rights of those who can demonstrate that they are directly and adversely affected by oil or gas development activity, while environmental and public health laws and the Criminal Code serve to protect the general public from negative impacts.

While the EUB requirements for consultation and notification of Aboriginal and Métis people are similar to those described in this book for general landowners and occupants, and while the environmental information presented is relevant irrespective of land ownership, there is separate legislation that governs development of oil and gas on Aboriginal land. The Environmental Law Centre can provide advice with respect to this legislation (SECTION 13.1.2).

An individual's rights vary according to the activity in question. For example, an individual's rights with respect to seismic lines or surveying are different from those that pertain to drilling an oil or gas well. In geophysical operations on private land the landowner or occupant can refuse entry,3 while in other cases they can negotiate but have no right to refuse entry. It is thus important to be aware of your rights for specific circumstances.

In this document we use the words "landowners" and "occupants" as specific terms, although for brevity we may only refer to landowners in the text. While all major terms are defined in the Glossary (APPENDIX D) it is helpful to clarify three of these

A landowner is the person or persons, whose name(s) appears on the certificate of title to the land issued under the Land Titles Act.4

An **occupant** is the person, other than the owner, who has certain rights to the land. The occupant may also be referred to as the tenant. The occupant may be in actual possession of the land or be shown as a person who has an interest in the land (which may be noted by a caveat on a certificate of title under the Land Titles Act). In the case of government-owned land, such as a Crown grazing lease, the occupant is the person shown in the records to have an interest in the land. Sometimes the occupant on a Crown lease is also referred to as the lessee. Note that the definition of an occupant used in this book is more general than the definition used by the EUB. The EUB distinguishes between landowners, occupants, residents and Crown disposition holders.⁵

An operator is the person or company that has the right to conduct surveys or extract the oil, gas or other mineral.⁶ In this document we use the term company rather than operator.

If you are researching a government act or regulation and are uncertain about to whom the legislation applies, refer to the definitions, which usually appear at the beginning of the document.

³ This does not apply to agricultural leases on Crown land.

 $^{^4}$ All Alberta government acts and regulations are available on the government Web site at http://www.qp.gov.ab.ca/custom_page.cfm?page_id=41 For this reason we have not provided hyperlinks for legislation in the footnotes. Copies of government legislation can also be purchased from the Queen's Printer Bookstores: Edmonton Bookstore, Main Floor, Park Plaza, 10611 - 98th Avenue, Edmonton, AB T5K 2P7; phone: 780-427-4952, fax: 780-452-0668; Calgary Bookstore, 602, 620 - 7th Avenue SW, John J. Bowlen Building, Calgary, AB T2P 0Y8; phone: 403-297-6251, fax: 403-297-8450. Call toll-free by dialing 310-0000.

⁵ EUB. 2003. Guide 56: Energy Development Applications and Schedules. http://www.eub.gov.ab.ca/BBS/requirements/Guides/g56.htm

⁶ Surface Rights Act, section 1(h).

Getting Started			
Notes:			