



Recent Developments in Mineral Rights Regulation in Saskatchewan

PNG Information Exchange

Calgary, April 14, 2011

Doug MacKnight, Executive Director
Lands and Development Services



Ministry of
Energy and
Resources

www.er.gov.sk.ca

Presentation Overview

- ✓ Ministry overview
- ✓ Mineral Administration Registry
Saskatchewan (MARS project)
- ✓ Regulation of overlapping rights
- ✓ Freehold and Federal Crown Lease
Conversion
- ✓ Other Regulatory Matters

Lands and Development Services Branch

- ***Mineral Tenure Unit*** – all mineral tenure except helium, PNG, and lease of space. Includes coal, potash, uranium, diamonds, clay, alkali, etc.
- ***Mineral Rights Unit*** – mineral ownership administration, Mineral Rights Tax, trust certificates, Crown acquired freehold leases
- ***Lands and Aboriginal Policy*** – land claims, duty to consult, Surface Rights Board (support), research and coordination
- ***Regulatory Affairs*** – regulatory modernization tied to PRIME and MARS





Mineral Administration Registry Saskatchewan (MARS)



What is MARS?

- MARS is ER's first *web-based* system for issuing mineral permits, claims and leases (uranium, precious metals, metallic minerals, diamonds)
- Its design is based on a *White Paper* released by ER in 2008 after extensive industry consultation
- The system is being developed in partnership with *ISC* using its geospatial data as well as its expertise in electronic land registry systems.
- Project development costs - \$1.7 million
- Expected Go Live *September 2011* (subject to industry readiness and software testing)



What will MARS do?

Tenure Acquisition

- Web-based acquisition of mineral tenure based on the mineral ownership cadastral (surveyed) or the SaskGrid LSD layer (unsurveyed)
- Relies on GIS data files from ISC and ER to determine mineral land availability

Tenure Administration

- Web-based reporting of work assessment expenditures including expenditure grouping
- Disposition conversion (permit to claim, claim to lease)
- Disposition transfer and surrender



Pictures from MARS...



Disposition type

Table of Contents

Scale

Map Tools

XY Co-ordinates

Disposition type





Validating for
Mineral Claim 

Table of Contents

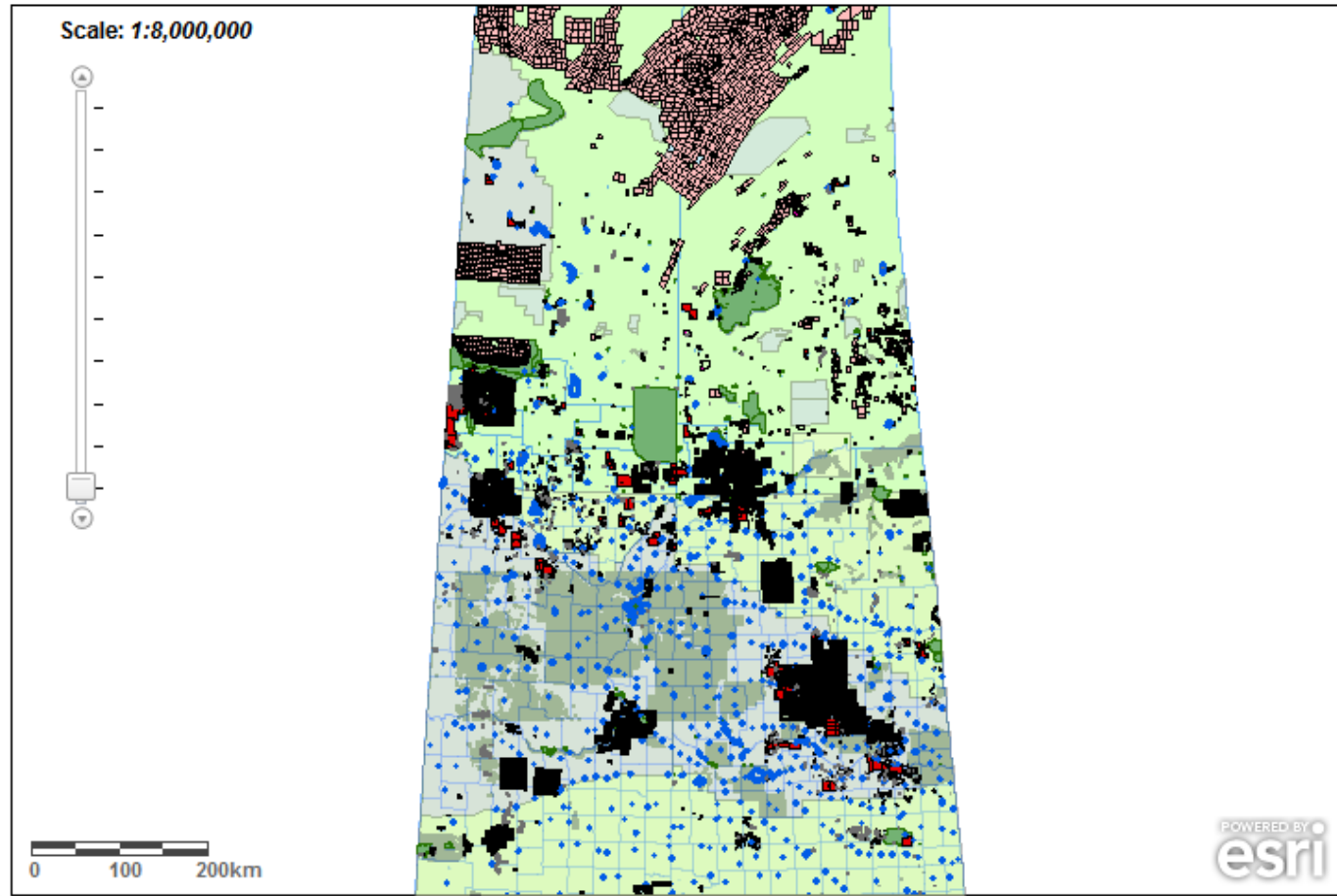
- Boundries and Features
- Crown Holdings
- Restrictions and Prohibitions
- Manual Restrictions
- Mineral Dispositions
- Mineral Disposition Grid

No selected features

Legend:

-  Free and Clear
-  Restriction
-  Prohibition

Navigation Tools:        



Disposition Type: Mineral Claim
Min Area: 0 Max Area: 6000
Administration fee: \$0.00
Price/ha: \$0.00
Required Performance Bond: \$0.00

Navigation Tools: 
Selection Tools: 

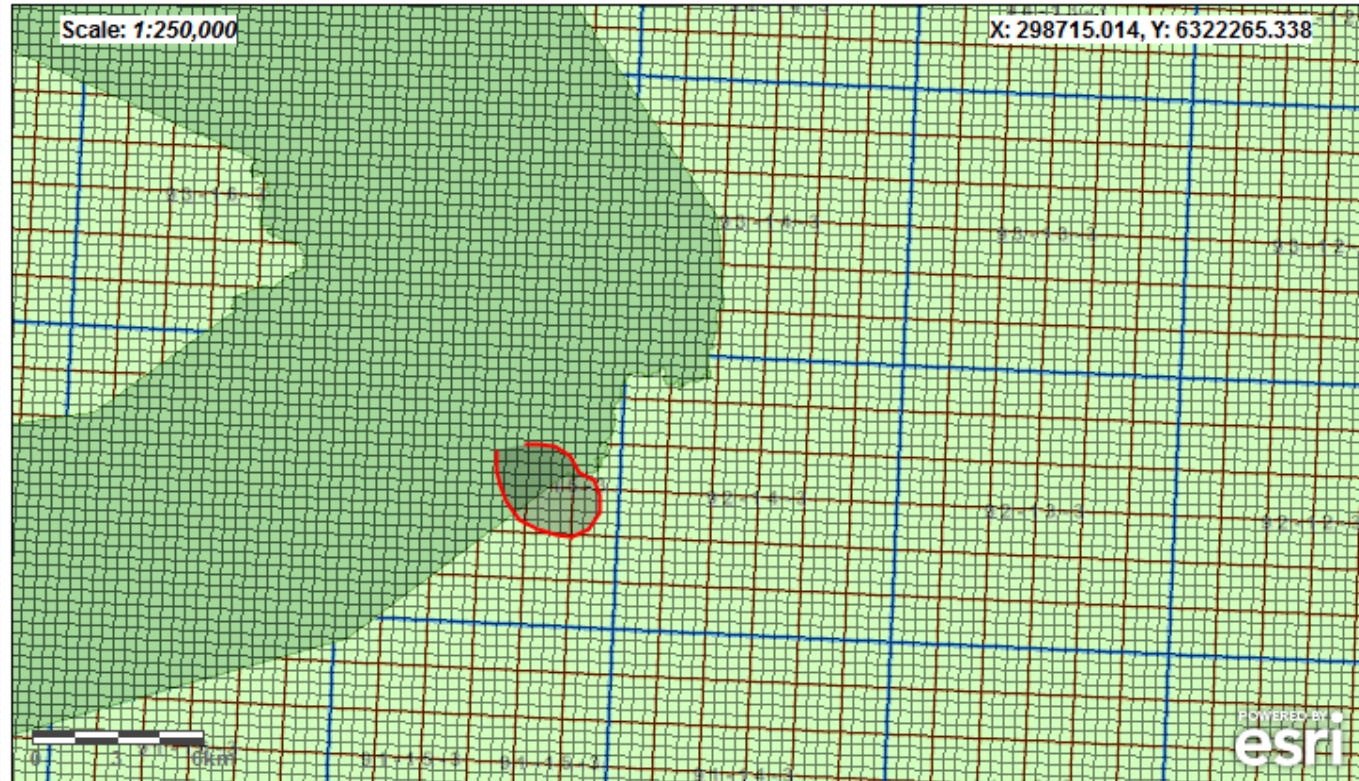


Table of Contents




- Boundries and Features
- Crown Holdings
- Restrictions and Prohibitions
- Manual Restrictions
- Mineral Dispositions
- Mineral Disposition Grid

Assigned Owner(s):

Client	Percentage
Craig Zborowski (self)	100

Selected Area(s):

Legend:

-  Free and Clear
-  Restriction
-  Prohibition

Validation Summary:

Total Area: 0 Ha

 Continue  Cancel

Price/ha: \$0.00
 Required Performance Bond: \$0.00

Table of Contents

- Boundries and Features
- Crown Holdings
- Restrictions and Prohibitions
- Manual Restrictions
- Mineral Dispositions
- Mineral Disposition Grids

Assigned Owner(s):

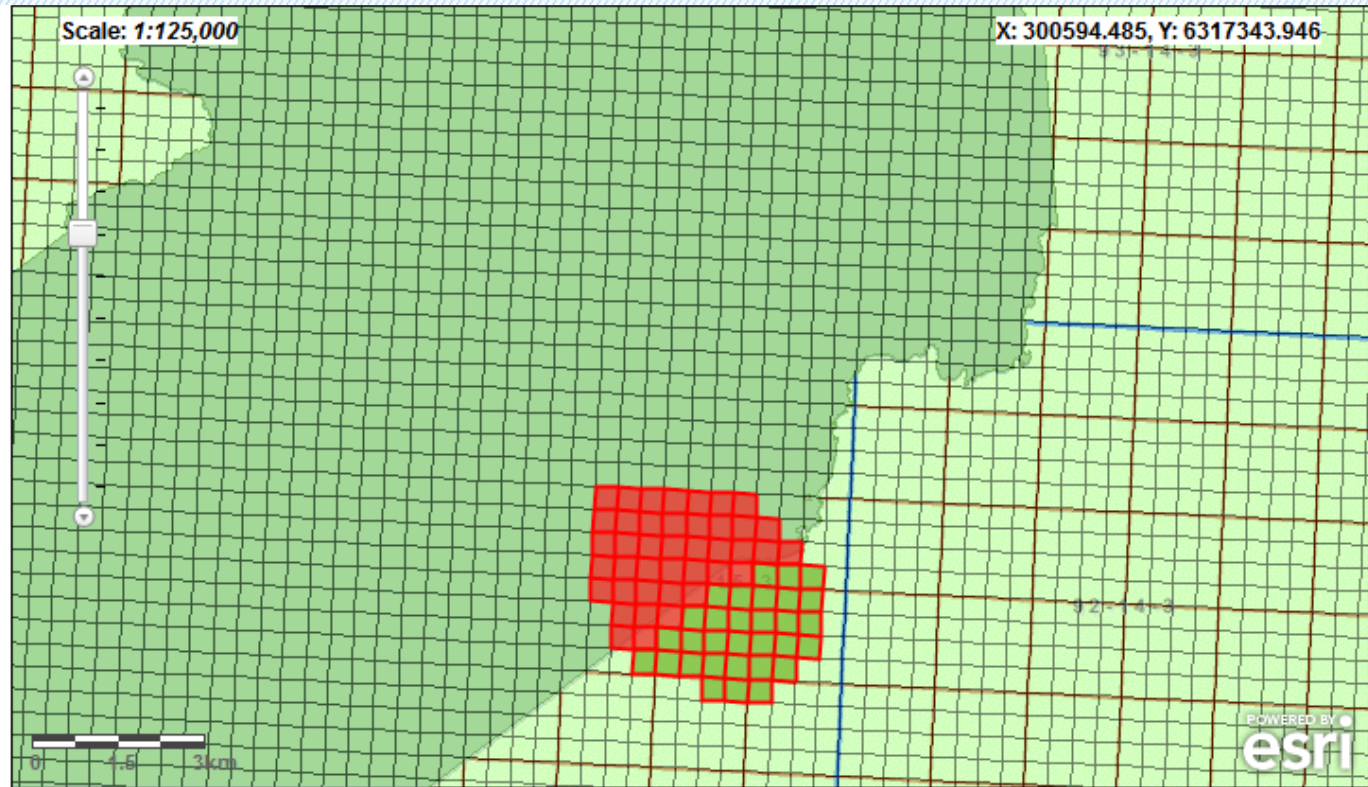
Client	Percentage
Craig Zborowski (self)	100

Selected Area(s):

Showing 1-8 of 72

Prev **1** 2 3 Next

Description	Area - Ha
8-SE-22-92-15-3	16.205
2-SE-22-92-15-3	16.207
14-NW-14-92-15-3	16.208
12-NW-24-92-15-3	17.014
6-SW-13-92-15-3	16.211
13-NW-12-92-15-3	17.025
16-NE-22-92-15-3	16.202
12-NW-14-92-15-3	17.02



Continue Cancel

Disposition Type: Mineral Claim
Min Area: 0 Max Area: 6000
Administration fee: \$0.00
Price/ha: \$0.00
Required Performance Bond: \$0.00

Navigation Tools:
Selection Tools:

Table of Contents

- Boundries and Features
- Crown Holdings
- Restrictions and Prohibitions
- Manual Restrictions
- Mineral Dispositions
- Mineral Disposition Grid

Assigned Owner(s):

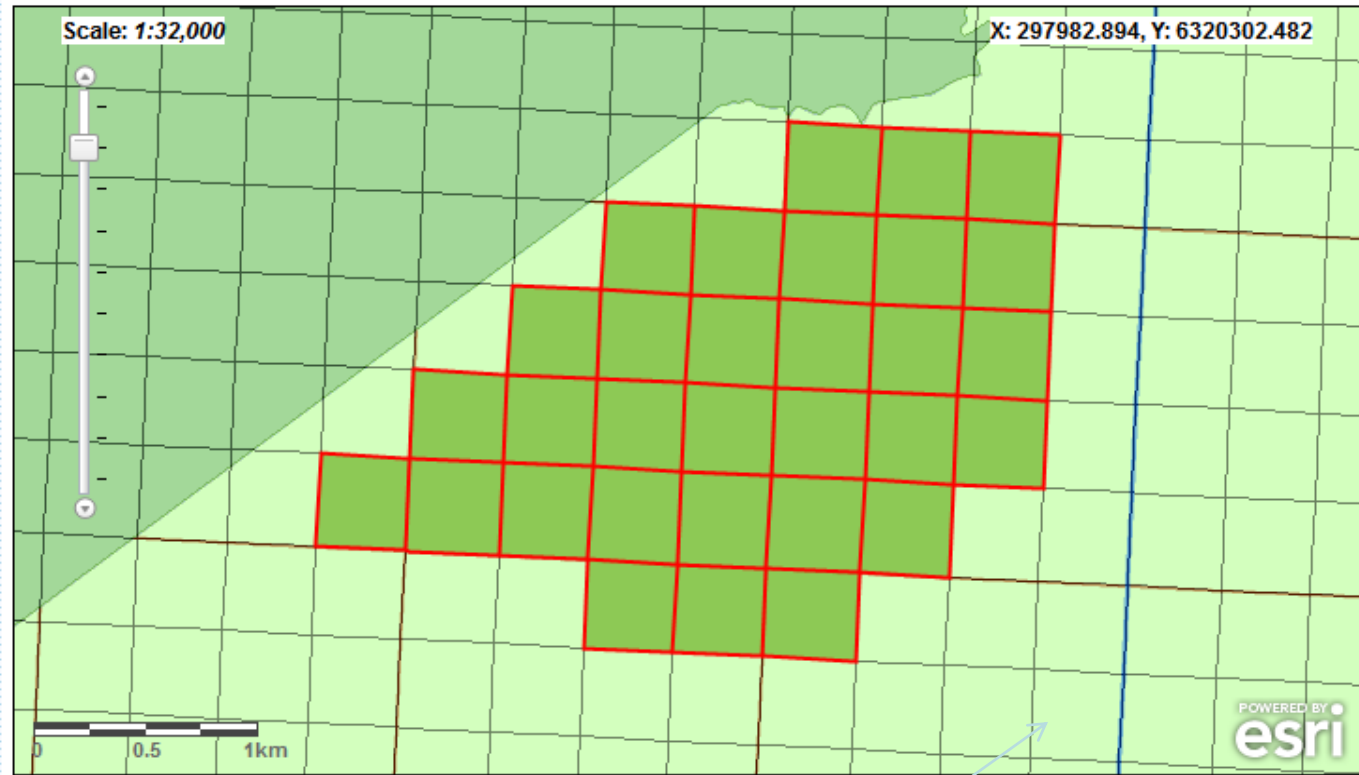
Client	Percentage
Craig Zborowski (self)	100

Selected Area(s):

Showing 1-8 of 31

Prev **1** 2 3 Next

Description	Area - Ha
6-SW-13-92-15-3 16.211	
13-NW-12-92-15-3 17.025	
14-NW-13-92-15-3 16.208	
12-NW-13-92-15-3 17.02	
16-NE-11-92-15-3 16.215	



Continue Cancel

Transaction Successful

Your transaction was processed successfully.

Below a receipt of your transaction has been provided. Please print this page for your records.

Transaction Details

Transaction Slip Number: 00000000000476

Item Price: \$0

Total: \$0

Item/Service: Disposition Acquisition Application: MC00000300

Timestamp: 2/7/2011 1:06:34 PM

A receipt has also been sent via email for your records.



This site is best viewed using Internet Explorer 7+ or Mozilla Firefox in a screen resolution of 1024x786 or higher.

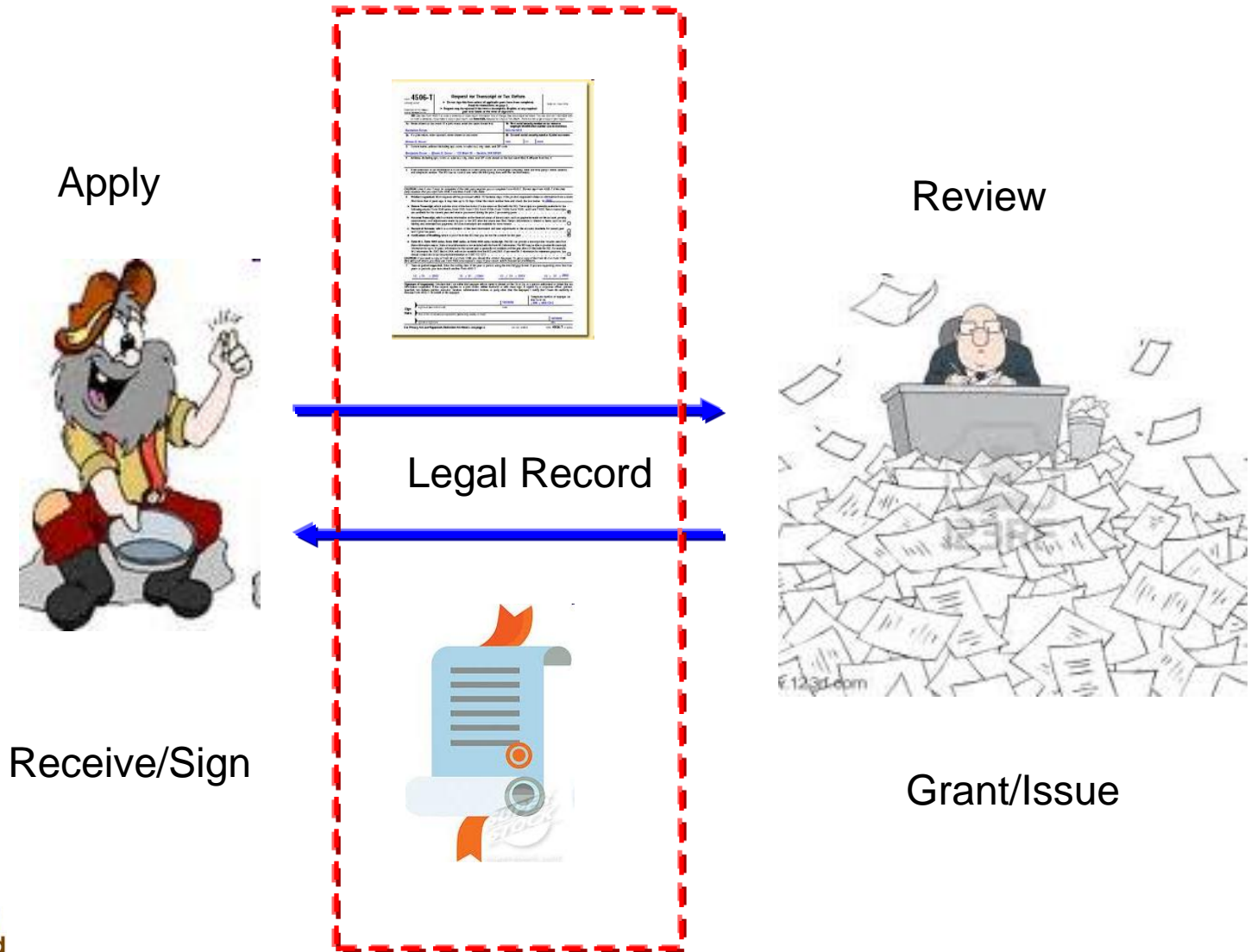


The Mineral Tenure Registry Regulations

PROPOSED



Paper Registry Systems



Electronic Registry Systems



Submit



Notify



Legal Record

Review



Register



Notify



Accept



Registry Regulations

- ✓ *The Mineral Tenure Registry Regulations* will establish the rules governing:
 - the electronic parcel mapping system
 - the registration of clients and agents
 - the registration of interests against mineral tenure
 - the conversion of legacy dispositions
- ✓ The new regulations will also include increases to the work requirements of claims, permits and leases to reflect lower tenure acquisition costs (no claim staking!)
- ✓ Nuisance fees will be eliminated in favour of a one-time upfront registration fee that covers such future activities as name changes, transfers, surrenders, divisions, etc.



Oil and Gas Implications

- The design principles behind the MARS system are expected to drive the development of ER's oil and gas e-tenure system. These principles include:
 - Integration of ISC and ER geospatial data
 - Adoption of an industry self-serve model
 - Creation of a public web-based legal registry for acquiring and administering tenure
- The same GIS technology that drives MARS and oil and gas e-Tenure will also form the foundation for shift to e-Licensing



So what's the delay????!!!

- ER (with ISC) needs to build an enhanced capacity to use and interpret ISC's mineral title information.
 - Design work on this system commenced in March with build decision scheduled for fall 2011
 - This work is needed to support potash and coal e-Tenure (limits future enhancements to MARS)
- Oil and Gas e-Tenure requires implementation of the new Petroleum Registry reporting system in order to support continuance reviews (among other things)
- Internal resources! (*Registry Saskatchewan Inclusion Project is the PRIME priority*)





Overlapping Rights

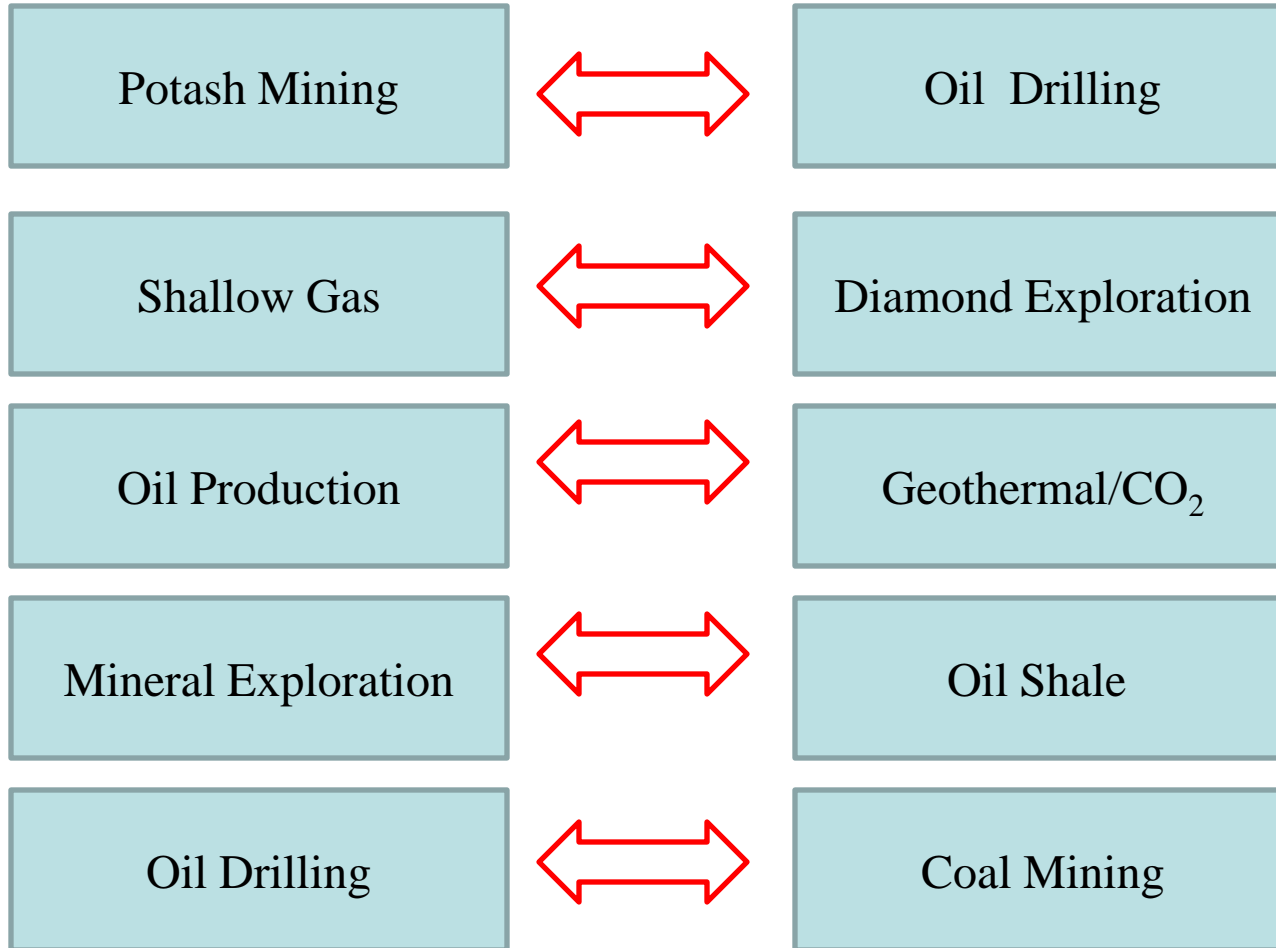


What are “overlapping rights”?

- ER uses the term “overlapping rights” to refer to situations where exploration/development rights to the same geology may be *diversely* held by parties with *different* Crown mineral dispositions
- Issuing different dispositions to the same geology creates numerous legal headaches for both the disposition holder and the Crown including:
 - Who’s right has priority?
 - How do we conserve both resources and prevent waste?
 - How do we ensure equitable treatment in terms of acquisition costs, work commitments and rentals.



Some recent examples...



Near Term Measures

- Adoption of a “*no split rights*” dispositioning policy to prevent diverse control over the same geology
- Greater reliance on commodity-specific withdrawal orders (*Crown reserves*) to control the types of dispositions that will be issued in specific areas (zoning model!)
- *Amendments* to *The Oil and Gas Conservation Act* to ensure that all mineral resource impacts are considered as part of a well licensing decision



Potential Longer Term Measures

- Regulatory consolidation to reduce the number of different flavors of Crown dispositions
- Greater use of competitive tendering based on work commitments in areas where there are multiple mineral targets (e.g., potash and oil and gas)
- Strengthening of mineral resource conservation laws under *The Mineral Resources Act, 1985* to ensure orderly development of minerals (Crown and freehold)
- More research to better evaluate actual versus perceived risks



Oil and Gas Implications

- There will be parts of Saskatchewan that will be off limits to oil and gas tenure while overlapping rights issues are being resolved
- Production practices, especially drilling, will need to consider long-term impacts on other mineral resources (and vice versa!)
- New forms of tenure may emerge that will level the competitive playing field between industries (oil and gas and mining)





Freehold and Federal Crown Lease Conversion



What are freehold leases?

- On January 1, 1974 the Government of Saskatchewan expropriated approximately 186,000 acres of privately-owned oil and gas rights from the surface to the base of the producing horizon
- The expropriated interests are described on strata mineral titles issued by ISC (includes a depth reference based on the 1974 well)
- The expropriation order affected approximately 523 freehold leases
- The Crown is honouring these freehold leases subject to the payment of standard Crown royalty



What are federal Crown leases?

- On December 21, 2009, the Government of Saskatchewan acquired title to approximately 34,000 hectares of federally-owned minerals in Saskatchewan
- The transfer was part of an out-of-Court settlement of a lawsuit dealing with the ownership of Soldier Settlement Board minerals
- As part of the settlement, ER agreed to honour the terms of 43 federal Crown oil and gas leases issued by Natural Resources Canada



The “Conversion” Project

- ER will be approaching freehold and federal Crown leases in the coming months to seek their voluntary consent to convert their leasehold interest to standard Crown PNG leases
- *The Petroleum and Natural Gas Regulations, 1969* are being amended to enable the issuance of these leases outside the competitive bid process (no bonus payment)
- In preparation for this project, ER is:
 - Establishing electronic lease records for both freehold and federal Crown leases;
 - Confirming the name of the current lessee;
 - Validating that the freehold leases are still in effect; and
 - Obtaining copies of any missing lease documents.



So why convert?

- Easier administration of all provincial Crown lease interests (part of Petroleum Tenure's normal lease administration processes)
- Modern standardized lease terms (no shut in royalty payments and other specialized freehold lease terms)
- Better royalty and rental rates (federal Crown lessees)





Other Regulatory Matters



What else is on our to do list?

- Review of *The Surface Rights Acquisition and Compensation Act*
- Proponents Guidelines for the implementation of the *First Nations and Métis Consultation Policy Framework*





Questions?

Doug MacKnight
Executive Director, Lands and Development Services
Saskatchewan Ministry of Energy and Resources
200 - 2101 Scarth Street
Regina, Saskatchewan S4P 2H9

Email: doug.macknight@gov.sk.ca

Ph: (306) 787-2082

Fx: (306) 787-7338

