



ALBERTA
ENERGY

Office of the Minister
MLA, Calgary-West

OCT 27 2010

AR6370

Mr. Dalton Dalik, President
Canadian Association of Petroleum Landmen
ddalik@shaw.ca

Dear Mr. Dalik:

On October 27, the Government of Alberta introduced Bill 26, the *Mines and Minerals (Coalbed Methane) Amendment Act*, 2010 into the Alberta legislature. A copy of the bill can be found at www.assembly.ab.ca.

This bill concerns mineral rights in coalbed methane split title situations. Split title occurs when separate parties own the coal and natural gas mineral rights under the same parcel of land.

The bill clarifies coalbed methane mineral ownership by establishing that coalbed methane is, and has always been, natural gas for both Crown and freehold minerals. Coalbed methane is, therefore, owned by the natural gas mineral owner and not the coal mineral owner.

This retroactive clarification addresses an issue that has been a potential roadblock to development of Alberta's abundant coalbed methane resource. This ownership certainty supports Alberta's goal of sustained economic prosperity through development of Alberta's mineral resources.

An important provision in the bill is that existing agreements entered into by the natural gas mineral owner or their lessee that specifically provided coalbed methane rights to the coal owner or the coal owner's lessee will not be affected by the bill. The bill also states that natural gas owners and their lessees cannot sue the Crown, the surface owner, coal owners or the coal owners' lessees for compensation for coalbed methane extracted, produced or removed before the legislation comes into force. No person can claim damages or compensation from the Crown.

Additional information is available at: www.energy.alberta.ca. If you have any questions about this bill, please contact Alberta Energy by email at: response.energy@gov.ab.ca.

Sincerely,

Ron Liepert
Minister of Energy

Alberta