



2017 In Review: Western Canada Land Sales

To effectively understand the trends in Western Canada Land sales in 2017, it is best to compare all data to 2016. Overall, in 2017, we saw Land sale values increase from the previous year across the Western provinces. After two years of very little activity, British Columbia saw a dramatic increase in bonus dollars collected making 2017 the biggest year since 2014. Alberta also saw significant increases in Land sale activity mostly due to the discovery and exploration of the East Duvernay play. Saskatchewan saw a smaller increase in bonus dollars collected than its neighbours, but a significant increase in acreage leased or licensed; this is primarily due to the sale of numerous exploration licenses near Big Muddy.

These variations can be explained by closer examination of each Province; the highlights of 2017 are organized by Province below:

Alberta:

ALBERTA			
	Total Ha	Total Sales \$	Total \$/Ha
2017	1,253,981 Ha	\$504,605,365	\$402
2016	936,776	\$136,783,392	\$146
% Change	33.90%	268.90%	175.60%

Source: The Alberta Energy website.

** It is important to note that Alberta had one more land sale in 2017 than it did in 2016.*

Over the course of 2017, Crown Land sales steadily brought in considerable revenue, with the October 11th, 2017 sale being the largest of the year: \$124,240,071 paid for 182,238 hectares. By contrast, August 31, 2016 was the largest and most successful sale of the previous year: \$16,556,506 paid for 51,861 hectares. Total sales increased by 268.9% and the average \$/ha rose 175.6%, all in all a much-improved year compared to 2016.

The East Duvernay play, located between Sylvan Lake and Trochu in Central Alberta, was an area of much discussion this past year. Numerous companies have deployed large amounts of capital to secure Land positions, driving the prices up in the process. In early 2016, companies were acquiring Duvernay rights for less than \$100/ha, but those days are long gone. Throughout 2017, prices steadily climbed from \$2,000/ha in January to over \$6,000/ha by year-end. Operators in the area have quickly been spudding wells with very positive results. We anticipate the Land grab in this area to continue in 2018 as companies rush to snatch up the remaining parcels in the heart of the play.



British Columbia:

B.C.			
	Total Ha	Total Sales \$	Total \$/Ha
2017	79,238 Ha	\$173,252,741	\$2,186
2016	96,617 Ha	\$15,190,019	\$157
% Change	-18%	1040.60%	1290.70%

Source: The Government of B.C. website

Despite a drop in acreage acquired, B.C. had an exceptional year compared to the previous two years. The \$/ha average increased by 1,290.4%, which correspondingly affected the total bonus dollars collected to rise by 1,040.6% and generate \$173,252,741 which is the highest amount since 2014.

The January 18, 2017 sale collected \$40 million, in and of itself superseding the previous two years combined, while the July 26th, 2017 sale collected \$85 million. The lack of a LNG terminal on the West coast has not deterred companies from continuing to invest in the Montney as prices rose to almost \$15,000/ha at mid-year. As a play with abundantly large reserves, further development in the Montney is likely to continue in 2018.

Saskatchewan:

SASKATCHEWAN			
	Total Ha	Total Sales \$	Total \$/Ha
2017	200,967 Ha	\$62,832,390	\$313
2016	111,740 Ha	\$53,493,113	\$479
% Change	79.90%	17.50%	-34.70%

Source: The Government of Saskatchewan website.

In 2017, Saskatchewan saw a decrease in \$/ha average of 34.7%. However, this did not hinder the province from experiencing an overall increase in revenue. 89,227 additional hectares were sold in 2017, thereby increasing revenue generated from Land sales by 17.5%, to \$62,832,390.

On October 3rd, 2017, 112,000 hectares in exploration licenses were sold near Big Muddy for \$17 million, a unique sale of large blocks of Land in an area where historically, there has not been much oil and gas development. Could this be the beginning of a new play or just a further extension of the Bakken/Three Forks play?

Conclusion:



Overall, 2017 was a rebound year for Crown Land sales in the WCSB. Advancements in technology, further efficiencies in the field and stabilized commodity prices continue to procure interest in plays that were previously seen as uneconomic. The capital invested by operators will therefore continue to be focused on the most prolific resource plays. 2017 was undisputedly a year of resurgence from its lowest point, and if the trends outlined above continue, it would be reasonable to be cautiously optimistic for the remainder of 2018.

We hope this short and sweet overview of 2017 was helpful and of interest to you! Stay tuned for quarterly updates in 2018...

-Seaton-Jordan & Associates Ltd.