

# BILL

No. 41 of 1946.

An Act to confirm Order in Council No. 162-46, dated the 21st day of January, 1946, authorizing the Execution of a certain Agreement Between the Government of the Province of Alberta and Oil Sands Limited and Bitumount Holding Company Limited.

(Assented to \_\_\_\_\_, 1946.)

**H**IS MAJESTY, by and with the advice and consent of the Legislative Assembly of the Province of Alberta, enacts as follows:

1. A certain Order in Council dated the 21st day of January, 1946, and intituled O.C. 162-46, and the agreement set out in the Schedule to the said Order in Council are hereby ratified, validated and confirmed and shall have the same force and effect as if the same had been enacted by this Act.

2. This Act shall come into force on the day upon which it is assented to, and upon so coming into force, the said Order in Council shall be deemed to have been in force at all times since the 21st day of January, 1946.

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## SCHEDULE.

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O.C. 162-46

Approved and Ordered,

(Sgd.) J. C. BOWEN,  
*Lieutenant Governor.*

Edmonton, Monday, January 21st, 1946.

The Executive Council has had under consideration the report of the Honourable the Minister of Public Works, dated January 21st, 1946, stating that:

Whereas the Government entered into two agreements with Oil Sands Limited, dated December 4th, 1944, and one agreement with Bitumount Holding Company Limited, dated December 4th, 1944, which agreements were ratified and confirmed by an Act of the Legislature, being chapter 11 of the Statutes of Alberta, 1945; and

Whereas one of the agreements with Oil Sands Limited provided *inter alia* for the construction by the Company of a plant at Bitumont and for an advance by the Government of two hundred and fifty thousand dollars (\$250,000.00) for that purpose, as set out in the said agreement, which said agreement is the first agreement referred to in the Schedule to the aforesaid Act; and

Whereas the other agreement with Oil Sands Limited provided *inter alia* for the sale to the Company of the plant as set out in the said agreement, which said agreement is the second agreement referred to in the Schedule to the aforesaid Act; and

Whereas the agreement with Bitumont Holding Company Limited provided *inter alia* for the conveyance and surrender to the Government of the interest of the Holding Company in certain lands included in Bituminous Sands Lease Number 3, and referred to in the third agreement set out in the Schedule to the aforesaid Act; and

Whereas the first mentioned agreement provided *inter alia* that the Government at all times shall have the right and privilege of carrying on experiments at the said plant through the Research Council of Alberta or otherwise, in order to test any new process of separation either by changing the present method in whole, or in part, or by the installation of a completely new process, and it is agreed that all such experimental work shall be carried on by the Research Council at its expense, provided however that if any new experimental feature is installed in the said plant during the course of such experiments and is retained in its operation, the Company will pay for the cost of such new feature, which cost shall be added to the said purchase price of two hundred and fifty thousand dollars (\$250,000.00); and

Whereas experiments have been carried on through the Research Council of Alberta, and it is agreed between the Research Council and the Company that it will be necessary to make additions to the plant for the purpose of separating the water from the oil, and that the cost of constructing the plant will amount to approximately Four hundred thousand dollars (\$400,000.00), being one hundred and fifty thousand dollars (\$150,000.00) in excess of the amount to be advanced by the Government; and

Whereas the Government has agreed to advance a further sum of one hundred and fifty thousand dollars (\$150,000.00) in consideration of certain changes being made in the original terms and conditions of the said agreements, and further terms and conditions being added thereto; and

Whereas no statutory authority exists to enable the Government to enter into the said agreements; and

Whereas it is deemed expedient to provide by Order in Council the necessary authority to enter into the said agreements, subject to the same being validated at the next session of the Legislature;

Therefore, upon the recommendation of the Honourable the Minister of Public Works, the Executive Council advises that:

1. The Honourable the Minister of Public Works, be, and he is hereby authorized on behalf of the Government of the Province of Alberta to enter into the agreement with Oil Sands Limited and Bitumount Holding Company Limited, which is attached hereto;

2. The Honourable the Provincial Treasurer, be, and he is hereby authorized to pay to the Alberta Marketing Board out of the Post-War Reconstruction Fund standing in his name, the sum of one hundred and fifty thousand dollars (\$150,000.00) to be disbursed for the purpose of constructing additions to the plant for extracting, dehydrating and refining oil from oil sands on the terms and conditions contained in the agreement attached hereto.

(Sgd.) ERNEST C. MANNING.  
Chairman.

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#### AGREEMENT

THIS AGREEMENT made in duplicate this 28th day of January, A.D. 1946,

Between:

The Government of the Province of Alberta, represented herein by the Honourable W. A. Fallow, Minister of Public Works (hereinafter called the "Government")

Of the First Part

and

Oil Sands Limited, a company incorporated under the laws of Alberta (hereinafter called the "Company")

and

Bitumount Holding Company Limited, (hereinafter called the "Holding Company")

Of the Second Part

Whereas the Government entered into two agreements with the Company dated December 4th, 1944, and one agreement with the Holding Company dated December 4th, 1944, which agreements were ratified and confirmed by Act of the Legislature of the Province, being chapter 11 of the Statutes of Alberta, 1945;

And whereas one of the said agreements with the Company provided *inter alia* for the construction by the Company of a plant at Bitumount and for an advance by the

Government of two hundred and fifty thousand dollars (\$250,000.00) for that purpose, all as set out in the said agreement which said agreement is the first agreement set out in the schedule to the Act and is hereinafter referred to as the "construction agreement";

And whereas the other agreement with the Company provided *inter alia* for the sale to the Company of the plant as set out in the said agreement, which said agreement is the second agreement set out in the schedule to the said Act and is hereinafter referred to as the "sale agreement";

And whereas the agreement with the Holding Company provided *inter alia* for the conveyance and surrender to the Government of the interest of the Holding Company in certain lands included in Bituminous Sands Lease, Number 3, and is hereinafter referred to as the "holding agreement";

And whereas the construction of the said plant was commenced and it now appears that additions to the plant will be required and that the cost of constructing the plant will amount to approximately four hundred thousand dollars (\$400,000.00), being one hundred and fifty thousand dollars (\$150,000.00) in excess of the amount agreed to be advanced by the Government;

And whereas the Government has agreed to advance the further sum of one hundred and fifty thousand dollars (\$150,000.00) making a total advance of four hundred thousand dollars (\$400,000.00) upon changes being made in the original terms and conditions of the said agreements and further terms and conditions being added thereto, all as hereinafter set forth;

And whereas the Company and the Holding Company have each agreed to the changes and additions in their respective agreements;

Now This Agreement Witnesseth that in consideration of the premises the moneys to be advanced by the Government and such other consideration as may hereinafter appear, it is agreed by the parties hereto as follows:

1. That in addition to the sum of two hundred and fifty thousand dollars (\$250,000.00) referred to in the construction agreement, the Government will advance the further sum of one hundred and fifty thousand dollars (\$150,000.00) making a total sum of four hundred thousand dollars (\$400,000.00) to be advanced by the Government under the construction agreement.

2. The Company and the Government agree that the said construction agreement shall be changed and added to in the following manner:

(a) By striking out the words and figures "two hundred and fifty thousand dollars (\$250,000.00)", wherever they occur in the said agreement, and substituting therefor the words and figures "four hundred thousand dollars (\$400,000.00)".

(b) By striking out the word "forthwith" where it occurs in the first line of paragraph number 1, as printed in the Schedule to chapter 11, Statutes of Alberta, 1945.

(c) By inserting at the end of the fourth line of paragraph number 1, as printed in the Schedule to chapter 11, Statutes of Alberta, 1945, immediately after the words "oil sands", the following: "the separation of water and other material from oils, the dehydration of oils".

(d) By striking out paragraph number 7 and substituting therefor the following paragraphs:

"7. The Company agrees that if the cost of constructing and erecting the said plant exceeds four hundred thousand dollars (\$400,000.00) it will provide for and pay such portion of the cost of the plant as exceeds the said sum of four hundred thousand dollars (\$400,000.00) and it will within thirty days after receiving notice from the Board of Trustees that the cost of constructing and erecting the said plant will, in the opinion of the Board of Trustees, exceed four hundred thousand dollars (\$400,000.00), deposit with the Provincial Marketing Board an amount in lawful money of Canada equal to the amount estimated by the Board of Trustees as the amount by which the cost of constructing and erecting the said plant will exceed the sum of four hundred thousand dollars (\$400,000.00) and such deposit or so much thereof as may be required shall be expended in payment of the cost of the constructing and erecting of the said plant to the extent that such cost exceeds four hundred thousand dollars (\$400,000.00), and when the construction of the said plant has been completed the balance of the said deposit remaining unexpended, if any, shall, subject to any claims the Government may have against the Company for money owing to the Government, be returned to the Company."

"7a. If the cost of constructing the said plant is less than four hundred thousand dollars (\$400,000.00) the Government will apply the difference between the actual cost of construction of the said plant and four hundred thousand dollars (\$400,000.00) upon the first payments of the purchase price of the purchase price of the plant under the Agreement to purchase annexed hereto and forming part of this agreement."

(e) By striking out paragraph 9 and substituting therefor the following paragraphs:

"9. The Company agrees that if it fails to make within the time specified therein any deposit required to be made by the Company under the provisions of paragraph number 7 or if in the event of no deposit being required or the deposit, if required and made, not being sufficient to cover the cost in excess of four hundred thousand dollars (\$400,000.00) it fails to provide and pay within thirty days after the same has been demanded by the Board of Trustees any portion of the cost which the company is required to pay, all

right, title and interest of the Company in and to the said plant arising under this agreement or the agreement for sale or otherwise howsoever, shall thereupon cease and determine and the said plant shall thereupon become the sole and absolute property of the Government, free and clear of any claims whatsoever by the Company or anyone claiming through or under it."

"9a. The Company agrees that in case of default in any of the covenants, conditions and stipulations contained in this agreement and upon its part to be performed and observed, other than those contained in paragraph number 7, if the default continues for a space of three calendar months or such further time if any as may be fixed by the Board of Trustees, all right, title and interest of the Company in and to the said plant arising under this agreement or the agreement for sale or otherwise howsoever, shall thereupon cease and determine and the said plant shall thereupon become the sole and absolute property of the Government, free and clear of any claims whatsoever by the Company or anyone claiming through or under it."

(f) By inserting at the end of the 4th line of paragraph 10(a) as printed in the schedule to chapter 11, Statutes of Alberta, 1945, the following words: "or dehydration".

(g) By adding immediately following paragraph 12 the following paragraphs:

"12a. The Government shall have the right at any time and from time to time to have the books and records of the company examined by auditors appointed by the Government, who may prepare statements therefrom, and the Company agrees to make available to such auditors all its books and records at any time upon request and to furnish such information as the auditors may require.

12b. The Company agrees to submit to the Government on the first day of each month, commencing on the first day of March, A.D. 1946, a report covering all the activities of the Company for the preceding calendar month, including copies of the minutes of all director's meetings and shareholders' meetings held during the preceding month."

3. The Government and the Company agree that the said construction agreement with the changes and additions set out in this agreement shall be read and construed and be binding upon the parties thereto in the same manner and to the same extent as if the said construction agreement with the said changes and additions had been the agreement originally entered into by the Government and the Company.

4. The Government and the Company agree that the sale agreement shall be changed and added to in the following manner:

(a) By striking out the following portion of the said sale agreement, namely:

“at and for the price or sum of two hundred and fifty thousand (\$250,000.00) dollars of lawful money of Canada payable in the manner and on the times hereinafter mentioned, that is to say: The sum of twenty-five thousand (\$25,000.00) dollars on the 4th day of December, A.D. 1946, and the balance of such purchase price as follows:

“The sum of \$25,000.00 on the 4th day of December, A.D. 1947;

The sum of \$25,000.00 on the 4th day of December, A.D. 1948;

The sum of \$25,000.00 on the 4th day of December, A.D. 1949;

The sum of \$25,000.00 on the 4th day of December, A.D. 1950;

The sum of \$25,000.00 on the 4th day of December, A.D. 1951;

The sum of \$25,000.00 on the 4th day of December, A.D. 1952;

The sum of \$25,000.00 on the 4th day of December, A.D. 1953;

The sum of \$25,000.00 on the 4th day of December, A.D. 1954;

The sum of \$25,000.00 on the 4th day of December, A.D. 1955.”

and substituting therefor:

“at and for the price or sum of four hundred thousand dollars (\$400,000.00) of lawful money of Canada, payable in the manner and on the times hereinafter mentioned, that is to say: The sum of forty thousand dollars (\$40,000.00) one year from the date on which the Board certifies in writing that the construction of the said plant has been completed and the balance by payments of forty thousand dollars (\$40,000.00) each on the same day of the year (the anniversary date of the said certificate) in each of the nine (9) years next following the year in which the first payment is made.”

(b) By striking out the following paragraph in the said agreement, namely:

“The Purchaser covenants with the Vendor to pay to the Vendor said purchase price in the manner and on the days and times hereinbefore mentioned, together with interest on all of the said purchase price from time to time remaining unpaid at the rate of four per cent (4%) per annum to be computed from the 4th day of December, A.D. 1945, and to be payable upon the said days as the principal of said purchase price is made payable until the full amount of the said purchase price has been fully paid and satisfied; if any instalment is not paid at the time and place specified, the entire amount of the principal and interest unpaid under the agreement shall become due and payable forthwith.”

and substituting therefor the following:

“The Purchaser covenants with the Vendor to pay to the Vendor the said purchase price in the manner and on the days and times mentioned together with interest at the rate of four per cent (4%) per annum on two hundred and fifty thousand dollars (\$250,000.00) of the said purchase price from the 4th day of December, A.D. 1945 to the 19th day of January, A.D. 1946, and thereafter from the 19th day of January, A.D. 1946 on all of the said purchase price from time to time remaining unpaid, the interest to be payable upon the same days as the principal of said purchase price is made payable until the full amount of the said purchase price has been fully paid and satisfied; if any instalment is not paid at the time and place specified, the entire amount of the principal and interest unpaid under the agreement shall become due and payable forthwith.”

(c) By adding immediately preceding the last paragraph of the sale agreement the following new paragraph:

“This agreement and everything herein contained is subject to and conditional upon the due performance and observance by the Company of all the terms and conditions of the agreement attached hereto and upon the Company ceasing to have any right, title or interest in and to the said plant under that agreement, this agreement and everything contained herein shall, thereupon, become void and of no effect whatsoever.”

5. The Government and the Company agree that the said sale agreement with the changes and additions set out in this agreement shall be read and construed and be binding upon the parties thereto in the same manner and to the same extent as if the said sale agreement with the said changes and additions had been the agreement originally entered into by the Government and the Company.

6. The Government and the Holding Company agree that the said holding agreement shall be changed in the following manner:

(a) By striking out the following portion of paragraph 1 (b), namely:

“(b) That forthwith when Oil Sands Limited has defaulted in the carrying out of any of its covenants under the Government agreements for the period of three (3) months or such further period as may be determined by the Board of Trustees referred to in the Government agreements and the Government has entered into possession of the premises described therein, it will convey and surrender to the Government finally and absolutely and without any right of redemption all of its right, title and interest under the said Bituminous Sands Lease, Number 3, in the following lands, namely:”

and substituting therefor the following:

“(b) That forthwith when the Government, by reason of the default of Oil Sands Limited in any of its covenants contained in paragraph 7 of the Government agreement providing for construction of the plant has become entitled to the sole and absolute ownership of the said plant free and clear of any claims by Oil Sands Limited or when Oil Sands Limited has defaulted in the carrying out of any of its covenants under the Government agreements, other than those in the said paragraph 7, for the period of three (3) months or such further period as may be determined by the Board of Trustees referred to in the Government agreements, it will convey and surrender to the Government, finally and absolutely, and without any right of redemption, all of its right, title and interest under the said Bituminous Sands Lease, Number 3, in the following lands, namely:”

7. The Government and the Holding Company agree that the said holding agreement with the changes set out in this agreement shall be read and construed and be binding upon the parties thereto in the same manner and to the same extent as if the said holding agreement with the said changes had been the agreement originally entered into by the Government and the Company.

In Witness Whereof the Honourable W. A. Fallow, Minister of Public Works, has hereunto set his hand on behalf of the Province of Alberta, and this agreement has been executed under the corporate seal of Oil Sands Limited as attested by the hands of its proper officers thereunto duly authorized and under the corporate seal of Bitumount Holding Company Limited as attested by the hands of its proper officers thereunto duly authorized, the day and year first above written.

SIGNED on behalf of the Government of Alberta, by the Honourable W. A. Fallow, Minister of Public Works, in the presence of  “H. J. WILSON”	}	“W. A. FALLOW”
Signed and Sealed on behalf of Oil Sands Limited by  “L. R. CHAMPION”  “J. E. SYDIE”  the proper officers of the Company duly authorized in that behalf	}	OIL SANDS LIMITED  (SEAL)

Signed and Sealed on behalf  
of Bitumount Holding  
Company Limited by  
"L. R. CHAMPION"  
"R. CHAMPION"  
the proper officers of the  
Company duly authorized  
in that behalf.

BITUMOUNT HOLDING  
COMPANY LIMITED

(SEAL)

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THIRD SESSION  
**TENTH LEGISLATURE**

10 GEORGE VI

1946

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**BILL**

An Act to confirm Order in Council  
No. 162-46 dated the 21st day of  
January, 1946, authorizing the  
Execution of a certain Agreement  
Between the Government of the  
Province of Alberta and Oil Sands  
Limited and Bitumount Holding  
Company Limited.

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Received and read the

First time.....

Second time.....

Third time.....

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HON. MR. FALLOW.

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EDMONTON:  
A. Shnitka, King's Printer.  
1946