

Bill No. 1 of 1949 (2nd Session)

A BILL TO PROVIDE FOR THE PRESERVATION,
CONSERVATION AND EFFECTIVE UTILIZATION
OF THE GAS RESOURCES OF THE PROVINCE.

NOTE.

This Bill enacts a new Act to be known as "*The Gas Resources Preservation Act*".

Section 3 sets out the intention of the Act which is to effect the preservation and conservation of the oil and gas resources of the Province, and to provide for their effective utilization having regard to the present and future needs of the residents of the Province.

Section 4 provides that any person who acquires gas within the Province and proposes to remove it for use or consumption elsewhere shall make application to The Petroleum and Natural Gas Conservation Board for a permit.

Section 5 sets out the information which the Board may require in connection with any application for a permit. The applicant may be required to give information about such matters as the location of the fields from which he proposes to acquire his gas, the estimated reserves of those fields, the marketing areas to be supplied with gas, the estimated requirements of the applicant to meet the needs of consumers within the marketing area, the period for which the applicant desires a permit and other similar information used in calculating the probable amount of gas which the applicant will require.

Section 6 provides for the fixing of a date for a hearing and giving of notice to interested parties.

Section 7 provides that the Board, after the hearing and with the approval of the Lieutenant Governor in Council, may grant or refuse a permit on such terms and conditions as may be prescribed in the permit.

Section 8 outlines some of the terms and conditions which may be prescribed in a permit. The permit may prescribe or designate the pool from which the permittee may acquire gas, the maximum quantities of gas which may be acquired, the maximum rates of withdrawal, conditions under which the gas may be diverted, reduced or interrupted, the period for which the permit is granted and a condition that the permittee will supply all communities or consumers within the Province adjacent to its facilities which can be reasonably supplied by the permittee. The section also provides for an application for a new permit upon the expiration of one already granted.

Section 9 provides for the case where an emergency arises and additional gas is temporarily required to meet the needs of consumers within the Province. In these circumstances, the Board, with the approval of the Lieutenant Governor in Council, may divert the permittee's gas for use and consumption by consumers within the Province.

Section 10 provides that the Board at any time, either of its own motion or at the request of a permittee, may hold a hearing to reconsider any permit, if circumstances arise, which, in the opinion of the Board, justify the hearing. After due notice and hearing of the permittee and other parties interested, the Board, with approval of the Lieutenant Governor in Council, may make any order, which, in the opinion of the Board and the Lieutenant Governor in Council, is just and reasonable under the circumstances.

Section 11 provides that the Board, with the approval of the Lieutenant Governor in Council, after notice to and hearing of the permittee and other parties interested, may cancel the permit of a permittee who wilfully violates any term or condition of the permit, or any provision of this Act, or any other Act relating to the conservation of gas and oil.

Section 12 enables the Board to prescribe the method to be used for the measurement of gas.

Section 13 prohibits the removal of gas from the Province without a permit.

Section 14 provides that any person who receives gas for shipment and transmission outside of the Province is guilty of an offence unless the shipper has a subsisting permit under this Act.

Section 15 enables the Lieutenant Governor in Council to make regulations to facilitate the efficient administration of the Act.

Section 16 enables the Board to make rules of practice governing its procedure, times of its sittings, and things of a like nature.

Section 17 vests in the Board the powers of a commissioner appointed pursuant to *The Public Inquiries Act*.

Sections 18 and 19 deal with compelling the attendance of witnesses. If a witness fails to attend, the Board may apply to a judge of the Supreme Court for a warrant. If a witness refuses to give evidence a judge of the Supreme Court, on the application of the Board, may commit the witness for contempt.

Section 20 enables the Board to direct by whom the costs of any hearing will be paid.

Section 21 provides that any permittee who violates any provision of any Act governing the drilling, producing, conservation, gathering, purchasing and acquisition of gas or oil is guilty of an offence and liable to a penalty.

Section 22 provides that any permittee or other person who violates any of the provisions of this Act or the regulations, or any of the provisions of a permit, or any order of the Board made under this Act, is guilty of an offence and liable to a penalty.

KENNETH A. MCKENZIE,
Acting Legislative Counsel.

(This note does not form any part of the Bill but is offered in explanation of its provisions.)

BILL

No. 1 of 1949 (2nd Session)

An Act to provide for the Preservation, Conservation and Effective Utilization of the Gas Resources of the Province.

(Assented to _____, 1949.)

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

Short Title

1. This Act may be cited as "*The Gas Resources Preservation Act*".

Interpretation

2. In this Act, unless the context otherwise requires,—
- (a) "Board" means The Petroleum and Natural Gas Conservation Board constituted under the provisions of *The Oil and Gas Resources Conservation Act*;
 - (b) "field" means the general area which is underlaid or appears to be underlaid by one or more pools, and includes the underground reservoir or reservoirs containing oil or gas, or both, and the words "field" and "pool" have the same meaning when only one underground reservoir is involved, but the word "field" may relate to two or more underground reservoirs or pools;
 - (c) "gas" means all natural gas both before and after it has been subjected to any treatment or process by absorption, purification, scrubbing or otherwise, and includes all other fluid hydrocarbons not defined as oil;
 - (d) "oil" means crude petroleum oil and all other hydrocarbons, regardless of gravity, which are or can be recovered from a pool in liquid form by ordinary production methods;
 - (e) "pool" means an underground reservoir containing or appearing to contain an accumulation of oil or gas, or both, and includes any zone of the general structure which is separated from any other zone in the structure, which zone shall be deemed to be a separate pool.

Intent and Object of Act

3. The intent, purpose and object of this Act is to effect the preservation and conservation of the oil and gas resour-

es of the Province and to provide for their effective utilization having regard to the present and future needs of the residents of the Province.

Gas

4. Any person who produces, purchases or otherwise acquires or has entered into a contract to purchase or otherwise acquire property in gas within the Province and proposes to remove it or cause it to be removed from the Province for use or consumption elsewhere than within the Province shall make application to the Board for permission before doing so.

5.—(1) Any person who makes application to the Board pursuant to the provisions of section 4 shall supply to the Board such information as the Board may prescribe or require.

(2) Without limiting the generality of subsection (1), the Board may require information from the applicant relating to the following matters,—

- (a) the location and description of the pools, fields, or areas within the Province from which the applicant proposes to produce, purchase or otherwise acquire the gas;
- (b) the estimated reserves of gas in each such pool, field, or area, and the geological, engineering, and other relevant data used in the calculation of the estimated reserves;
- (c) the marketing area or areas to be supplied with the gas;
- (d) the estimated maximum hourly peak load required by the applicant;
- (e) the estimated maximum numbers of domestic, commercial and industrial consumers to be supplied with the gas in the marketing areas to be served;
- (f) the estimated maximum hourly peak load required for each class of consumer;
- (g) the estimated maximum monthly and annual requirements of each class of consumer;
- (h) particulars of the specific purposes for which the gas required for commercial and industrial consumption is to be used;
- (i) official meteorological records for the marketing area to be served and estimates setting out particulars with respect to temperature and time, as to anticipated temperature lows and the estimated load factors obtaining by virtue of climatic conditions;
- (j) the period for which the applicant desires a permit.

6. Upon receipt of the application the Board shall fix a date for the hearing of the application, notify the applicant of the date so fixed, and require the applicant to give

such notice thereof to such persons as the Board may direct, by personal service, advertisement or in such other manner as the Board may direct.

7.—(1) The Board shall inquire into and hear the application, and with the approval of the Lieutenant Governor in Council, may grant or refuse a permit to the applicant, or may make such other disposition of the application on such terms and conditions as the Board may prescribe.

(2) Any permit granted shall be for such period and upon such terms and conditions as may be prescribed in the permit and shall be subject to the regulations and orders made pursuant to the provisions of this Act.

(3) The Board may, as a condition of any permit, prescribe that any term or terms thereof designated by the Board shall be and remain in full force and effect for the period fixed by the Board.

8.—(1) Any permit granted pursuant to the provisions of section 7 may contain such terms and conditions as the Board may prescribe, and without limiting the generality of the foregoing, the permit may prescribe or designate,—

- (a) the pool or pools from which the permittee may produce, purchase or otherwise acquire gas, or the point in any integrated system at which the permittee may acquire gas;
- (b) the maximum monthly and annual quantities of gas which may be produced, purchased or otherwise acquired by the permittee from each pool designated in the permit, or from any integrated system during the period or periods set out in the permit;
- (c) the maximum daily and hourly rate of production or withdrawal from each pool designated in the permit or from any integrated system;
- (d) the conditions under which the gas acquired by the permittee may be diverted, reduced or interrupted;
- (e) that the permittee will supply gas from its pipe line at a reasonable price to any community or consumer within the Province that is willing to take delivery of gas at a point on the pipe line, and that, in the opinion of the Board, can reasonably be supplied by the permittee's pipe line;
- (f) the period for which the permit is granted;
- (g) that gas shall be taken ratably from the wells of owners and producers producing gas from the designated pool or pools.

(2) Not less than six months prior to the expiration of the period prescribed in any permit the permittee may make application to the Board for a new permit and all the provisions of this Act relating to the application for and the granting of an original permit shall apply to the application for a new permit.

9. Notwithstanding the provisions of any permit, where, in the opinion of the Board, an emergency occurs or other circumstances arise by reason of which it becomes necessary, in the public interest, to provide additional gas temporarily to meet the needs of consumers within the Province, the Board, with the approval of the Lieutenant Governor in Council, to meet the emergency or other circumstances, may make an order requiring the diversion of all or any portion of the gas to which a permittee is entitled under his permit to consumers within the Province for use and consumption within the Province for such temporary period as the Board may order.

10.—(1) The Board at any time, either of its own motion or at the request of a permittee, may hold a hearing to reconsider any permit if any circumstances arise which, in the opinion of the Board, justify the holding of a hearing.

(2) The Board shall fix a date for the hearing, give the permittee sixty clear days' notice of the date so fixed, require the permittee to give such notice thereof to such persons as the Board may direct, by personal service, advertisement, or in such other manner as the Board may direct, and shall inquire into and hear the matter.

(3) At the conclusion of the hearing the Board, with the approval of the Lieutenant Governor in Council, may make any order which, in the opinion of the Board and the Lieutenant Governor in Council, is just and reasonable under the circumstances.

11. The Board, with the approval of the Lieutenant Governor in Council, after due notice to and hearing of the permittee and any other party interested, may cancel the permit of any permittee who, while operating under his permit, wilfully violates any term or condition of the permit, or any provision of this Act, or any regulation or order made hereunder, or any provision of any Act governing the drilling, producing, conservation, gathering, purchasing and acquisition of gas or oil within the Province.

12. For the purpose of this Act the Board may prescribe the method to be used for the measurement of gas produced, purchased or otherwise acquired by any permittee.

13. No person who produces, purchases or otherwise acquires property in gas within the Province shall remove it or cause it to be removed from the Province for use or consumption elsewhere than in the Province unless he is the holder of a subsisting permit issued under this Act authorizing him so to do.

14. Any person who receives gas within the Province for shipment and transmission to a place elsewhere than within the Province shall be guilty of an offence against this

Act unless the owner or shipper has a subsisting permit issued pursuant to the provisions of this Act authorizing the removal of such gas for use and consumption elsewhere than within the Province.

General

15. The Lieutenant Governor in Council may make regulations from time to time,—

- (a) vesting in the Board such authority and power as is deemed necessary or advisable for the purpose of enabling the Board to conduct and perform its duties;
- (b) deemed necessary or advisable for carrying out the provisions of this Act according to their true intent and to facilitate the efficient administration thereof.

16. The Board may make rules of practice not inconsistent with this Act regulating its procedure and the times of its sittings and in the conduct of its hearings the Board shall not be bound by the rules of legal evidence.

17. The Board and every member thereof, for the purpose of any hearing, inquiry or investigation pursuant to any of the provisions of this Act, shall have all the powers which may be conferred upon a commissioner appointed pursuant to *The Public Inquiries Act* for the purpose of taking evidence on oath or affirmation and compelling the attendance of witnesses and the production of documents.

18. No person shall be excused from testifying or from producing any book, document or paper in any investigation or inquiry by or upon a hearing before the Board, when ordered so to do by the Board, upon the ground that the testimony or evidence, book, document or paper required of him may tend to incriminate him or subject him to penalty or forfeiture, but no person shall be prosecuted, punished or subjected to any penalty or forfeiture for or on account of any act, transaction, matter or thing concerning which he shall, under oath, have testified or produced documentary evidence; provided, however, that no person so testifying shall be exempt from prosecution or punishment for any perjury committed by him in his testimony.

19.—(1) In case of failure or refusal on the part of any person to comply with a notice to attend issued by the Board, a judge of the Supreme Court of Alberta, on the application of the Board, may issue a bench warrant requiring the attendance of the witness before the Board.

(2) In case of the refusal of a witness to give evidence or answer as to any matter regarding which he is questioned before the Board, a judge of the Supreme Court of Alberta, on the application of the Board, may commit the witness for contempt of the Board, and shall have the same power of committal in respect of such contempt as he has in respect of contempts of the Supreme Court.

20. The Board, in its discretion, may direct by whom and to what extent the cost and expenses of, incidental to, and in connection with any application, hearing or other proceeding before the Board, shall be paid.

21. Any permittee, while operating under his permit, who violates any provision of any Act, regulation or order governing the drilling, producing, conservation, gathering, purchasing and acquisition of gas or oil within the Province, shall be guilty of an offence against this Act and shall be liable in addition to any other penalty prescribed under such other Act, to the penalty provided in this Act.

22. Any permittee or other person who contravenes or makes default in complying with any of the provisions of this Act or the regulations, or with any of the provisions of a permit, or with any order of the Board made under this Act, shall be guilty of an offence and liable upon summary conviction to a fine of not less than one hundred dollars nor more than two thousand dollars in respect of each such offence, and in the case of a continuing offence to a fine of not less than one hundred dollars nor more than two thousand dollars for the first day upon which the offence occurs, and of not less than fifty dollars nor more than one thousand dollars for each subsequent day during which the offence continues.

23. This Act shall come into force on the day upon which it is assented to.

NO. 1

SECOND SESSION
ELEVENTH LEGISLATURE

13 GEORGE VI

1949

BILL

An Act to provide for the Preservation,
Conservation and Effective
Utilization of the Gas Resources
of the Province.

Received and read the

First time

Second time

Third time

HON. MR. TANNER.
