

Bill No. 57 of 1950.

A BILL TO PROVIDE FOR THE CONSERVATION OF
THE OIL AND GAS RESOURCES OF THE
PROVINCE OF ALBERTA.

NOTE.

This Bill enacts an Act to be known as "*The Oil and Gas Resources Conservation Act, 1950.*"

The Act amends and consolidates *The Oil and Gas Resources Conservation Act* and *The Oil and Gas Wells Act*. Some of the provisions of the Drilling and Production Regulations established pursuant to the latter Act have been incorporated into this Act. In this note where reference is made to an old section it means a section of *The Oil and Gas Resources Conservation Act*.

The Act includes seven Parts. Part I deals with the organization and constitution of The Petroleum and Natural Gas Conservation Board, Part II with general powers of the Board, Part III with drilling, completion and abandonment of wells, Part IV with oil and gas production Part V with gathering and disposition of oil and gas, Part VI with taxation to defray part of the Board's expenses and Part VII contains provisions of a general nature.

The Act commences with the usual short title, interpretation, object and application sections which are found in sections 1 to 4.

Part I, dealing with the organization and constitution of the Board, is found in sections 5 to 15 inclusive. These follow old sections 5 to 15, but the provisions of clause (c) of old section 15 are transferred to a later part of the Act.

Part II, setting out the general powers of the Board, is found in section 16 which is based on subsection (1) of old section 16.

Part III of the Act, dealing with the drilling, completion and abandonment of wells, is found in sections 17 to 33 inclusive.

Sections 17 to 20 are based on section 7 of the Drilling and Production Regulations and concern drilling licenses. Section 17 prohibits drilling without a license, and sections 18 and 19 deal with the application for license. Section 20 requires the applicant to have the oil or gas rights. Section 21 requires the applicant to show that the proposed drilling will not endanger coal mining operations, and is based on section 24 of the Drilling and Production Regulations.

Section 22, based on section 7 of the Drilling and Production Regulations provides for disposition of an application.

Section 23 provides that a license will not be granted to a company that is not registered under *The Companies Act*.

Sections 24 and 25, also based on section 7 of the Drilling and Production Regulations, requires the applicant for a license to post a deposit.

Sections 26 to 29 deal with assignment, cancellation or suspension, amendment and form of license.

Section 30 is based on section 3, subsection (1) of *The Oil and Gas Wells Act* with some changes. It provides for the establishment of drilling regulations.

Section 31 provides for an official Well Name Register. This is at present covered by section 6 of the Drilling and Production Regulations.

Section 32 empowers the Board to act in case of uncontrolled flow of gas, oil or water. This is now dealt with by section 28 of the Drilling and Production Regulations.

Section 33 is based on section 44 of the Drilling and Production Regulations, and provides for permits to operate drilling equipment.

Part IV of the Act, concerning oil and gas production, is found in sections 34 to 38 inclusive.

Section 34 provides for orders and regulations dealing with production of oil and gas. It comes from the old section 16 (2) with additions providing for extraction of substances from gas, the disposal of water and the purchase of wells required in carrying out the orders provided for.

Section 35 is the old section 16*h*.

Section 36 is the old section 45.

The provisions of section 37 concerning production reports of wells, which are now dealt with by section 33 of the Drilling and Production Regulations.

Section 38 deals with the measurement of gas and oil. At present this subject is covered by old section 16*k* and section 34 of the Drilling and Production Regulations.

- Part V of the Act is found in sections 39 to 49, inclusive, and is entitled "Transportation and Disposition of Oil and Gas".

These sections are all taken from *The Oil and Gas Resources Conservation Act* and are old sections 16*b*, 16*c*, 16*d*, 16*e*, 16*f*, 16*g*, 16*i*, 16*j*, 16*l*, 16*m*, and 16*n*, in that order.

Part VI, dealing with assessment and taxation of oil and gas properties, is found in sections 50 to 69 inclusive. This is Part III of the present *The Oil and Gas Resources Con-*

servation Act. Section 59, however, differs from the old section 33. At present the amount to be raised is a sum sufficient to meet the expenditures of the Board under *The Oil and Gas Resources Conservation Act*, and the amendment changes this to a sum sufficient to meet a percentage of the expenditures under the proposed Act. Also the taxation year under this Part, commencing in 1951, will start on April 1st instead of July 1st as at present.

Part VII, the provisions of general application, is found in sections 70 to 97 inclusive.

Section 70 requires well owners, licensees and permittees to have registered addresses in the Province. At present this matter is dealt with in old sections 18 and 19 and section 3 of the Drilling and Production Regulations.

Sections 71 and 72 are based on old section 20. Section 70 requires that records be kept by refinery, scrubbing plant and absorption plant operators, and section 71 makes records required by the Act available to the Board.

Section 73 is old section 21 making government information available to the Board.

Section 74, old section 17, provides for formulation of schemes of compensation for those injured by conservation orders.

Sections 75 and 76, provide for schemes to implement orders requiring repressuring, storage of gas or disposal of water.

Sections 77, 78, 79 and 80 dealing with inquiries, procedure and appeals are taken from old sections 43, 15(c), 44 and 43a. The provisions of section 5 of *The Oil and Gas Wells Act* are also incorporated into section 78.

Section 81 grants the powers to enforce orders now found in old section 46.

Section 82 dealing with Board orders is old section 47.

Section 83, giving the Board access to wells, oil and gas plants, and records, is based on old section 49 and section 5 of the Drilling and Production Regulations.

Sections 84, 85 and 86 are old sections 48, 48a and 48b, and give the power to require testimony and compel witnesses.

Section 87, being old section 16a, prohibits waste.

Sections 88 and 89 deal with offences and penalties, at present found in old sections 50 and 51.

Sections 90, 91 and 92 dealing with revenues from fines and taxes and collection of moneys due to the Board are taken from old sections 52, 53 and 54.

Section 93 is old section 55, and deals with purchase of wells by the Board.

Section 94 is old section 56 and deals with purchase and sale of rights to produce by the Board.

Section 95, concerning the promotion of and assistance to unit operation schemes by the Board is based on section 42 of the drilling and production regulations.

Section 96 repeals the present *The Oil and Gas Resources Conservation Act* and *The Oil and Gas Wells Act*.

Section 97 provides that the Act come into force on the 1st day of June, 1950.

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. 57 of 1950.

An Act to provide for the Conservation of the Oil and Gas Resources of the Province of Alberta.

(Assented to _____, 1950.)

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 Oil and Gas Resources Conservation Act, 1950*".

Interpretation.

2. In this Act, unless the context otherwise requires,—

- (a) "absorption plant" means any plant for the treating or processing of gas for the extraction therefrom by absorption or otherwise of natural gasoline or other hydrocarbons;
- (b) "Board" means The Petroleum and Natural Gas Conservation Board appointed under the provisions of this Act;
- (c) "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;
- (d) "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;
- (e) "judge" means a judge of the Supreme Court of Alberta;
- (f) "Minister" means the Minister of Mines and Minerals;
- (g) "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;
- (h) "owner" when used in connection with any well, in addition to its ordinary meaning, includes the per-

son who is entitled to dispose of any production of any oil or gas from the well, or property, or who would be so entitled in the absence of any contract, statute, regulation or order governing the disposition of the production;

- (i) "pipe line" means any pipe or any system or arrangement of pipes wholly within the Province whereby oil or gas is conveyed from any well-head or other place at which it is produced, to any other place, or from any place where it is stored, processed or treated, to any other place, and includes all property of any kind used for the purpose of, or in connection with, or incidental to, the operation of a pipe line in the gathering, transporting, handling and delivery of oil or gas, and without restricting the generality of the foregoing, includes tanks, surface reservoirs, pumps, racks, storage and loading facilities, compressors, compressor stations, pressure measuring and controlling equipment and fixtures, flow controlling and measuring equipment and fixtures, metering equipment and fixtures, and heating, cooling and dehydrating equipment and fixtures, but does not include any pipe or any system or arrangement of pipes which constitutes a distribution system for the distribution of gas to ultimate consumers;
- (j) "pool" means an underground reservoir containing or appearing to contain an accumulation of oil or gas separated or appearing to be separated from any other such reservoir or accumulation in the general structure;
- (k) "reasonable market demand" means the demand for oil or gas for reasonable current requirements and current consumption, or use within and outside the Province, together with such amounts as are reasonably necessary for building up or maintaining reasonable storage reserves and working stocks of oil and gas and the products thereof;
- (l) "scrubbing plant" means any plant for the purifying, scrubbing or otherwise treating of gas for the extraction or removal therefrom of hydrogen sulphide or other deleterious substance;
- (m) "spacing unit" means the area allocated to a well for the purpose of drilling for and producing oil or gas, and includes all subsurface areas bounded by the vertical planes in which the surface boundaries lie;
- (n) "waste" in addition to its ordinary meaning, means "waste" as that term is ordinarily understood in the oil and gas industry, and without limiting the generality of the foregoing, includes,—
 - (i) the inefficient, excessive or improper use or dissipation of reservoir energy;

- (ii) the locating, spacing, drilling, equipping, operating or producing of any well or wells in a manner which results or could result in reducing the quantity of oil or gas ultimately recoverable from any pool;
- (iii) the inefficient storing of oil or gas, whether on the surface or underground;
- (iv) the producing of oil or gas in excess of transportation or marketing facilities or of reasonable market demand;
- (v) the locating, drilling, equipping, operating or producing of a well or wells in a manner which causes or could cause unnecessary or excessive surface loss or destruction of oil or gas;
- (o) "well" means any orifice in the ground made or being made by drilling, boring or in any other manner,—
 - (i) from which any oil or gas is obtained or obtainable, or which is being so made for the purpose of obtaining any oil or gas; or
 - (ii) which is drilled to a depth of more than five hundred feet regardless of the purpose for which the same is drilled or is being drilled.
- (p) "zone" means any stratum or strata which may, from time to time, be designated by the Board as a zone, either generally or in respect to any designated area, or any specified well or wells.

Object and Application of Act.

3. The intent, purpose and object of this Act is,—

- (a) to effect the conservation of the oil and gas resources of the Province; and
- (b) to prevent the waste thereof; and
- (c) to regulate the drilling, production and abandonment of wells and all other operations for the production of oil or gas; and
- (d) to give each owner the opportunity of obtaining his just and equitable share of the production of any pool.

4. This Act applies to every well situate in the Province whether made before or after the coming into force of this Act, notwithstanding the terms of any lease or grant from the Crown in the right of Canada or from any other person to the contrary.

PART I.**ORGANIZATION AND CONSTITUTION OF BOARD.****Appointment.**

5. In order to effect the intent, purpose and object of this Act there is hereby constituted a Board to be called "The Petroleum and Natural Gas Conservation Board", which shall be a body politic and corporate.

6.—(1) The Board shall consist of not more than three members to be appointed by the Lieutenant Governor in Council, one of whom shall be designated as chairman.

(2) Each of the members of the Board shall hold office for the term of five years from the date of his appointment and thereafter during the pleasure of the Lieutenant Governor in Council.

(3) In the event of any vacancy occurring in the membership of the Board the Lieutenant Governor in Council may appoint a person to fill the vacancy.

(4) In case the office of chairman becomes vacant, the Lieutenant Governor in Council may appoint any person to fill the vacancy.

(5) Notwithstanding anything contained in this section the chairman, or any other member of the Board, may be removed from office by the Lieutenant Governor in Council at any time upon the address of the Legislative Assembly.

7. The chairman and each other member of the Board shall receive such remuneration as may be fixed by the Lieutenant Governor in Council.

8. Neither the chairman nor any other member of the Board shall have any monetary interest of any description, directly or indirectly, in any property or in any business or undertaking carried on for the purpose of searching for, winning or getting, or for the purpose of gathering, collecting, processing, handling or distributing any oil or gas in the Province.

9. The Lieutenant Governor in Council from time to time may,—

- (a)** designate any member of the Board as the deputy chairman thereof;
- (b)** in the case of death, illness or absence from the Province of a member of the Board or of his inability to act from any cause, appoint some person to act for the time being in his stead and the person so appointed during the period for which he is appointed shall have all the powers and perform all the duties of a member of the Board.

Office and Business Practices of Board.

10. The office of the Board shall be at such place as from time to time may be approved by the Lieutenant Governor in Council.

11.—(1) Meetings of the Board shall be held at the call of the chairman, at such place or places and upon such notice as to the chairman seems proper.

(2) The chairman shall call a meeting of the Board immediately upon being requested to do so in writing by the other members of the Board.

(3) Two members of the Board shall constitute a quorum at any meeting.

12.—(1) The chairman shall be the executive officer of the Board and shall sign all orders or directions issued by authority of the Board and shall have full power to act for, on behalf of, and in the name of the Board in the execution, performance and carrying out of any act, matter or thing, which is within the power of the Board subject only to such express directions or decisions as may have been given or made by a resolution of the Board passed at a regularly held meeting thereof.

(2) At any time during which the office of chairman is vacant, or the chairman is absent from the place fixed pursuant to section 10 as the office of the Board, or is incapacitated for any reason from executing his functions as chairman, or upon the direction of the chairman, the deputy chairman shall have and exercise all the powers, duties and functions which are by this Act conferred upon the chairman.

(3) Any order or direction or other document purporting to be issued by authority of the Board shall, when signed by the chairman or the deputy chairman, be admitted as evidence of the contents thereof without any proof of the signature or of the authority of the chairman or deputy chairman, as the case may be, to sign the same.

(4) Any notice with regard to matters before or to come before the Board which is required or authorized to be given in writing,—

- (a) by the Board, may be signed by any member of the Board or the secretary;
- (b) by any person appointed by the Board, may be signed by such person;
- (c) by any other person, may be signed by such person or his duly authorized agent or solicitor.

13. The Board may perform, execute and carry out all the duties, powers and functions imposed or conferred upon the Board by this Act and by any other Act and for that purpose may do all and any acts and things which are

necessary for or incidental to the performance, execution or carrying out of any such duty, power or function.

14.—(1) The Board shall keep at its office,—

- (a) full and complete minutes of all business transacted at its meetings;
- (b) full and complete accounts and records of all the financial business of the Board.

(2) All such minutes, accounts and records shall be admissible in evidence by the production thereof by any member of the Board or by any employee thereof who is authorized by the Board to produce the same.

15. The Board may,—

- (a) appoint a secretary and such officers, servants and employees as the Board deems necessary for the transaction of its business and prescribe their duties, conditions of employment and remuneration;
- (b) obtain the services of such engineers, accountants, legal counsel and other professional persons as the Board deems necessary for the proper and convenient transaction of its business.

PART II.

GENERAL POWERS OF THE BOARD.

16. The Board, with the approval of the Lieutenant Governor in Council, may make such just and reasonable orders and regulations as the Board deems requisite to effect the intent, purpose and object of this Act.

PART III.

DRILLING, COMPLETION AND ABANDONMENT OF WELLS.

Licenses.

17.—(1) No person shall commence to drill any well or undertake any operations preparatory or incidental to the drilling of a well or continue any drilling operations or any producing operations unless a license has been issued and is in full force and effect.

(2) Notwithstanding the provisions of subsection (1), the site of a proposed well may be surveyed without a license.

(3) No well shall be drilled elsewhere than at the point specified in the license, or if the Minister has directed an amendment of the license with respect to the location of the well, than at the point specified in the amendment.

18.—(1) An application for a license under this Part shall be submitted to the Board on the form prescribed by and obtainable from the Board.

(2) The application shall set out in the manner required by the Board,—

- (a) the name proposed for the well which shall include in its meaning any identifying number, and shall not duplicate any previously recorded name, nor in the opinion of the Board, bear close resemblance to a previously recorded name nor be of a misleading nature; and
- (b) the point at which it is proposed to drill the well; and
- (c) the proposed programme of drilling operations; and
- (d) such other information as the Board may require.

(3) In an area where there may be more than one productive zone the Board may require that the application set out the definite zone to which the well shall be drilled and from which the well shall be produced.

(4) The application in the case of a well to be drilled for oil or gas or of a well to be drilled to a greater depth than one thousand feet, shall be accompanied by a fee of twenty-five dollars payable to the Provincial Treasurer.

19.—(1) The application in the case of a well to be drilled for oil or gas or of a well to be drilled to a greater depth than one thousand feet, shall be accompanied by a plan of the lands comprised in the application on a readable scale, prepared from a survey by a competent surveyor or engineer, showing the exact location of the proposed well site in relation to the boundaries of the lands and to any rivers, lakes, roadways, coal mines either being worked or abandoned, existing wells and structures of every kind upon or within the lands, and the distances to wells on the same spacing unit.

(2) The plan shall be dated and signed by the operator and certified by the surveyor or engineer, and their signatures shall be duly witnessed.

(3) All measurements and distances shall be tied to some definite survey mark in surveyed territory or in unsurveyed territory shall be tied to some prominent topographical feature and to post No. 1 of the lease where the area under lease has been defined on the ground by staking.

20.—(1) No person shall apply for a license to drill a well within a spacing unit unless he is entitled or is the

authorized representative of the person who is entitled to all the drilling and producing rights for the oil or gas for the recovery of which the well is to be drilled.

(2) If it is proved to the satisfaction of the Minister that a licensee was not entitled or was not the authorized representative of the person who was entitled to the drilling and producing rights at the time the license was granted the license shall be null and void for all purposes except as to the liability of the holder of the license to complete or abandon the well or to suspend operations as the Board may prescribe.

21. The applicant shall advise the Board if he intends to drill through a bed or seam of coal in respect of which operations have been undertaken for the working of the coal, and before a license may be granted, shall satisfy both the Board and the Director of Mines that it is practicable to drill through the bed or seam without danger to the persons engaged in mining operations therein, and in such a way as to permit the safe and economical mining of coal.

22.—(1) The application shall be examined by the Board and forwarded to the Minister with its recommendation.

(2) The Minister, in his discretion, may grant or refuse the license.

(3) The license shall be subject to such conditions, restrictions and stipulations as may be set out therein or attached thereto.

23. No company shall be granted a license unless it is a company registered under the provisions of *The Companies Act* of the Province.

24.—(1) An application for a license to drill a well shall be accompanied by a deposit payable to the Provincial Treasurer to guarantee the proper control, completion or abandonment of the well to the satisfaction of the Board in full compliance with this Act and the regulations.

(2) The amount of the deposit shall be two thousand five hundred dollars or such greater amount as may be required by the Board where, in its opinion, special circumstances exist.

(3) If an application for a license is not approved, the deposit shall be returned to the applicant.

(4) Upon the completion or abandonment of a well in strict accordance with the directions and requirements of the Board, the deposit or unused portion thereof shall be returned to the licensee.

(5) In the case of the same person applying for licenses to drill more than one well, a single amount of not less than two thousand five hundred dollars may be fixed by the Board as the deposit and the amount so fixed may be amended upon any subsequent application for a license.

(6) If in the opinion of the Board the control of a well or any completion, suspension or abandonment is not in accordance with its orders, directions or requirements, then the Board may enter upon the well site and do or cause to be done whatever it deems necessary for compliance with such orders, directions or requirements, and the Provincial Treasurer may use all or any part of the deposit to defray the Board's costs of and incidental to the work of completion, suspension or abandonment to the satisfaction of the Board.

(7) The return of a deposit or any part thereof shall not relieve the licensee of or reduce his liability for any costs of or incidental to the control, completion, suspension or abandonment of a well.

(8) If the costs of or incidental to the work of control, completion, suspension or abandonment of a well exceed the sum of the deposit, or a repayment having been made, exceed the sum remaining on deposit, the amount of such excess shall be a debt payable by the licensee or owner of the well to the Provincial Treasurer.

(9) If the licensee or owner fails to pay such debt on demand he shall be guilty of a violation of this Act.

(10) Notwithstanding the provisions of subsections (1) and (2) in the case of an application to drill a well for water, the Board may fix the deposit at such lesser amount than two thousand five hundred dollars as in its opinion will be adequate, or may dispense with the deposit as it sees fit.

25. The Board may require a deposit or an additional deposit payable to the Provincial Treasurer in an amount not to exceed ten thousand dollars including the original deposit, before a licensee,—

- (a) undertakes operations to recondition a well, or
- (b) resumes drilling operations at a well after the original completion, suspension or abandonment of the well;

and the deposit shall be subject to the provisions of section 24 in so far as they may be applicable.

26.—(1) A license granted pursuant to this Part shall not be assigned without the consent in writing of the Minister, made on the recommendation of the Board.

(2) The original or duplicate original of each assignment shall be furnished by the assignees to the Board which shall keep a record thereof.

(3) The assignment shall be unconditional and its execution shall be proved to the satisfaction of the Minister.

(4) A person applying for the consent of the Minister to the assignment of a license to him may be required to make a deposit in accordance with section 24, and the former licensee shall not be refunded his deposit until his assignee's deposit has been received.

(5) The assignee of a license shall be subject to the duties, obligations and liabilities under this Act of the original licensee.

(6) An application for the consent of the Minister to the assignment of a license shall be accompanied by a fee of twenty-five dollars payable to the Board.

27. The Minister, upon the recommendation of the Board, may,—

- (a) cancel or suspend a license granted pursuant to this Part, either for a definite time, or indefinitely, if it is made to appear to him that a contravention of this Act has occurred with respect to the well for which the license was granted;
- (b) cancel a license if drilling has not been commenced within ninety days of its issue;
- (c) issue a new license in place of a cancelled license.

28.—(1) An application to amend a license shall be submitted to the Board.

(2) The Board shall examine the application and forward it to the Minister with its recommendation.

(3) The Minister, in his discretion, may direct the amendment applied for or such other amendment as he deems fit, or refuse the application.

29.—(1) A license granted pursuant to this Part shall be in the form or in one of the forms prescribed by the Minister, either generally or for any specified case, and shall be issued to the licensee in duplicate.

(2) The duplicate of the license, together with the duplicate of any amendment thereof directed by the Minister, shall be posted and kept prominently displayed at the well site during drilling operations.

Regulations.

30. Without restricting the generality of section 16, the Board, with the approval of the Lieutenant Governor in Council, from time to time may make regulations,—

- (a) prescribing spacing units;
- (b) forbidding the commencement of the drilling of a well at any point within a prescribed distance of any boundary, road, road allowance, road diversion, right-of-way, buildings of any specified type, or any specified works either public or private;
- (c) prohibiting the completion of a well in a pool within a prescribed distance of the boundary of its spacing unit;
- (d) requiring notice of intention and approval of the Board, before,—
 - (i) the suspension of drilling operations; or
 - (ii) the abandonment of a well; or
 - (iii) the reconditioning of a well; or

- (iv) the resumption of drilling operations after a previous completion, suspension or abandonment of a well;
and authorizing the Board to prescribe the conditions under which it will grant its approval in any case;
- (e) prescribing the methods to be employed in any drilling or abandonment operations;
- (f) prescribing the conditions under which drilling operations may be carried out in water covered areas, and any special measures to be taken in such operations;
- (g) prescribing the measures to be adopted to confine any gas, oil or water encountered during drilling operations to the original stratum or strata and to protect the contents of such strata from infiltration, inundation and migration;
- (h) as to the kind and specification of tools, casing, equipment and materials which may be used for drilling, either generally or in any specified case, and regulating the construction, alteration or use of any works, fittings, machinery, plant and appliance in and for the development, production, transmission, supply, distribution, measurement, consumption or handling of any gas or oil;
- (i) providing for the registration and licensing of all persons having charge of any drilling operations and of all or any persons employed in connection with any drilling operations, and prohibiting the carrying on of any drilling operations unless they are conducted under the continuous and personal supervision of a person or persons registered as having charge thereof;
- (j) prohibiting the drilling through oil, gas, water, coal or other minerals without taking adequate measures to confine oil, gas or water to its own stratum, and to protect any coal seam or other valuable mineral deposit or any workings therein from injury, and prescribing the nature and extent of such measures either generally or in any specified case;
- (k) requiring the provision of proper anchorage, casing and cementation of well casings;
- (l) requiring and prescribing the taking and method of taking of samples of any kind and their submission to the Board;
- (m) requiring and prescribing any tests, surveys and logs and the submission of the information so obtained to the Board;
- (n) prescribing the measures to be taken before the commencement of drilling and during drilling to conserve any gas, oil or water likely to be encountered;

- (o) as to the methods of operation to be observed during drilling and in the subsequent management and conduct of any well,—
 - (i) for the protection of life, property and wild life; and
 - (ii) for the prevention and extinguishment of fires; and
 - (iii) for the prevention of wells blowing out of control; and
 - (iv) for the prevention of pollution of fresh water supplies;
- (p) as to the records to be kept, the manner and form thereof, and the persons by whom and the place at which the same are to be kept, and providing for their submission to the Board;
- (q) as to the reports to be made, the persons to make the same, the authority or person to whom the same are to be made, the time of making the same, and the form, nature and extent thereof;
- (r) as to the time and method of shooting wells or chemical treatment of wells, and as to the notices to be given of intention to shoot or chemically treat any well;
- (s) as to the inspection of oil or gas wells, both during and after drilling;
- (t) providing for the capping of or otherwise closing in of wells for the purpose of preventing waste;
- (u) requiring the cleaning out or deepening or both of any wells;
- (v) generally to conserve gas and oil, and to prevent waste or improvident disposition thereof, and to do any other matter reasonably incidental to the development and drilling of any oil or gas wells, the operation and management thereof, and any production therefrom.

General.

31.—(1) The Board shall maintain at its office a record of official well names, to be known as the Well Name Register, in which shall be entered,—

- (a) the name and location of each well; and
- (b) the name of the licensee and his agent; and
- (c) the name of the drilling contractor; and
- (d) subsequent name or names assigned to the well and approved by the Minister.

(2) The last name assigned to a well in the Well Name Register shall be the official name of the well and the one by which it shall be known and referred to.

(3) If the licensee wishes to change the official name of a well, he shall apply to the Board on a form supplied by it and pay a fee of twenty-five dollars payable to the Provincial Treasurer.

(4) The application to change the official name of the well shall be examined by the Board and forwarded to the Minister with its recommendation.

(5) The Minister, in his discretion, may grant or refuse an application to change the official name, and if the application is granted the new name shall be entered in the Well Name Register.

(6) The licensee shall mark the well in a conspicuous place with the official name of the well, and preserve the markings until the well is abandoned.

32.—(1) If at any time an escape of oil or gas from a well is not prevented, or if a flow of water is not controlled, the Board, with the approval of the Minister, may take such means as may appear to it to be necessary or expedient in the public interest to control and prevent the escape of oil, gas or water.

(2) Any action taken by the Board pursuant to subsection (1) shall be governed by the provisions of subsections (2) to (7) of section 81 in so far as they may be applicable.

33.—(1) No person shall engage in drilling operations at any well, or undertake any operation preparatory or incidental to the drilling of any well or continue any drilling operation at a well or recondition or abandon a well unless he is the holder of a subsisting permit to operate drilling equipment.

(2) An application for a permit or any renewal thereof to operate drilling equipment shall be made to the Board in such form as the Board may prescribe.

(3) The application shall be accompanied by a fee of twenty-five dollars payable to the Board for the permit or renewal and the fee shall be refunded if the permit or renewal is not granted.

(4) The Board shall examine the application and in its discretion, may grant or refuse the permit.

(5) The permit shall be for a period of one year and subject to renewal for further periods on application and shall be in such form and subject to such terms and conditions as the Board may prescribe.

(6) If, in the opinion of the Board, the permittee fails to comply with any provision of this Act, the regulations or any order of the Board, the Board may cancel his permit.

PART IV.

OIL AND GAS PRODUCTION.

Regulation of Production.

34.—(1) Without restricting the generality of section 16, the Board, with the approval of the Lieutenant Governor in Council, may,—

- (a) designate and delineate areas within the Province as fields and pools;
 - (b) designate the area which shall be allocated to a well in connection with fixing allowable production;
 - (c) control and regulate the production of oil and gas by restriction, proration or prohibition;
 - (d) require the extraction of natural gasoline, other hydrocarbons or other substances from any gas produced;
 - (e) require the repressuring, recycling or pressure maintenance of any pool or portion thereof, and for such purpose may require the introduction or injection into any pool or portion thereof of gas, air, water or other substance;
 - (f) require the storage in an underground formation, in accordance with such terms and conditions as the Board may prescribe, of any gas produced which is in excess of the reasonable market demand;
 - (g) require the disposal into an underground formation or otherwise, in accordance with such terms and conditions as the Board may prescribe, of any water produced;
 - (h) restrict the amount of oil or gas or both which may be produced in the Province,—
 - (i) by fixing a provincial allowable for oil not exceeding the reasonable market demand as determined by the Board; and
 - (ii) by allocating the provincial allowable for oil in a reasonable manner among the producing pools in the Province by fixing the amount of oil which may be produced from each pool without waste to meet the provincial allowable so determined; and
 - (iii) by prorating the production of oil allocated to each pool among the producers from the pool, for the purpose of giving each producer the opportunity of producing or receiving his just and equitable share of oil in the pool; and
 - (iv) by limiting the total amount of gas which may be produced from any pool having regard to both the reasonable market demand for gas therefrom as determined by the Board and the efficient use of gas for the production of oil; and
 - (v) by prorating the production of gas allocated to each pool among the producers from the pool, for the purpose of giving each producer the opportunity of producing or receiving his just and equitable share of the gas in the pool.
- (2) Where an order is made pursuant to clauses (e), (f), or (g) of subsection (1) incidental thereto the Board by

order may require the compulsory purchase of a well or wells together with any property or right appurtenant thereto or used in connection therewith.

35. If in the opinion of the Board it is just, reasonable and in the public interest to do so the Board, with the approval of the Lieutenant Governor in Council, by order, may,—

- (a) require the owner or operator of any gas well, oil well at which gas is produced, or other well producing or capable of producing gas to maintain, continue or resume production of gas from such well subject to such terms and conditions as the Board may prescribe;
- (b) for the purpose of retaining in or returning to the underground formation gas for storage, require the owner or operator of any oil well or well producing or capable of producing gas, to restrict or discontinue production of gas from such well, or permit and allow such well to be used as an input well subject to such provisions as to compensation as the Board may prescribe.

36. In case the Board is satisfied after an inquiry held upon such notice and to such persons as the Board deems proper, that any well is being operated in such a way that any provision of this Act or of any order or regulation of the Board made pursuant to this Act is contravened or not complied with, the Board may order that on and after a date to be fixed by the order, no production shall be permitted at the well and that it shall be shut down and kept shut down until such time as the Board may order to the contrary.

Records and Reports.

37.—(1) If production of oil or gas is being obtained from a well, the owner shall file with the Board on forms furnished or approved by the Board, not later than the fifteenth day of the month, a full report of,—

- (a) the oil, gas and water and sediment produced from the well during the preceding month;
- (b) the average separator pressure for the preceding month if a separator is in use;
- (c) the amount of natural gasoline recovered from the processing through an absorption plant of the gas produced from the well during the preceding month.

(2) If a well is shut in, a return so stating shall be furnished each month until production is resumed or the well is abandoned.

(3) The owner shall keep at his field office or other place of business in the Province a daily record of the well in a form approved by the Board showing the oil, gas

and water and sediment produced from the well, the disposition thereof and the daily average separator pressure if a separator is in use.

(4) Each purchaser, transporter or plant operator purchasing, transporting or treating oil or gas shall keep a daily record of such oil and gas, and file with the Board before the fifteenth day of each month a full report of the oil and gas purchased, transported or treated during the preceding month.

(5) The owner shall keep such other records and furnish such other reports as the Board in any special case may require.

38.—(1) The Board may prescribe the methods to be used for the measurement of oil and gas and the standard conditions to which such measurements shall be converted.

(2) Without restricting the generality of subsection (1), the Board may require that whenever the conditions of pressure and temperature of gas differ from the standard conditions prescribed pursuant to subsection (1), conversion of the volume from those conditions to the standard conditions shall be made in accordance with the Ideal Gas Laws, corrected for deviation.

(3) In the event that methods of measurement and standard conditions are prescribed pursuant to this section such methods and standard conditions shall be used wherever the measurement of oil or gas is required as a result of the provisions of any statute of the Province, whether the provisions deal with conservation, preservation, utilization, taxation, royalties or otherwise.

PART V.

TRANSPORTATION AND DISPOSITION OF OIL AND GAS.

Common Carrier.

39.—(1) The Board, with the approval of the Lieutenant Governor in Council, from time to time may declare the proprietors of all the pipe lines in any designated part of the Province or the proprietor of any designated pipe line to be a common carrier as and from a date fixed by the order for that purpose, and thereupon any such proprietor shall be and shall be deemed to be a common carrier of oil or gas or both in accordance with the declaration.

(2) No proprietor of a pipe line who is a common carrier shall directly or indirectly, make or cause to be made, or suffer or allow to be made, any discrimination of any kind as between any of the persons for whom any oil or gas is gathered, transported, handled or delivered by means of the pipe line.

(3) No common carrier shall discriminate in favour of his own oil or gas or oil or gas in which he may be directly or indirectly interested in whole or in part.

Common Purchaser.

40.—(1) The Board, with the approval of the Lieutenant Governor in Council, may declare any person who purchases produces or otherwise acquires oil or gas produced from any pool in the Province to be a common purchaser of oil or gas from the pool or pools designated by the Board.

(2) Every common purchaser shall purchase oil or gas, as the case may be, offered for sale to him without discrimination in favour of one producer or owner as against another in the same pool.

(3) Every common purchaser shall purchase without discrimination between the pools in the Province from which he is designated to be a common purchaser.

(4) No common purchaser shall discriminate in favour of his own production, or production in which he may be directly or indirectly interested either in whole or in part.

(5) The Board, by order, may relieve any common purchaser, after due notice and hearing, from the duty of purchasing oil or gas of inferior or different quality or grade.

Conservation and Prevention of Waste of Gas Resources.

41.—(1) No gas produced in the Province shall be used or consumed in the Province for any purpose other than for gas lift, repressuring, recycling, pressure maintenance, or for light or as fuel, until a permit authorizing its use or consumption for such purpose is granted by the Board.

(2) With the approval of the Lieutenant Governor in Council a permit shall be granted when the applicant therefor, after giving notice to such persons as the Board may direct, proves to the satisfaction of the Board, at a hearing before the Board, that the gas is to be used or consumed for a beneficial purpose, and that it would be in the public interest to grant the permit.

(3) Any permit granted pursuant to the provisions of this section,—

- (a) shall authorize the use or consumption of the gas for the purpose or purposes prescribed in the permit; and
- (b) may designate the period for which the permit is granted; and
- (c) may be subject to such other terms and conditions as the Board may prescribe.

(4) The holder of a permit shall not assign, transfer, subrogate or part with any of the rights granted by the permit without the consent in writing of the Board.

42. Notwithstanding the provisions of any contract or arrangement relating to gas, the Board, with the approval of the Lieutenant Governor in Council, by order, may direct that the owner or operator of any well or the proprietor of any gas pipe line, scrubbing plant or absorption plant named and described in the Board's order, shall,—

- (a) construct gas pipe lines, rearrange gas pipe lines, install compressor and all other equipment required, and do and perform all further acts and things which the Board deems necessary or advisable for the purpose of conserving, gathering and transporting to any absorption plant, scrubbing plant or compressor, or to any other point as directed by the Board, any gas at wells or elsewhere which, in the opinion of the Board, can be effectively and economically used or stored as hereinafter provided;
- (b) gather in and transport to an absorption plant or a scrubbing plant or elsewhere as directed by the Board, any gas which, in the opinion of the Board, can be effectively and economically used or stored as hereinafter provided;
- (c) purify, scrub or otherwise treat for the removal therefrom of hydrogen sulphide or other deleterious substance, that portion of the gas gathered in accordance with the provisions of clauses (a) or (b) which is required for the market;
- (d) purchase and take delivery of all gas ordered by the Board to be delivered or sold, and in the quantities fixed by the Board, that in the opinion of the Board, can be effectively and economically purchased and delivered;
- (e) sell the gas gathered and treated in accordance with clauses (a), (b), (c) or (d) in the quantities fixed by the Board to such wholesale or retail marketers or users of gas as the Board directs from time to time.

43. In any case where the Board directs the purchase or sale of gas under this Act the price to be paid for such gas shall be the price agreed upon by the parties, and failing agreement, the price determined by the Board of Public Utility Commissioners on the application of any person interested.

44.—(1) For purposes of this section "purchaser" means a person who purchases or otherwise acquires property in gas within the Province, and includes a person who produces gas for use and consumption for domestic, commercial or industrial purposes.

(2) The Board, with the approval of the Lieutenant Governor in Council, by order, may,—

- (a) direct any purchaser to purchase or otherwise acquire in such amounts and in such manner as the Board may direct, residue gas produced with oil,

which gas is not required for repressuring, recycling or pressure maintenance, and which reasonably and economically, in the opinion of the Board, may be utilized for the purchaser's requirements;

- (b) direct any purchaser to purchase or otherwise acquire gas from any well, pool or field which reasonably and economically, in the opinion of the Board, may be utilized for the purchaser's requirements;
- (c) if, in the opinion of the Board, it is just, reasonable, and in the public interest to do so, direct the owner or operator of any well producing or capable of producing gas to sell and deliver to the purchaser designated by the Board all the gas produced at the owner's or operator's well or wells or such portion of the gas as the Board stipulates in its order, and in the event of neglect or refusal by the owner or operator of any well to comply with the terms of any order of the Board made hereunder, the Board, by order, may prohibit production of gas at such well for such time as the Board prescribes in its order.

45. If in the opinion of the Board it is just, reasonable and in the public interest to do so, the Board, with the approval of the Lieutenant Governor in Council, by order, may require the owner or operator of an absorption plant or any other person who has in his possession or under his control gas, the property of the producer thereof, or has in his possession or under his control gas in which he has proprietary interest, to sell and deliver such gas or such portion thereof as the Board directs, to the person designated by the Board.

46. Unless otherwise directed by The Petroleum and Natural Gas Conservation Board, each owner or operator of a scrubbing plant shall accept and treat at prices and charges agreed upon, or in the event of failure to agree, at prices and charges fixed by The Board of Public Utility Commissioners, all gas offered to it for treating, and no such owner or operator shall directly or indirectly, make or cause to be made or suffer or allow to be made, any discrimination of any kind as between any of the persons for whom any gas is purified, scrubbed or otherwise treated in such plant.

General.

47.—(1) Each contract or other arrangement, written or oral, expressed or implied, which restricts or reserves the right to sell or supply, or to purchase or take delivery of oil or gas to or for the markets available or to become available for such oil or gas, shall be null and void to the extent that such contract or arrangement conflicts with

the provisions of this Act, or an order or regulation of The Petroleum and Natural Gas Conservation Board, or of The Board of Public Utility Commissioners.

(2) The provisions of this section shall not apply to any franchise conferred by statute, nor to contracts or arrangements entered into pursuant to any statute in so far as such franchise, contract or arrangement relates to the supply or distribution of gas by wholesale or retail within the confines of any municipality, and made between any municipal corporation and any person supplying gas to the ultimate consumer whether by wholesale or by retail.

48.—(1) Any order or regulation of the Board with respect to any matter over which it has jurisdiction shall override the terms and conditions of any contract or other arrangement conflicting with the terms of the order or regulation and no terms or conditions of any contract or other arrangement which conflict with the terms of the order or regulation shall be enforceable or give rise to any cause of action by any party against any other party to such contract or other arrangement.

(2) Any person, a party to any contract or arrangement, the terms or conditions of which conflict with and are overridden by the terms of any order or regulation of the Board, within ten days after becoming aware of any such order or regulation, or within such further time as the Board may allow, may apply to the Board to amend or rescind the order or regulation, and the Board shall thereupon, on such notice if any, to other parties interested as it may in its discretion think desirable, hear the application and either amend or rescind the order or regulation or dismiss the application.

49.—(1) The Board, with the approval of the Lieutenant Governor in Council, by order, may regulate and control the operation of any pipe line and anything incidental thereto.

(2) Without limiting the generality of subsection (1), the Board may make orders and regulations,—

- (a) prescribing the number, capacity and nature of storage tanks required for the operation of any pipe line and the methods of gauging the oil or gas therein;
- (b) prescribing the types and gravities of oil or gas which may be transported through any pipe line and the methods of measuring the quantity of oil or gas transported.

PART VI.**ASSESSMENT AND TAXATION OF OIL AND GAS PROPERTIES.****Property Liable to Assessment and Taxation.**

50. In this Part, unless the context otherwise requires, "oil and gas property" means the right, title, estate or interest of any person to or in any oil or gas which is in the earth in the Province, and includes,—

- (a) every kind and description of right of any person to search for, win, get and retain any oil or gas, whether the right is incidental to the ownership of any land or is created by any lease, permit, contract or otherwise howsoever; and
- (b) all buildings, structures and erections used for the purpose of searching for, winning, getting and retaining any oil or gas; and
- (c) every right, title, estate, interest or benefit reserved, acquired or retained upon the making of any sale, lease, sublease, assignment, license or other arrangement relating to the disposition of any right, title, estate or interest to or in any oil or gas; and
- (d) any interest of the Crown under any sale, grant, lease, license, reservation or other agreement or permit made or issued by the Crown in respect of any oil or gas.

51.—(1) All oil and gas property in the Province which is not expressly exempted, shall be liable to assessment and taxation under this Act.

(2) All oil and gas property situate in any part of the Province for the time being designated by any order of the Lieutenant Governor in Council as a part of the Province in which such property is exempt from assessment under this Act, shall be exempt so long as the order remains in force, from assessment and taxation under this Act.

52.—(1) Every person who is the owner of any oil and gas property liable to assessment and taxation under this Part, not later than the thirty-first day of December in each year, without any notice or demand, shall deliver to the Board a detailed statement in writing which shall be in such form as the Board may require, setting out,—

- (a) the legal description of the land to which the oil and gas property relates;
- (b) the rights, estate, or interest of the owner, with sufficient particulars of his title to the oil and gas property;

- (c) the rentals and royalties payable by the owner in respect of the oil and gas property to any other person or persons and the name and address of each such person;
 - (d) particulars of all buildings, structures and erections used for the purpose of searching for, winning, getting and retaining any oil or gas product to which the oil and gas property relates;
 - (e) in case the owner of the oil and gas property is a corporate body, the last balance sheet prepared pursuant to the provisions of *The Companies Act* of the Province, or any other statute applicable to the corporation;
 - (f) such further additional information as the Board may require.
- (2) In the case of a corporation, association or other corporate body every such return shall be made and signed by the president, secretary, treasurer or other responsible officer having knowledge of the affairs of the corporation, association, or other body, or by such other person or persons employed thereby or connected with its business as the Board may require.
- (3) The Board may prescribe the forms on which the returns shall be made or furnished.
- (4) The Board may extend the time for making any return under this Act.

Preparation and Revision of Assessment Roll.

53.—(1) The Lieutenant Governor in Council from time to time may appoint an assessor for the purposes of this Part, who may be a member of the Board, and prescribe his remuneration which shall be payable by the Board.

(2) As soon as is practicable after the thirty-first day of December in each year, the assessor shall proceed to assess at its fair actual value each oil and gas property liable to assessment and taxation, and shall prepare an assessment roll setting out thereon,—

- (a) a brief description of each oil and gas property assessed;
- (b) the name and address of the owners thereof; and
- (c) the assessed value thereof.

(3) In making the assessment the assessor may accept or disregard either wholly or in part any statements furnished pursuant to section 52, and may take any steps which he in his discretion considers necessary for the purpose of ascertaining the fair actual value of the oil and gas property, and for that purpose may resort to all sources of available information, and may fix as the assessed value such amount as appears to him to be just and equitable.

54. Upon the completion of the assessment roll the assessor shall indorse thereon or attach thereto a certificate setting out the date upon which the roll was completed and sign the same and deliver it to the Board.

55.—(1) The Board, as soon as may be after the delivery of the assessment roll, shall fix a day, time and place for the revision of the assessment roll not earlier than the thirtieth day after the day upon which the assessment roll is delivered.

(2) The Board shall cause a copy of the assessment roll and the certificate indorsed thereon together with a notice of the day, time and place fixed for the revision of the assessment roll to be posted up in a conspicuous place in any part of the offices of the Board to which the public have access and shall keep it posted up for twenty days.

(3) The Board, within ten days after the posting up of the assessment roll, shall cause to be sent by mail to every person whose name appears on the assessment roll as the owner of any oil and gas property, an assessment notice containing the particulars appearing in the roll with respect to the oil and gas property and a notice setting out the day, time and place fixed for the revision of the assessment roll, together with a copy of section 56.

56. Any person whose name appears upon the assessment roll may apply to the Board,—

- (a) to vary the assessment roll and to alter any assessment shown thereon which he alleges to be wrongfully made or improperly assessed; or
- (b) to assess any property which he alleges is liable to be and has not been assessed, and to include the same in the assessment roll;

upon giving the Board notice in writing within twenty days after the date upon which the assessment roll was first posted up pursuant to section 55.

57. At the time and place fixed for the revision of the assessment roll or at any adjournment thereof, the Board shall proceed to hear and determine every application of which notice has been given in conformity with section 56 and to make such disposition thereof as the Board in its discretion may deem fit and proper.

58.—(1) As soon as the Board has disposed of all applications as aforesaid, it shall proceed to revise the assessment roll in accordance with the disposition made by the Board of the applications and thereupon shall cause to be attached to the assessment roll so revised a certificate which may be in Form 1 in the Schedule.

(2) The assessment roll so revised and every assessment matter and thing set out therein and the certificate attached thereto shall be conclusive and binding upon all persons

mentioned therein or affected thereby, and shall not be questioned in any proceedings in any court as to any statement, matter or thing contained therein whatsoever.

Levy and Payment of Tax.

59.—(1) In the year 1950, the Board, as soon as may be after the thirtieth day of June, and not later than the thirtieth day of September, shall proceed to levy a tax at the rate of ten mills on the dollar upon the assessed value of all properties on the assessment roll as certified by the Board in that year, or at such lesser uniform rate as will produce a sufficient sum to defray such percentage as may be fixed by the Lieutenant Governor in Council of the estimated net expenditures to be incurred by the Board under this Act in the nine-month period ending on the thirty-first day of March, 1951.

(2) In each year thereafter, the Board, as soon as may be after the thirty-first day of March and not later than the thirtieth day of June, shall proceed to levy a tax at the rate of ten mills on the dollar upon the assessed value of all properties on the assessment roll as certified by the Board in that year, or at such lesser uniform rate as will produce a sufficient sum to defray such percentage as may be fixed by the Lieutenant Governor in Council of the estimated net expenditures to be incurred by the Board under this Act in the year ending on the thirty-first day of March in the next succeeding year.

(3) In proceeding to levy the tax in accordance with the provisions of this section, the Board in every case shall have regard to deficits or surpluses existing at the end of each fiscal year ending the thirty-first day of March.

(4) Where the tax levy under the provisions of this section against any oil and gas property on the assessment roll is less than one dollar, then the amount of tax payable by the person liable in respect of such oil and gas property shall be the minimum sum of one dollar.

60. As soon as possible after the Board has struck the rate it shall cause to be sent by mail to every person whose name appears in the assessment roll as the owner of any assessable oil and gas property a notice containing a brief description of the oil and gas property in respect to which he is assessed, the amount of the tax payable in respect thereof, and a demand for the payment of the tax.

61.—(1) In the event of any of the taxes imposed under this Act remaining unpaid after the expiration of sixty days after the date of mailing the notice referred to in section 60, there shall be added thereto, by way of penalty, a sum equal to five per cent of the amount of taxes unpaid.

(2) In the event of any taxes or penalties, or any part thereof remaining unpaid after the expiration of one hundred and twenty days after the date of the mailing there

shall be added thereto, by way of penalty, an additional sum equal to five per cent of the amount of the taxes and penalties at that date remaining unpaid.

(3) The amount or amounts added under this section shall form part of the taxes which are hereby created a special lien upon the oil and gas property in respect of which the same are payable under the provisions of this Act.

(4) Nothing contained in this section shall be construed to extend the time for payment of the taxes, or in any way to impair the right of distress, nor any other remedy provided by this Act, for the collection of taxes.

62. In any case where the tax payable to the Board in respect of any oil and gas property or any interest therein is not paid within thirty days after the date of mailing the notice referred to in section 60, the Board may order that from and after a date fixed by the Board all oil or gas or any specified kind or kinds thereof produced from any well owned or operated by a person who is liable to the payment of the tax shall be delivered to the Board or to such person or persons who may be designated by the Board, and shall be sold in such manner and at such price as the Board may direct until such time as the Board has received, out of the proceeds of sale or otherwise, the full amount of the tax together with any penalties thereon and such further amount as the Board may fix as the amount of the expenses of the Board in relation to any act, matter or thing done pursuant to this section.

63. Upon the making of any order pursuant to section 62, from the date as fixed by the Board until such time as the Board has received the full amount of the tax together with any penalties thereon and the expenses of the Board, the oil or gas to which the order relates shall become the property of the Board, and shall be freed and discharged from all claims and demands of every other person howsoever and whensoever created.

64. The tax payable in respect of any oil and gas property shall be a charge thereon having priority over all other claims and demands of any person other than the Crown.

General.

65. In case any person who is required to make or furnish any statement or information under the provisions of section 52 does not comply with the provisions of that section, the Board by order may impose upon any such person a penalty of not more than ten dollars per day for each day during which the default is made, which penalty or sum shall be added to and become a part of the tax imposed by this Part, and may further order that any such person

shall pay a tax of double the amount of the tax payable in respect of the oil and gas property to which the statement or information relates.

66.—(1) In case any question of law arises with respect to any decision of the Board made pursuant to any provisions of this Part, any person affected thereby may, within thirty days after the date upon which the decision was made, give notice in writing to the Board requiring the question to be referred to a judge.

(2) Upon the receipt of any such notice the Board shall cause an application to be made to a judge to fix the day, time and place for proceeding with the reference and for directions as to the notice thereof to be given and the persons to be given notice and the manner in which the notice is to be given.

(3) Upon the day, time and place so fixed or at any other day, time and place to which the hearing is from time to time adjourned, the judge shall proceed to determine the question in a summary manner, and for that purpose may take evidence either orally or by affidavit and shall make such order determining the question as he deems proper.

(4) Every order made by a judge under this section shall be final and conclusive and there shall be no appeal therefrom.

67. The Board is hereby empowered to borrow from time to time on the security of the taxes for the time being uncollected, such sums as may be required for the defrayal of the current expenditures of the Board.

68.—(1) If anything to be done within a number of days or at a time fixed by or under this Act cannot be or is not so done, the Lieutenant Governor in Council by order from time to time may appoint a further or other time for doing it, whether the time at or within which the same ought to have been done, has or has not arrived or expired, as the case may be.

(2) Anything done at or within the time specified in such order shall be as valid as if it had been done at or within the time fixed by or under this Act.

69. The Lieutenant Governor in Council may authorize and empower the Provincial Treasurer,—

- (a) to guarantee on behalf of the Province the due payment of any money borrowed pursuant to section 67, together with the interest payable thereon, upon such terms and conditions as may be prescribed by the Lieutenant Governor in Council;
- (b) to advance to the Board from time to time out of the General Revenue Fund such sums as may be deemed advisable upon such security, at such rate of interest and such terms and conditions, as may be prescribed by the Lieutenant Governor in Council.

PART VII.**PROVISIONS OF GENERAL APPLICATION.**

70.—(1) Every person who is the owner of a well or who is a licensee or a permittee under this Act shall register with the Board an address for service in the Province of all notices and orders pursuant to this Act.

(2) Any owner of a well, licensee or permittee who is not a resident of the Province shall have an agent in the Province and shall register with the Board the agent's name and address in the Province.

(3) If the address required to be registered by subsection (1), or the name or address of the agent required to be registered by subsection (2), changes, the owner, licensee or permittee shall register such change with the Board.

(4) All notices or orders which the Board is required or may desire to serve shall be deemed to have been served upon an owner of a well, a licensee or a permittee upon delivery thereof at his registered address for service or the registered address of agent or in case the same is sent by mail upon the expiration of twenty-four hours, exclusive of Sundays and statutory holidays, from the time of sending the notice or order to his registered address for service or to the registered address of agent.

(5) If there be no registered address for service or registered address of agent, as aforesaid, all notices and orders required to be served or which the Board desires to serve shall be posted up in any part of the office of the Board to which the public has access and shall be kept so posted up for twenty-four hours, exclusive of Sundays and statutory holidays, and upon the expiration of the said period shall be deemed to have been duly served upon the owner of the well, licensee or permittee, as the case may be.

71. Every person who is the owner or who has the control or management of any refinery, scrubbing plant or absorption plant in the Province shall keep at his office or other place of business in the Province records of,—

- (a) all oil and gas received into the refinery, scrubbing plant or absorption plant; and
- (b) the names and addresses of the persons from whom the oil and gas was received; and
- (c) the quantity and quality of the oil and gas received from each person; and
- (d) the price payable in respect thereof; and
- (e) each disposition of any product obtained from refining, treating or processing the same.

72. Every person who is required by this Act and the regulations to keep records shall produce such records at all reasonable times when requested to do so by any member

of the Board, or by any person authorized by the Board, and shall afford him facilities for inspecting the same and making copies thereof and taking extracts therefrom.

73.—(1) The Board may require from any Department of the Government Service any information required for the purpose of carrying out the duties and exercising the powers imposed or conferred upon the Board by this Act.

(2) Each official of each Department, subject to the approval of the Minister presiding over it, shall give to the Board such assistance as he is able to afford and the Board may require.

74.—(1) At any time upon the direction of the Lieutenant Governor in Council, the Board shall proceed to prepare a scheme or schemes for the provision of compensation for persons who are injured by reason of any conservation orders made pursuant to this Act, and submit every such scheme to the Lieutenant Governor in Council.

(2) The Lieutenant Governor in Council may approve any scheme so prepared, and upon the scheme being approved may establish the same and thereupon the scheme so established shall have the same force and effect as if it had been enacted as a part of this Act.

(3) The Lieutenant Governor in Council from time to time may vary, amend or revoke any scheme previously established.

(4) The Lieutenant Governor in Council may confer upon and vest in the Board any power which may be considered necessary or advisable to enable the Board to carry out the provisions of any scheme.

(5) Any scheme may be general in its application, or may be restricted to such wells or classifications of wells in such part or parts of the Province as may be designated thereby.

(6) In any scheme provision may be made for all or any of the following matters,—

- (a) the circumstances and conditions under which any person is entitled to receive compensation under the scheme;
- (b) the matters in respect of which any compensation is payable and the method in which the amount of any compensation shall be ascertained;
- (c) the manner in which compensation is to be payable;
- (d) the persons by whom any such compensation shall be payable;
- (e) the apportionment of liability between all the persons by whom compensation is payable;
- (f) such other matters or things as may be necessary for the purpose of carrying out the scheme.

(7) For the purpose of raising any money required for the payment of compensation under any scheme, the Board shall levy the amount thereof by means of a uniform rate on the dollar upon the assessed value of all the oil and gas property of the persons who are liable under the scheme for the payment of compensation, and all the provisions of Part VI relating to the levying and collection of any tax imposed pursuant thereto shall apply to any levy made pursuant to this section in so far as they may be applicable.

75.—(1) Any scheme initiated by owners of wells or other persons affected for,—

- (a) the repressuring, recycling or pressure maintenance in any field or pool; or
- (b) the processing, storage or disposal of gas; or
- (c) the disposal of water in any field or pool;

shall be submitted to the Board for its approval before it is proceeded with.

(2) No such scheme shall be proceeded with without the approval of the Board.

76.—(1) Where an order is made pursuant to section 34, subsection (2) the Board may require that the owners of wells and other persons affected by the order under section 34, subsection (1), clauses (e), (f) or (g), incidental to which the purchase of a well was required, shall pay the costs and expenses incurred in carrying out the provisions of the orders.

(2) Upon making an order pursuant to section 34, subsection (2), the Board may proceed to prepare a scheme or schemes providing for the payment of such costs and expenses by such owners and other persons.

(3) The Lieutenant Governor in Council may approve a scheme so prepared pursuant to subsection (2) and may establish the same, and thereupon the scheme so established shall have the same force and effect as if it had been enacted as part of this Act.

(4) The Lieutenant Governor in Council from time to time may vary, amend or revoke any scheme previously established.

(5) In any scheme provision may be made for any or all of the following matters,—

- (a) the circumstances and conditions under which any person shall be required to pay under the scheme;
- (b) the matters in respect of which payments shall be made and the method in which the amount of payment shall be ascertained;
- (c) the manner in which payments shall be made;
- (d) the persons by whom payments shall be made;
- (e) the apportionment of liability between the persons by whom payments shall be made;
- (f) the management and supervision of the scheme;

(g) such other matters or things as may be necessary for the purpose of carrying out the scheme.

(6) The Lieutenant Governor in Council may confer upon and vest in the Board any power which may be necessary or advisable to enable the Board to carry out the provisions of any scheme established pursuant to this section.

(7) A payment required to be made under a scheme established pursuant to this section shall be a tax against the oil and gas property of the person liable for payment, and all the provisions of Part VI relating to the assessment and collection of any tax imposed pursuant thereto shall apply to any levy made pursuant to this section in so far as they may be applicable.

77.—(1) The procedure to be followed and the form to be used in any inquiry, hearing, meeting, proceeding or other transaction of the Board or upon the making of any order shall be such as the Board from time to time may determine, and as are not inconsistent with any express provision of this Act.

(2) In contentious matters the Board shall require such notice of an application to, or hearing by the Board, to be given as the Board deems requisite.

(3) Any person interested in or affected by any order of the Board to whom notice may not have been given, at any time within ten days after becoming aware of the order, may apply to the Board to vary, amend or rescind the same.

(4) The Board, in its discretion, after notice to other parties interested, and after hearing any oral or written representations that may be made by the applicant, and any person interested in or affected by the order, either may amend, alter or rescind the order or dismiss the application as to the Board may seem just.

78. The Board may make inquiries and investigations into any matter or thing in relation to the drilling for, and the resources, occurrence, production, transportation, distribution, disposition and processing of oil or gas or products derived therefrom in the Province at such places and at such times and in such manner as may seem advisable to the Board.

79.—(1) Except where otherwise provided, the Board shall have exclusive jurisdiction to examine, inquire into, hear and determine all matters and questions arising under this Act.

(2) Every action, decision and order of the Board with respect to any such matter or question shall be final and conclusive and, subject to the provisions of section 80, shall not be open to question or review in any court.

(3) No proceedings of or by or before the Board shall be restrained by injunction, prohibition or other process

or proceedings in any court or be removable by certiorari or otherwise into any court.

(4) No action or proceeding shall be brought against the Board or any member of the Board or any officer or employee of the Board in respect of any act or thing done in purported pursuance of this Act.

80.—(1) An appeal shall lie from an order or regulation of the Board made under Part IV or Part V to the Appellate Division of the Supreme Court of Alberta upon a question of jurisdiction or upon a question of law, upon leave therefor being obtained from a judge of the Appellate Division upon application made within one month after the making of the order or regulation sought to be appealed from, or within such further time as the judge, under special circumstances, may allow, and upon notice to the parties and the Board, and upon hearing such of them as appear and desire to be heard, and the costs of the application shall be in the discretion of the judge.

(2) Each order of the Board shall go into effect at the time prescribed by the order, and its operation shall not be suspended by any appeal to the Appellate Division, or any further appeal, but the Board itself may suspend the operation of its order, when appealed from, until the decision of the Appellate Division, or other appellate tribunal, is rendered, if the Board thinks fit.

(3) Upon leave being obtained the party appealing shall deposit with a Registrar of the Appellate Division the sum of two hundred and fifty dollars, by way of security for costs.

(4) Within thirty days after leave has been obtained the Board shall state and sign a case setting forth the facts of the case as found by the Board, and the grounds on which the order or regulation appealed from is questioned, and no evidence, other than the facts as set forth in the case stated by the Board, shall be admitted before the court on the hearing of the appeal.

(5) Upon receipt of the case stated by the Board and the security the Registrar shall set the appeal down for hearing at the next sittings, and the party appealing, within ten days after the appeal has been set down, shall give to the parties affected by the appeal or the respective solicitors, by whom the parties were represented before the Board, and to the secretary of the Board, notice in writing that the case has been set down to be heard in appeal as aforesaid.

(6) The appeal shall be heard by the Appellate Division as speedily as practicable.

(7) On the hearing of the appeal the court may draw all such inferences as are not inconsistent with the facts set forth by the Board in the case stated, and are necessary for determining the question of jurisdiction or of law, as the case may be.

(8) The Board shall be entitled to be heard by counsel or otherwise, upon the argument of any appeal.

(9) The Appellate Division shall have power to fix the costs and fees to be taxed, allowed and paid upon the appeal and to make rules of practice respecting appeals under this section, and until such rules are made the rules and practice applicable to appeals from a judge of the Supreme Court to the Appellate Division shall be applicable to appeals under this Act.

(10) Neither the Board nor any member of the Board shall in any case be liable to costs by reason or in respect of an appeal or application.

(11) Upon the hearing of the appeal the Appellate Division or other appellate tribunal may confirm, vary or set aside the order or regulation appealed from.

(12) If the order or regulation of the Board is varied or set aside by a judgment of the Appellate Division or other appellate tribunal, its operation shall not be suspended by any such judgment until the time for appeal from that judgment has expired, or if an appeal has been taken, until the appeal has been finally disposed of.

(13) If the order or regulation is varied or set aside the matter shall be reconsidered and redetermined by the Board, and the Board shall vary or rescind its order in accordance with the judgment of the Appellate Division or other appellate tribunal.

81.—(1) The Board, for the enforcement of any order made by it, may,—

- (a) take such steps and employ such persons as it considers necessary; and
- (b) forcibly or otherwise enter upon, seize and take possession of any well, together with the whole or part of the movable and unmovable property in, on or about the well or used in connection therewith or appertaining thereto together with the books and offices of the owner thereof; and
- (c) either discontinue all production or take over the management and control thereof; and
- (d) plug the well at any depth; and
- (e) take such steps as it considers necessary to prevent the flow or escape of oil, gas or water from any stratum which the well enters.

(2) Upon the Board taking possession of any well and so long as such possession continues, every officer and employee of the owner thereof shall obey the orders of the Board or of such person or persons as it places in charge and control thereof.

(3) Upon possession being taken of any well the Board may take, deal with and dispose of all oil and gas produced at the well as if it were the property of the Board, subject

to the obligation to account for the net proceeds thereof to the persons who, in the opinion of the Board, are entitled thereto.

(4) The costs and expenses of and incidental to proceedings taken by the Board under this section shall be in the discretion of the Board, and the Board may direct by whom and to what extent they shall be paid.

(5) Without restricting the generality of the foregoing subsections, the Board may pay from the proceeds of the oil and gas produced at the well,—

- (a) all costs and expenses of and incidental to the proceedings taken by the Board under this section, including the costs and expenses of the management, operation and control of the well by the Board;
- (b) all costs and expenses of carrying out investigations and conservation measures which the Board deems necessary in connection with the well;
- (c) all claims against the owner of the well arising directly or indirectly from the production or operation of the well, whether recoverable as debts, damages or otherwise howsoever, which the owner authorizes the Board to pay;
- (d) such other claims against the owner of the well arising directly or indirectly from the production or operation of the well, whether recoverable as debts, damages or otherwise howsoever, which the Board, in its discretion, may order to be paid to persons who, in the opinion of the Board, are entitled thereto.

(6) The net proceeds of the oil and gas produced at the well remaining after the payment of the costs, expenses and claims pursuant to subsection (5), may be paid by the Board to the owner of the well or to such other persons, who in the opinion of the Board, are entitled thereto.

(7) If the proceeds of the oil and gas produced at the well are not sufficient to pay all costs and expenses of and incidental to the proceedings, investigations and measures taken by the Board, and the Board directs that the balance of the costs and expenses or any part of it shall be paid by the owner of the well, then the Provincial Treasurer may use all or any part of any deposit held on account of the owner pursuant to section 24 to defray the balance or any part of it.

82.—(1) Unless it is otherwise expressly provided by this Act to the contrary, any order or regulation which the Board is authorized to make, may be made upon its own motion or initiative, and without the giving of any notice, and without holding any hearing.

(2) The Board may direct in any order or regulation that the order or regulation or any portion or provision thereof shall come into force,—

- (a) at a future fixed time;

- (b) upon the happening of any contingency, event or condition specified in the order or regulation; or
- (c) upon the performance to the satisfaction of the Board or of any person named by it of any terms which the Board may impose upon any party interested.

(3) The Board may direct that the whole or any portion of the order or regulation shall have force for a limited time or until the happening of any specified event.

(4) When any work, act, matter or thing is by any order or regulation of the Board required to be done, performed or completed within a specified time, the Board if it thinks proper to do so, may extend the time specified.

(5) An order of the Board need not show upon its face that any proceeding or notice was had or taken, or that any circumstances existed necessary to give it jurisdiction to make the order.

83.—(1) At any reasonable time, every member of the Board and every person authorized by the Board shall,—

- (a) have access to all wells, equipment, plant and records;
- (b) be entitled to enter upon and inspect any well or any place at which oil or gas is refined, handled, processed or treated or any place used or occupied in connection with a well or with a place at which oil or gas is refined, handled, processed or treated;
- (c) be entitled to inspect all books, documents, records, plant and equipment pertaining to any such well or place or found thereon;
- (d) be entitled to take samples or particulars or to carry out any tests or examinations desired.

(2) Every person authorized by the Board to exercise any of the powers conferred upon him pursuant to subsection (1) shall produce on demand his certificate of authority from the Board at any time during which he is exercising any of such powers.

(3) Any person who is the operator of or who is in charge of any of the wells, places, equipment, plant or records mentioned in subsection (1) shall permit or assist any member of the Board or any person authorized by the Board in the exercise of the powers conferred by subsection (1).

(4) Every person who prevents, hinders or obstructs or who fails to permit or assist any member of the Board or any person authorized by the Board pursuant to subsection (1) in the exercise of the powers conferred by subsection (1), shall be guilty of an offence against this Act.

84. The Board and every member thereof and every other person authorized by the Board to make any inquiry or investigation pursuant to any of the provisions of this

Act shall have for the purpose of any such investigation or inquiry 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.

85.—(1) 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 to do so 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.

(2) 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 has testified or produced documentary evidence under oath before the Board.

(3) No person testifying before the Board shall be exempted from prosecution or punishment for any perjury committed by him in his testimony.

86.—(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, 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, on the application of the Board, may commit the witness for contempt of the Supreme Court.

87.—(1) Waste is prohibited and any person who commits waste is guilty of an offence against this Act.

(2) No prosecution shall be instituted under the provisions of subsection (1) without the consent in writing of the Board.

(3) A prosecution under this Act shall not deprive any person suffering damage or injury of any cause of action he may have.

(4) Notwithstanding any prosecution under this Act, the Board may commence and maintain an action to enjoin any person from committing waste under this Act or for violating any order or regulation of the Board.

88.—(1) Every person who, whether as a principal or otherwise, contravenes or defaults in complying with any provisions of this Act or of any order or regulation made pursuant to this Act or who either alone or in conjunction or participation with others causes any owner of any well to contravene or to default in complying with any such

provision or who instructs, orders, directs, or causes any officer, agent or employee of any owner of any well to contravene or to default in complying with any such provision, shall be guilty of an offence against this Act.

(2) Every person who contravenes or defaults in complying with any provision of this Act or of the regulations, or with any order of the Board, or with any term or condition of a permit granted under the provisions of this Act or *The Gas Resources Preservation Act* shall be guilty of an offence against this Act.

89. Every person found guilty of an offence against this Act shall be liable on summary conviction to a fine of not less than one hundred dollars nor more than one 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 one thousand dollars for the first day upon which the offence occurs and of not less than fifty dollars nor more than five hundred dollars for each subsequent day during which the offence continues.

90. Any sum of money collected by the Board pursuant to any of the provisions of this Act on account of taxes and any fine imposed pursuant to section 89 shall be the property of the Board and shall be expended in defraying the expenditures of the Board.

91. The Board may recover any moneys payable to it pursuant to any provision of this Act as if the same were a debt by action in any court of competent civil jurisdiction.

92. In any case where the Board has more than one remedy for the enforcement of any order or for the payment of any money payable pursuant to any order of the Board, the Board may resort to any or all such remedies from time to time as it may think proper, either concurrently or successively until such time as the order has been complied with or the money payable thereunder together with all costs and expenses has been paid and satisfied.

93.—(1) For the purpose of carrying out any order pursuant to section 34, the Board may purchase any well or wells together with any property or right appurtenant thereto or used in connection therewith which the Board considers requisite.

(2) The Board at any time may give notice to the owner of any property which is a well or any real property or any personal property or any right which is used in connection with a well or is appurtenant thereto that the Board requires the same under this section and the notice shall set out the description of the same.

(3) Upon the expiration of thirty days from the service of the notice the property mentioned therein shall become

and be the absolute property of the Board freed and discharged from all claims and demands whatsoever of all persons other than the Crown.

(4) The price payable by the Board for the property shall be such price as may be agreed upon, or, in default of agreement, the price shall be determined by arbitration under the provisions of *The Arbitration Act* relating to arbitration by two arbitrators.

(5) One of the arbitrators shall be appointed by the Board and one by the person who was the owner of the property set out in the notice.

(6) In determining the prices to be paid by the Board for any property the arbitrators shall ascertain the amount of money at which the property would be accepted in the payment of a just debt and in so doing shall not take into account any loss of production occasioned by any order or regulation of the Board.

(7) In case any doubt arises as to the persons entitled to receive any money payable for any such property, or as to the amount payable for any such property, or as to the amount payable to any person, the Board shall pay the amount payable by the Board into the Supreme Court of Alberta and thereupon the same shall be paid out to such persons and in such amount as may be determined by the court or a judge thereof upon the application of any person claiming to be entitled thereto.

(8) A certificate signed by the Board to the effect that it has acquired any property pursuant to this section shall be conclusive evidence of all facts stated therein.

94. Incidentally to any order or regulation of the Board made pursuant to section 34 the Board may,—

- (a) provide for the voluntary surrender to the Board of the right to produce such amount of production as may be prescribed by the Board;
- (b) provide for the resale by the Board of the right so surrendered, upon such terms, in such manner, and to such extent as the Board deems proper, to the owners or operators of other wells;
- (c) provide for the payment of the proceeds of such resales into a compensation fund;
- (d) provide for the payment out of such fund of compensation to the persons surrendering the right to produce, having regard to the amount of production surrendered;
- (e) negotiate agreements from time to time with the owners of producing wells for the purpose of providing for the payment to the owners of wells who have surrendered to the Board any right to produce from such wells, such compensation as the Board considers fair and reasonable.

95.—(1) To effect the intent, purpose and object of this Act, the Board shall promote and assist all efforts initiated by the owners of freehold and leasehold oil and gas interests, in any pool so designated by the Board, to consolidate, merge or otherwise combine their interests for the purpose of accomplishing the more efficient and more economical development and production of the oil and gas resources of the pool, irrespective of whether such purpose be accomplished by unitization, co-operative development or joint participation.

(2) No agreement for the unitization of a pool or any portion thereof shall be put into effect without the approval of the Board.

(3) Notwithstanding such approval, the owners of the oil or gas interests shall obtain from the Board a permit for the development and production of the pool.

96. *The Oil and Gas Resources Conservation Act*, being chapter 66 of the Revised Statutes of Alberta, 1942, and *The Oil and Gas Wells Act*, being chapter 67 of the Revised Statutes of Alberta, 1942, are hereby repealed.

97. This Act shall come into force on the 1st day of June, 1950.

SCHEDULE

Form 1

(Section 58)

This is to certify that the assessment roll hereto annexed is the assessment roll for the year 19.....as revised by The Petroleum and Natural Gas Conservation Board.

Dated at the office of the Board this.....day of, 19.....

The Petroleum and Natural Gas Conservation Board.

by
Chairman.

THIRD SESSION
ELEVENTH LEGISLATURE
14 GEORGE VI
1950

BILL

An Act to provide for the Conservation
of the Oil and Gas Resources
of the Province of Alberta.

Received and read the

First time

Second time

Third time

HON. MR. TANNER.
