

Bill No. 80 of 1954.

A BILL TO AMEND THE OIL AND GAS RESOURCES
CONSERVATION ACT, 1950

NOTE

This Bill amends *The Oil and Gas Resources Conservation Act, 1950*, being chapter 46 of the Statutes of Alberta, 1950.

Section 24 of the Act deals with deposits paid in by a person applying for a well license. The purpose of the deposit is to guarantee that the operations at the well will be carried out in a proper manner. This section is completely rewritten. The provisions regarding the payment in of the deposit and the return of any moneys left when the well is abandoned, remain in section 24. The provisions formerly in section 24 regarding the powers of the Board to correct the failures of the licensee to carry out operations satisfactorily and to expend moneys on deposit for this purpose have been placed in Part VII of the Act and appear in section 80a.

A further provision formerly found in section 24 made the failure to pay the balance owing after the expenditure of the deposit an offence against the Act and this provision is moved to section 88 which deals with offences.

The removal of part of the former section 24 to section 80a necessitates an amendment to section 81.

Section 50, which defines "oil and gas property" subject to taxation by The Petroleum and Natural Gas Conservation Board, is amended for clarification.

Section 95 gives the Board the power to approve agreements for the operation of production activities in a pool on a unit basis. Provisions are added to this section to clarify the responsibility of the designated operator and the effect of his exercise on these functions.

This Bill comes into force upon assent.

J. W. RYAN,
Acting Legislative Counsel.

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

BILL

No. 80 of 1954.

An Act to amend The Oil and Gas Resources
Conservation Act, 1950.

(Assented to _____, 1954)

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

1. *The Oil and Gas Resources Conservation Act, 1950*,
being chapter 46 of the Statutes of Alberta, 1950, is hereby
amended.

2. Section 24 is struck out and the following is substituted: Section 24
amended

"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, suspension or abandonment of the well or of any other well of which the applicant is licensee in the records of the Board, unless, in the opinion of the Board, the applicant has a sufficient deposit with the Provincial Treasurer. Applicant
for license
shall pay
deposit

"(2) Subject to subsection (3), 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. Amount
of deposit

"(3) If an applicant applies for more than one license or is the licensee in the records of the Board of an earlier license, the Board may fix as the amount of the deposit for all wells of which the applicant is licensee a single amount of not less than three thousand five hundred dollars.

"(4) The amount fixed under subsection (2) or subsection (3) shall be reviewed and may be increased by the Board on any subsequent application under this Part.

"(5) If an application for a license is not approved the deposit, or so much of it as is not required for other wells of which the applicant is licensee, shall be returned to the applicant. Return
of deposit

"(6) If a person is licensee of more than one well, one of which is abandoned, the portion of the deposit, if any, in excess of the amount fixed by the Board as required for the remaining wells shall be returned to the licensee, but the deposit shall not be reduced to an amount less than,

"(a) three thousand five hundred dollars, if the said person remains the licensee of more than one well,

or

“(b) two thousand five hundred dollars, if the said person remains the licensee of one well.

“(7) Upon the abandonment in accordance with the requirements of the Board, of all wells of a licensee the deposit, or so much thereof as has not been used or expended under the provisions of Part VII, shall be returned to the licensee.

Application
for license
for water
well

“(8) In the case of an application for a license to drill a well for water the Board may

“(a) fix a deposit in accordance with subsections (2) and (3), or

“(b) fix the deposit at such lesser amount as it deems fit, or

“(c) dispense with the deposit.”.

Section 50
amended

3. Section 50 is amended,

(a) by relettering clauses (c) and (d) as (b) and (c) respectively;

(b) by adding at the end of clause (d) now relettered as clause (c) the word “and”;

(c) by adding immediately after clause (d) now relettered as clause (c) the following new clause:

“(d) oil and gas, the property of the Crown, not subject to a sale, grant, lease, license, reservation or other agreement or permit.”.

New section
80a

4. The following new section is added immediately after section 80:

Board may
enter on
well site

“80a. (1) Without restricting the generality of section 83, 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, a member of the Board or any person duly authorized by it, shall have access to and may enter upon the well site or any structures thereon, and do whatever the Board deems necessary because of the failure to comply with its orders, directions or requirements.

Use of
deposit

“(2) The Provincial Treasurer may use or expend all or any part of the deposit made under section 24 to defray the costs, determined by the Board, of or incidental to the work of control, completion, suspension or abandonment to the satisfaction of the Board.

“(3) The return of the deposit or any part thereof does not relieve the licensee, the owner of the well or either of them, of liability for any costs of or incidental to the control, completion, suspension or abandonment of a well, and does not reduce their liability for such costs.

Costs
incurred by
Board are
a debt

“(4) The costs incurred by the Board under this section remaining unpaid after applying thereto a deposit held by

the Provincial Treasurer are a debt payable by the licensee and the owner of the well and by each of them to the Provincial Treasurer.”.

5. Section 81, subsection (7) is amended by striking out the words “section 24” and by substituting the words “section 80a”. Section 81 amended

6. Section 88 is amended by adding immediately after subsection (2) the following new subsection: Section 88 amended

“(3) If the licensee or owner of a well fails to pay a sum that is a debt payable by him under section 80a or section 81 within seven days after demand for payment is made upon him by the Board or the Provincial Treasurer, he is guilty of an offence against this Act.”. Failure to pay costs an offence

7. Section 95 is amended by adding immediately after subsection (3) the following new subsections: Section 95 amended

“(4) If by an agreement approved under subsection (2) the owners of oil and gas interests and the operators agree that a designated person shall be their agent with respect to their functions, powers, duties, obligations and responsibilities under this Act, the performance or non-performance thereof by such designated person shall be conclusively deemed to be the performance or non-performance by the owners or operators otherwise responsible therefor under the provisions of this Act.

“(5) Notwithstanding subsection (4), an agreement made in accordance with this section or the approval of it by the Board does not affect the duties and liabilities of any owner of oil and gas property under Part VI of this Act.”.

8. This Act comes into force on the day upon which it is assented to. Coming into force

No. 80

SECOND SESSION
TWELFTH LEGISLATURE
3 ELIZABETH II

1954

BILL

An Act to amend The Oil and Gas
Resources Conservation Act, 1950

Received and read the

First time

Second time

Third time

HON. MR. MANNING
