

No. 8

2nd Session, 13th Legislature, Alberta
4 Elizabeth II, 1956

BILL 8

A Bill to Provide for the Preservation, Conservation and
Effective Utilization of the Gas Resources of the Province

HON. MR. MANNING

EDMONTON, ALBERTA
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1956

Explanatory Note

General. This Bill will repeal and replace chapter 2 of the Statutes of Alberta 1949 (2nd session) entitled "The Gas Resources Preservation Act".

The new Act brings the statutory provisions up to date in the light of the experience of seven years and will permit simplification of administrative procedures.

2. The definitions of terms used; "field" and "pool" are changed definitions of a term used in the present Act and they are defined to conform to the meaning of these terms in an Act dealing with the same subject matter. "Permit" is a new definition; "oil" is defined without reference to "petroleum oil".

3. This section sets out the purpose of the Act and differs from the statement of purpose in the present Act only in its reference to "persons" rather than to "residents" of the Province.

BILL

No. 8 of 1956

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

(Assented to _____, 1956)

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

1. This Act may be cited as "*The Gas Resources Preservation Act, 1956*".

2. In this Act,

- (a) "Board" means the Petroleum and Natural Gas Conservation Board constituted under the provisions of *The Oil and Gas Resources Conservation Act, 1950*;
- (b) "field" means
 - (i) the general surface area or areas underlaid or appearing to be underlaid by one or more pools, or
 - (ii) the subsurface regions vertically beneath such surface area or areas;
- (c) "gas" means all natural gas both before and after it has been subjected to any processing, and includes all other fluid hydrocarbons not defined as oil;
- (d) "oil" means crude oil and all other hydrocarbons, regardless of gravity, that are or that can be recovered from a pool in liquid form through a well by ordinary production methods;
- (e) "permit" means a permit granted pursuant to this Act or a permit granted pursuant to *The Gas Resources Preservation Act*;
- (f) "pool" means a natural underground reservoir containing or appearing to contain an accumulation of oil or gas or both separated or appearing to be separated from any other such accumulation.

3. The intent, purpose and object of this Act is to effect the preservation and conservation of the oil and gas resources of the Province and to provide for their effective

4. Subsection (1) is the present section 13 altered to remove therefrom the reference to the use or consumption of the gas elsewhere than in the Province. Subsection (2) is new.

5. Allows applications to be made to the Board by specified persons or interests and allows a producer to make gas purchase contracts with a potential exporter prior to the issue of a permit.

6. Subsection (1) of the present section 5. Subsection (2) which set out particular information that the Board was empowered to seek, is omitted and only a general power retained in this clause.

7. Present section 6.

8. Present section 7 in part, with slight variation in subsection (1) where deferment is specifically authorized, and in subsection (2) where adjournment is provided for.

utilization having regard to the present and future needs of persons within the Province.

4. (1) No person who produces gas within the Province, or who purchases or otherwise acquires property in gas within the Province, shall remove such gas or cause it to be removed from the Province unless he is the holder of a subsisting permit authorizing the removal of the gas.

(2) This section does not apply to natural gasoline recovered from the processing of any gas.

5. Any person who produces gas within the Province, or who purchases or otherwise acquires or has entered into a contract to purchase or otherwise acquire property in gas within the Province, and who intends to remove any part of such gas, or cause it to be removed, from the Province may make application to the Board for a permit authorizing the removal of the gas.

6. Any person who makes application to the Board for a permit shall supply to the Board such information as the Board may prescribe or require.

7. Upon receipt of the application, together with the information, if any, prescribed or required by the Board pursuant to section 6, the Board shall

- (a) fix a time and place for the hearing of the application,
- (b) notify the applicant of the time and place so fixed, and
- (c) direct the applicant to serve notice thereof upon such persons and in such manner as the Board may prescribe.

8. (1) The Board shall inquire into and hear the application and, with the approval of the Lieutenant Governor in Council, may

- (a) grant a permit for such period and subject to such other terms and conditions as the Board may prescribe,
- (b) refuse to grant a permit, or
- (c) defer consideration of the application on such terms and conditions as the Board may prescribe.

(2) The Board may, in its discretion, adjourn a hearing from time to time and for such periods as it deems expedient.

(3) The Board shall not grant a permit for the removal of any gas from the Province unless in its opinion it is in the public interest to do so having regard to

- (a) the present and future needs of persons within the Province, and
- (b) the established reserves and the trends in growth and discovery of reserves of gas in the Province.

9. Present section 8, subsection (2) condensed as to the subject matter of the terms and conditions that the Petroleum and Natural Gas Conservation Board may write into a permit.

10. Present section 9.

11. In part present section 8a, but with more detail as to method of obtaining and need for the consent of the Board, and as to the effect of assignment.

(4) A permit is subject to the terms and conditions prescribed in the permit and to the regulations and orders made pursuant to the provisions of this Act.

9. Without limiting the generality of clause (a) of subsection (1) of section 8, the terms and conditions prescribed in a permit may include

- (a) the pool, field or area from which the permittee may remove gas or the point at which the permittee may remove gas from a pipe line in existence or to be constructed,
- (b) the annual quantities of gas that may be removed by the permittee from each pool, field or area or from such pipe line during the interval or intervals set out in the permit,
- (c) the maximum quantity of gas that may be removed daily from each pool, field or area designated in the permit or from such pipe line,
- (d) the conditions under which the removal of gas by the permittee may be diverted, reduced or interrupted,
- (e) a condition that the permittee will supply gas at a reasonable price to any community or consumer within the Province that is willing to take delivery of gas at a point on the pipe line transmitting the gas, and that, in the opinion of the Board, can reasonably be supplied by the permittee,
- (f) the period for which the permit is operative.

10. Notwithstanding any permit or the provisions of any Act, if, in the opinion of the Board, an unforeseen emergency jeopardizes an adequate supply of gas to consumers within the Province, the Board may, with the approval of the Lieutenant Governor in Council, as long as the emergency, in the Board's opinion, continues and for the purpose of meeting the emergency

- (a) adjust the allowable rates of production of gas from any well, pool or field, or
- (b) require the diversion of any gas intended for industrial use outside the Province to such other uses as the Board may direct.

11. (1) An assignment of a permit has no force or effect until the assignment has received the consent in writing of the Board, which may, with the approval of the Lieutenant Governor in Council, be given by the Board upon application thereto.

(2) An application for the consent of the Board to a proposed assignment may be made by the permittee or the proposed assignee of the permit, and upon receipt of the application the Board may make such inquiry and require such information as in its opinion is relevant.

12. Present section 10 with variation in respect of service required.

13. Present section 11 revised to remove double penalty provisions.

14. Present section 12.

15. Present section 15.

(3) When a permit has been assigned, the assignee thereof is subject to the duties, obligations and liabilities of the original permittee, together with such further duties, obligations and liabilities as may be imposed by the Board upon giving its consent to the assignment, and the assignor is relieved of all duties, obligations and liabilities under the permit.

12. (1) The Board may hold a hearing to reconsider a permit

- (a) at the direction of the Lieutenant Governor in Council,
- (b) when in its opinion circumstances arise that justify the holding of a hearing, or
- (c) upon the application of the permittee and upon receiving such information as the Board may require concerning the application.

(2) The Board shall

- (a) fix a time and place for the hearing,
- (b) give the permittee in the case of a hearing under clause (a) or clause (b) of subsection (1), not less than sixty days' notice of the time and place so fixed, or in the case of a hearing under clause (c) of subsection (1), such notice of the time and place so fixed as it deems adequate, and
- (c) direct the permittee to serve notice thereof upon such persons and in such manner as the Board may prescribe.

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

13. The Board, with the approval of the Lieutenant Governor in Council, after due notice to and upon hearing the permittee and any other person interested, may cancel the permit of a permittee who fails to comply with any term or condition of the permit or who wilfully contravenes any provision of this Act, or any regulation or order made under this Act.

14. For the purpose of this Act and of any permit, the methods to be used for the measurement of gas produced, purchased or otherwise acquired by a permittee and the standard conditions to which such measurements are to be converted, shall be the methods and conditions prescribed by *The Oil and Gas Resources Conservation Act, 1950*, and the regulations pursuant thereto.

15. The Lieutenant Governor in Council may

- (a) by regulation vest in the Board such authorities

16. Present section 15a and section 16.

17. Present section 17 with slight regrouping of phrases and slight rewording.

18. Present section 18 with slight variation.

19. Present section 19.

and powers as are deemed necessary or advisable for the purpose of enabling the Board to conduct and perform its duties, and

- (b) make any regulations deemed necessary or advisable for carrying out the provisions of this Act and facilitating the efficient administration thereof.

16. (1) The Board may make rules of practice, not inconsistent with this Act, governing its hearings and procedure and regulating the places and times of its sittings, and in the conduct of its hearings the Board is not bound by legal rules of evidence.

(2) In performing the duties imposed upon it by this Act, the Board has and may exercise all the powers granted to it by *The Oil and Gas Resources Conservation Act*, 1950, to enable it to perform the duties imposed upon it by that Act.

(3) 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.

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

18. No person attending an investigation or inquiry by or a hearing before the Board shall be excused from testifying or from producing any book, document or paper, 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, and 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, under oath, given testimony or produced documentary evidence, but no person so testifying is exempt from prosecution or punishment for any perjury committed by him in his testimony.

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

(2) In case of the refusal of a witness to give evidence or answer as to any matter regarding which he is questioned before the Board, a judge of the Supreme Court of Alberta, on the application of the Board, may commit the

20. Present section 20 but limited by reference to parties against whom costs may be directed and the type of costs intended.

21. Present section 14 with slight revision.

22. Present section 21 in part as to subsection (1); Subsection (2) is new.

23. Present section 22 in part.

24. New. This clause provides a means of excepting from the Act any gas not desired to be regulated thereby.

witness for contempt of the Board, and has the same power of committal in respect of such contempt as he has in respect of contempts of the Supreme Court.

20. The Board, in its discretion, may, as between the applicant, or any intervener, or any other parties with a declared interest in an application, hearing or other proceeding, direct by whom and to what extent the costs of the Board incidental to, and in connection with an application, hearing or other proceeding before the Board is to be paid.

21. Any person who receives gas within the Province for shipment or transmission to a place elsewhere than within the Province is guilty of an offence unless a subsisting permit has been granted authorizing the removal of such gas from the Province.

22. (1) Any permittee who, in conducting an operation pursuant to his permit, violates any provision of this Act, the regulations pursuant thereto, or a term or condition of his permit, is guilty of an offence.

(2) A person who contravenes any provision of this Act or of any regulation made thereunder is guilty of an offence.

23. A person who is guilty of an offence under this Act is liable on summary conviction

- (a) to a fine of not less than one hundred dollars nor more than two thousand dollars in respect of each such offence, and
- (b) in the case of a continuing offence to a fine of not less than one hundred dollars nor more than two thousand dollars for the first day upon which the offence occurs, and of not less than fifty dollars nor more than one thousand dollars for each subsequent day during which the offence continues.

24. (1) Notwithstanding any other provision of this Act, the Lieutenant Governor in Council, upon the recommendation of the Board, may, by general regulations or special orders, exclude from the application of section 4 of this Act, under such conditions as may be prescribed, any special hydrocarbons that are removed or that are intended to be removed from the Province otherwise than by means of pipe lines.

(2) A regulation or order made under this section

- (a) shall be published in *The Alberta Gazette* and comes into force on the day of publication or such other day as may be fixed in the regulation or order, and
- (b) shall be tabled in the Legislative Assembly within fifteen days after the commencement of the session next ensuing after the making of the regulation or order.

25. Repeal of present Act.

26. Coming into force provision.

(3) In this section “special hydrocarbons” means any ethane, propane or butane recovered in relatively concentrated form from the processing in the Province of any gas.

25. *The Gas Resources Preservation Act*, being chapter 2 of the Statutes of Alberta, 1949 (2nd Session) is hereby repealed.

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

SECOND SESSION
THIRTEENTH LEGISLATURE
4 ELIZABETH II
1956

BILL

An Act to Provide for the Preserva-
tion, Conservation and Effective
Utilization of the Gas Resources of
the Province

Received and read the

First time.....

Second time.....

Third time.....

HON. MR. MANNING
