

No. 115

1st Session, 14th Legislature, Alberta
8 Elizabeth II

BILL 115

A Bill to amend The Oil and Gas Conservation Act

HON. MR. MANNING

Explanatory Note

2. Clause 9 adds a new Part dealing with oil sands to the Act. The provisions of section 5, subsection (3) are incorporated in the new Part. This subsection now reads:

"(3) The Lieutenant Governor in Council, upon the recommendation of the Board made after a public hearing, may exclude from the application of this Act or any provisions thereof any oil sands or any hydrocarbon or other product obtained therefrom recovered in any specified area in the Province."

3. Well names may now include several identifying numbers and symbols. The proposed amendment of subsections (2) and (3) brings section 19 into line with current practice. The provisions of subsection (4), herein struck out, will appear in new section 94a. Section 19, subsections (2) and (3) read:

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

- (a) the name proposed for the well, including the identifying number,
- (b) the location at which it is proposed to drill the well,
- (c) the proposed program of drilling operations, and
- (d) such other information as the Board may require.

(3) The name proposed for the well shall not duplicate any previously recorded name, nor shall it be one that in the opinion of the Board bears a close resemblance to a previously recorded name or is of a misleading nature."

4. Regulations respecting well site surveys were recently made under The Alberta Surveys Act. The amendment proposed by this clause would permit a survey made in accordance with the new regulations to be the basis for other well site surveys. Subsection (4) of section 20 presently reads:

"(4) All measurements and distances shall be tied to a survey monument, and in the case of a well to be drilled in unsurveyed territory within the boundaries of a lease that has been defined on the ground by staking, shall also be tied to Post No. 1 of the lease."

5. Section 34 empowers the Lieutenant Governor in Council to make drilling and production regulations. The proposed new clause would authorize regulations governing wells drilled to supply water for use in drilling operations. Such wells are now subject to the provisions of the Act only if of a depth of more than 500 feet. Section 34 reads in part:

"34. The Lieutenant Governor in Council, upon the recommendation of the Board, may make general regulations or special orders

-
- (h) as to the kind and specification of tools, casing, equipment and materials that may be used for drilling, and as to the construction, alteration or use of any works, fittings, machinery, plant or appliance in and for the development, production, transmission, supply, distribution, measurement, consumption or handling of any gas or oil,".

6. Section 35, subsection (1), clause (b) authorizes the Board to designate a pool by describing the surface area above it and by naming the formation, member or zone. In some cases these means are insufficient to identify a pool, and the amendment will authorize the use of such other means as may be necessary. Section 35 (1) (b) presently reads:

"35. (1) The Board may, by general or special orders,

-
- (b) designate a pool by describing the surface area vertically above the pool and by naming the geological formation, member or zone in which the pool occurs,".

BILL

No. 115 of 1960

An Act to amend The Oil and Gas Conservation Act

(Assented to _____, 1960)

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 Conservation Act*, being chapter 63 of the Statutes of Alberta, 1957, is hereby amended.

2. Section 5 is amended by striking out subsection (3).

3. Section 19 is amended

- (a) as to subsection (2), clause (a), by striking out the words "including the identifying number",
- (b) as to subsection (3) by adding immediately after the word "well" the words "shall be in accordance with the provisions of the regulations respecting well names and",
- (c) by striking out subsection (4).

4. Section 20 is amended by striking out subsection (4) and by substituting the following:

(4) The location of the proposed well shall be tied by bearings and distances to a survey monument or to a station in a traverse made in accordance with well site regulations under *The Alberta Surveys Act*.

5. Section 34 is amended by adding immediately after clause (h) the following clause:

- (h1) as to the location of wells, the methods of drilling wells, the casing, equipment, materials and installations to be used in the drilling or operation of wells, the production of and the abandonment of wells for the purpose of supplying water for use in drilling operations, irrespective of whether the wells are wells within the meaning of clause (v) of section 2,

6. Section 35, subsection (1) is amended by adding immediately at the end of clause (b) the words "or by such other method of identification as the Board in any case deems suitable".

7. New section 38a provides that a project of the kind referred to shall not be halted by injunction or like process.

8. Section 46, subsection (1) is amended for clarification. Section 46(1)(a) presently reads:

"46. (1) Where the Board finds after a public hearing that it is reasonable and practicable and in the public interest to do so, the Board may order

- (a) the owner or operator of a well
 - (i) to continue or resume production of gas,
 - (ii) to deliver gas to such person, pipe line or processing plant as the Board may direct, and
 - (iii) to furnish and erect the equipment and installations necessary for the delivery of gas,".

9. (49a.) "oil sands" defined.

(49b.) Approval of Board required for recovery of oil from oil sands.

(49c) Application for approval.

7. The following section is added immediately after section 38:

38a. The performance of any act required to be done under section 37 or of any scheme approved under section 38 shall not be prevented or restrained by an injunction, judgment or order of any court.

8. Section 46 is amended by striking out subclause (i) of clause (a) of subsection (1) and by substituting the following:

(i) to commence, continue or resume production of gas,

9. The following new Part is added immediately after section 49:

PART VIA

OIL SANDS

49a. In this Part "oil sands" means the sands that lie between the Paleozoic sediments and the Joli Fou formation or the correlative or equivalent of such sands and contain a highly viscous crude hydrocarbon material not recoverable in its natural state through a well by ordinary production methods.

49b. Notwithstanding the other provisions of this Act, no scheme for the recovery of oil or a crude hydrocarbon product from oil sands shall be proceeded with unless the Board, by order, has approved the operation of the scheme in accordance with this Part.

49c. (1) Notwithstanding the other provisions of this Act, a person who proposes to recover oil or a crude hydrocarbon product from oil sands shall apply to the Board for approval of the operation.

(2) Upon receipt of the application, together with the information prescribed or required by the Board, the Board shall hold a hearing of the application and may, with the approval of the Lieutenant Governor in Council, approve the operation proposed in the application.

(3) The approval granted under this section shall be subject to the terms and conditions therein prescribed and, without restricting the generality of the foregoing, may stipulate the period during which the approval will be in force and the maximum volume or rate of production of oil or crude hydrocarbon product.

(4) If any term or condition prescribed under subsection (3) is in conflict with a provision of this Act, *The Mines and*

(49d.) Section 5 of the Act before amendment by clause 2 indicates that oil sands and products thereof are to be governed by the provisions of the Act. The new Part will provide the means to this end.

(49e) Part IV (Drilling and Production) not to be construed to apply to the products of the oil sands.

10. Section 74a provides for the variation, amendment or termination of a pooling order after a public hearing. The amendment permits the Board to initiate the proceedings in certain cases,—for example where a well drilled for gas following a pooling order is productive of oil. Section 74a presently reads:

"74a. (1) The Board shall hear an application to vary, amend or terminate an order made pursuant to section 73 or section 74 where such application is made by owners of over twenty-five per cent of the working interests in the spacing unit affected by the order, calculated on an acreage basis, and may, in its discretion, hear an application made by any owner.

(2) Following the hearing of an application under subsection (1), the Board may, with the approval of the Lieutenant Governor in Council, vary, amend or revise the order to supply any deficiency therein or to meet changing conditions and may alter or revoke any provision that is deemed to be unfair or inequitable, or may terminate the order."

11. Section 87 provides for the filing of a copy of an order or approved agreement under Part VIII with the Minister of Mines and Minerals and the Registrar of Titles. As the Department of Mines and Minerals makes note of any such order or agreement in any event, the filing provided for is unnecessary duplication in the case of Crown minerals. Section 87 (1), (2), (3) and (4) read:

"87. (1) Where an agreement is approved or an order is made by the Board under this Part, a copy of the agreement or order certified as being a true copy by the secretary of the Board may be filed with the Registrar of Titles of the land registration district in which the land affected by the agreement or order is situated and, if the unit contains oil or gas that is the property of the Crown, with the Minister.
.....

(2) Upon the filing of a certified copy of an agreement or order under subsection (1) and upon payment of the proper fees, the Registrar or the Minister shall make such entries in his records and do such other things as are necessary to give effect to the filing of the agreement or order.

(3) Where an agreement is approved or an order is made by the Board under this Part, then if a certified copy of the approved agreement or order is filed

(a) in so far as it affects oil and gas that are the property of the Crown, with the Minister, and

(b) in so far as it affects other oil and gas, with the Registrar, any interest in the oil and gas in each tract in the unit is subject to the approved agreement or order so long as it is in effect.

(4) When an approval or order of the Board under this Part is rescinded, the Board shall send copies of the rescinding order to the Minister and the Registrar of the land registration district within which the unit is situated, and, if the approved agreement or order under this Part has been registered, the Minister or Registrar shall, without further fees, enter the rescinding order and do such other things as are necessary to give effect to the filing thereof."

Minerals Act or a regulation or order made under either of the Acts, the term or condition shall prevail.

49d. The Lieutenant Governor in Council, upon the recommendation of the Board, may make general regulations or special orders,

- (a) governing operations to recover oil sands or oil or crude hydrocarbon products from oil sands and the abandonment of such operations,
- (b) to exclude from the application of any provisions of this Act any oil sands or any crude hydrocarbon product obtained therefrom, and
- (c) to make any provision necessary to effect the intent and purpose of this Part and not otherwise provided for.

49e. (1) Section 36 shall not be construed to apply in respect of oil or crude hydrocarbon products obtainable from oil sands.

(2) With the approval of the Lieutenant Governor in Council, the Board may by general or special order restrict the total amount of oil or crude hydrocarbon products obtainable from oil sands in the Province.

10. Section 74a is amended

- (a) by adding immediately after subsection (1) the following subsection:

(1a) Where the Board, at any time after making an order pursuant to section 73 or 74, is of the opinion that

- (a) the pooling of all tracts subject to the order is not necessary to make up the spacing unit of a well named or referred to in the order,
- (b) a well required by the order to be drilled is not drilled within the time specified in the order or if such time is not specified within six months of the date of the order, or
- (c) a well drilled pursuant to the order obtains production of a kind other than that for which the order was made,

the Board may hold a public hearing to consider in what manner the order should be varied, amended or terminated.

- (b) as to subsection (2), by striking out the words "of an application under subsection (1)" and by substituting the words "under subsection (1) or (1a)".

11. Section 87 is amended

- (a) as to subsection (1)
 - (i) by adding immediately after the words "true copy" the words ", except as to date and execution,"
 - (ii) by striking out the words "and, if the unit contains oil or gas that is the property of the Crown, with the Minister",

12. The new section 94a is for the same purpose as subsection (4) of section 19, now being struck out by clause 3. The provision has been rewritten for clarification and is placed among the provisions dealing with well names rather than those dealing with applications for well licences. New section 94b is intended to facilitate the handling of well information and records concerning wells completed in more than one stratum, and provides that in the case of such a well the flow channel to or from each stratum in which the well is completed may be given a distinct name.

13. The new section would enable the Board to make regulations regarding battery names similar in scope to those governing well names.

- (b) as to subsection (2) by striking out the words “or the Minister”,
- (c) by striking out subsection (3) and by substituting the following:
 - (3) Where an agreement is approved or an order is made by the Board under this Part, then if a certified copy of the approved agreement or order is filed with the Registrar, any freehold interest in the oil and gas in each tract in the unit is subject to the approved agreement or order so long as it is in effect.
- (d) as to subsection (4)
 - (i) by striking out the words “the Minister and”,
 - (ii) by striking out the words “Minister or”.

12. The following sections are added immediately after section 94:

94a. The Board may make general regulations or special orders limiting the length of a well name and prescribing what may be included in a well name.

94b. (1) Where a well is completed or is to be completed for the production from, or injection to, more than one stratum by means of separate flow channels, the Board may direct

- (a) variations of the well name to identify each flow channel, and
- (b) the purposes for which the well name and the variations shall be used.

(2) Where a well name has been varied under subsection (1), the Board shall inform the licensee accordingly and the licensee thereafter shall maintain records and make reports as though each flow channel were a separate well.

(3) Where a well name has been varied under subsection (1), each flow channel identified by a variation of well name shall be deemed to be a distinct well for the purposes of this Act other than Part III.

13. The following heading and section are added immediately after section 95:

Battery Names

95a. The Board may make general regulations or special orders

- (a) limiting the length of a battery name,
- (b) prescribing what may be included in a battery name, and
- (c) requiring the registration and use of battery names.

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

No. 115

FIRST SESSION

FOURTEENTH LEGISLATURE

8 ELIZABETH II

1960

BILL

An Act to amend The Oil and Gas
Conservation Act

Received and read the

First time.....

Second time.....

Third time.....

HON. MR. MANNING
