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4th Session, 14th Legislature, Alberta  
10 Elizabeth II

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## **BILL 89**

A Bill to amend The Oil and Gas Conservation Act

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HON. MR. MANNING

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## Explanatory Note

### 2. Section 2, clause (u), subclause (viii) presently reads:

"2. In this Act,

.....

(u) "wasteful operations" means

.....

(viii) the use of gas for purposes other than gas lift, repressuring, recycling, pressure maintenance or for light or as fuel, unless such use is beneficial, in the public interest and efficient;".

3. Section 9 of the Act provides for the naming of acting members of the Board from among the persons nominated for the purpose by the Lieutenant Governor in Council. The present provisions authorize the appointment of an acting member in case of the death or inability to act of a member. The proposed provisions would authorize the appointment of an acting member for the purposes set out in new subsection (2). New subsection (3) follows from new subsection (2). New subsection (4) would allow the appointment of an acting member to increase the size of the Board beyond the three regular members that may be appointed under section 7.

### 4. Self-explanatory.

# BILL

No. 89 of 1962

## An Act to amend The Oil and Gas Conservation Act

(Assented to \_\_\_\_\_, 1962)

**H**ER 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 2, clause (*u*) is amended by striking out subclause (viii) and by substituting the following:

(viii) the use of gas for purposes other than pressuring, cycling, pressure maintenance or for light or as fuel, unless such use is beneficial, in the public interest and efficient;

**3.** Section 9 is amended by striking out subsections (2) and (3) and by substituting the following:

(2) When in his opinion it is necessary or desirable for the proper and expeditious performance of the Board's duties, the chairman may name a person nominated under subsection (1) as an acting member for a period of time, during any circumstance or for the purpose of any matter before the Board.

(3) An acting member has, during the period, under the circumstance or for the purpose for which he is named an acting member, all the powers of and may perform all the duties of a member of the Board.

(4) Subsection (1) of section 7 does not prevent the enlargement of the Board to more than three members by the naming of one or more acting members in accordance with this section, but the Board shall not be enlarged pursuant to this section so that there are more than five members at a time.

**4.** Section 12 is amended by adding immediately after subsection (2) the following:

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

**5. Section 14, subsection (1) presently reads:**

"14. (1) An order, direction or other document purporting to be issued by authority of the Board is, when signed by the chairman or the deputy chairman, admissible in evidence to prove 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 document."

**6.** This amendment adds a new subsection (2) to clarify the power of examiners to act where a legislative provision requires the Board to hold a hearing.

**7.** There has been no substantive change in subsections (3), (5) and (5a). They have been rewritten merely to include previous amendments. The amendment to subsection (6) exempts farm gas well licence applications from that part of the subsection providing for an increase in the application fee. The remainder of the clause amends the present provision that a licence application shall be submitted to the Board accompanied by a fee payable to the Provincial Treasurer, a portion of which fee in most cases shall in turn be paid by the Provincial Treasurer to the Board. The amendment would make the application fee payable to the Board and direct the Board to remit to the Provincial Treasurer the part of the fee he now retains.

**5.** Section 14, subsection (1) is amended

- (a) by striking out the words "or the deputy chairman" and by substituting the words ", deputy chairman or other member of the Board appointed under section 7",
- (b) by striking out the words "or deputy chairman" and by substituting the words ", deputy chairman or other member of the Board".

**6.** Section 16 is amended

- (a) by renumbering the section as subsection (1),
- (b) by adding immediately after the renumbered subsection (1) the following:

(2) Subject to section 110, where this Act, *The Turner Valley Unit Operations Act* or the regulations provide that the Board shall hear an application or other matter, the hearing may, if the Board so directs, be held by examiners appointed under clause (d) of subsection (1).

**7.** Section 19 is amended by striking out subsections (3), (5), (5a), (6) and (7) and by substituting the following:

(3) The name proposed for the well shall be in accordance with the provisions of the regulations respecting well names and 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) In an area where there may be more than one productive zone, the Board may require that the application set out the zone to which the well is to be drilled and from which the well is to be produced.

(5) No person shall apply for a licence for a well for the purpose of obtaining production from the same pool, geological formation, member or zone as that from which another well is obtaining or capable of obtaining production in the same spacing unit, unless the Board, if it believes special circumstances warrant it, authorizes the making of such an application.

(6) The application shall be accompanied by a fee payable to the Board

- (a) of twenty-five dollars, or
- (b) of such greater amount, not exceeding fifty dollars, as may be prescribed by the Lieutenant Governor in Council with respect to proposed wells other than ones to be drilled or produced for gas to be used solely on a farm or ranch or for other domestic uses of the applicant.

(7) Notwithstanding subsection (6), no fee is payable in the case of a well to be drilled to a depth of one thousand feet or less for the purpose of obtaining water for use other than injection to an underground formation.

**8.** The subsection being amended now provides that the fee payable by an applicant for a test hole licence is payable to the Provincial Treasurer. The amendment would make the fee payable to the Board.

**9.** Section 29 authorizes the Minister to cancel a licence if drilling has not been commenced within ninety days of its issue. The amendment increases the ninety-day period to six months.

**10.** Section 36 provides for the regulation of the volumes wells may produce by the prorationing of market demand. At present any order under the section must have approval of the Lieutenant Governor in Council. This is changed so that such approval is necessary only with respect to prorationing of the demand for gas. Also clause (a) of subsection (2) of the amended section, providing for the limiting of the production of gas from a pool, has been rewritten.

**11.** Section 39, subsection (1) presently reads:

(8) Out of each fee received by the Board under subsection (6) the Board shall pay to the Provincial Treasurer the sum of twenty-five dollars, at such time and in such manner as the Provincial Treasurer may direct.

8. Section 23, subsection (3) is amended by striking out the words "Provincial Treasurer" and by substituting the word "Board".

9. Section 29, clause (b), is amended by striking out the words "ninety days" and by substituting the words "six months".

10. Section 36 is struck out and the following section is substituted:

36. (1) The Board may, by general or special orders, restrict the amount of oil or gas or both that may be produced in the Province

- (a) by fixing a provincial allowable for oil not exceeding the market demand as determined by the Board,
- (b) by allocating the provincial allowable for oil in a reasonable manner among the producing pools in the Province by fixing the amount of oil that may be produced from each pool without waste to meet the provincial allowable so determined, and
- (c) by distributing the portion of the provincial allowable allocated to a pool in an equitable manner among the wells in the pool, for the purpose of giving each well owner the opportunity of producing or receiving his just and equitable share of the oil in the pool.

(2) The Board, with the approval of the Lieutenant Governor in Council, may, by general or special orders, restrict the amount of oil or gas or both that may be produced from one or more pools within the Province where gas from the pools may be used to supply a market area

- (a) by limiting, if such limitation appears necessary in a particular case, the total amount of gas that may be produced from any of the pools, having regard to the efficient use of gas for the production of oil and to the efficient utilization of the gas reserves of the Province, and so that the demand of the market is allocated in a reasonable manner among the pools, and
- (b) by distributing the amount of gas that may be produced from a pool in an equitable manner among the wells in the pool, for the purpose of giving each well owner the opportunity of producing or receiving his just and equitable share of the gas in the pool.

11. Section 39 is amended by striking out subsection (1) and by substituting the following:

"39. (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."

**12. Sections 45 and 46 presently read:**

"45. (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 another purpose is granted by the Board.

(2) The Board shall grant a permit 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 this section

(a) shall authorize the use or consumption of gas for the purpose prescribed in the permit,

(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 consent in writing of the Board.

"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 commence, 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,

(b) the owner or operator of a gas pipe line

(i) to take delivery of, gather in, transport or deliver any gas to and from such wells, well sites, points, pipe lines, processing plants and gas distributing systems as the Board may direct, and

(ii) to lay, construct, rearrange, furnish and erect the pipe lines, processing plant and equipment and installations of any kind necessary for the taking delivery of, gathering in, transportation and delivery of gas,

and

(c) the owner or operator of a processing plant

(i) to gather in, take delivery of, process or deliver gas as the Board may direct, and

(ii) to construct, furnish and erect the pipe lines, plant and equipment and installations of any kind necessary to gather in, take delivery of, process and deliver gas.

(2) Where the Board issues an order pursuant to subsection (1) to the owner or operator of a well, gas pipe line or processing plant, it may order

(a) the owner or operator to buy or sell the gas, or

(b) any other person to buy or sell the gas from or to the owner or operator.

(3) An order made under this section is subject to such terms or conditions as the Board may prescribe.

(4) An order under this section may be made with respect to any gas or supply of gas, person, gas pipe line, processing plant or gas distributing system existing in the Province when the order is made or with respect to any gas or supply of gas, person, gas pipe line, processing plant or gas distributing system anticipated or expected to exist in the future."



**39.** (1) If at any time an escape of oil or gas from a well or from a pool is not prevented, or if a flow of water is not controlled, the Board 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 or gas or the flow of water.

(1a) Except in case of an emergency, the Board shall not expend more than twenty-five thousand dollars to control and prevent any one escape of oil or gas or a flow of water under subsection (1) unless the Lieutenant Governor in Council approves the expenditure of a greater amount.

**12.** Sections 45 and 46 are struck out and the following sections are substituted:

**45.** (1) No person shall, within the Province, use or consume, for a purpose other than

- (a) for pressuring, cycling or pressure maintenance, or
- (b) for light or as fuel,

gas produced in the Province, until he has filed with the Board particulars concerning such use or consumption in such detail as the Board may require.

(2) Where a person uses or consumes gas or proposes to use or consume gas for a purpose such that he is required to file particulars under subsection (1), the Board may order the person to so use or consume the gas that there is no waste.

**46.** (1) Where the Board finds after a public hearing

- (a) that it is reasonable, practicable and in the public interest to make such an order, and
- (b) that the order is necessary
  - (i) because of an emergency,
  - (ii) to ensure uniform production as between parts of a pool, or
  - (iii) to provide gas for heating purposes to a community or consumer within the Province,

the Board may order

- (c) the owner or operator of a well,
  - (i) to commence, continue or resume production of gas, and
  - (ii) to deliver gas to such person, pipe line or processing plant as the Board may direct,
- (d) the owner or operator of a gas pipe line
  - (i) to take delivery of, gather in, transport or deliver any gas produced in a field or area that produces other gas that is delivered to, gathered in, transported or delivered by the gas pipe line, and

**13.** Section 48 presently reads:

"48. Unless otherwise directed by the Board, each owner or operator of a processing plant shall accept and process at prices and charges agreed upon, or in the event of failure to agree, at prices and charges which may be determined by the Public Utilities Board, all gas offered to him for processing, 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 processed in the plant."

**14.** The provisions of new section 51a now appear as subsection (1) of section 53.

(ii) to lay, construct, rearrange, furnish or erect the pipe lines and installations of any kind necessary for the taking delivery of, gathering in, transportation and delivery of the gas referred to in subclause (i),

and

- (e) the owner or operator of a processing plant
- (i) to take delivery of, process or deliver gas as the Board may direct, and
  - (ii) to construct, furnish and erect the plant and equipment and installations of any kind necessary to take delivery of, process and deliver the gas referred to in subclause (i).

(2) An order made under this section may contain such direction in addition to those provided for in subsection (1) as the Board deems just and reasonable and necessary to effect the intent and purpose of this section, and is subject to such terms and conditions as the Board may prescribe.

(3) An order under this section may be made with respect to any gas or supply of gas, person, gas pipe line, processing plant or gas distributing system existing in the Province when the order is made or with respect to any gas or supply of gas, person, gas pipe line, processing plant or gas distributing system anticipated or expected to exist in the future.

**13.** Section 48 is struck out and the following sections are substituted:

**48.** (1) The Board, with the approval of the Lieutenant Governor in Council, may declare any person who is the owner or operator of a processing plant processing gas produced from a pool or pools in the Province to be a common processor of gas from the pool or pools.

(2) Subsection (1) does not apply to a person declared to be a common purchaser under section 43 or an operator who has entered into a contract approved under section 11 of *The Gas Utilities Act*.

(3) Each common processor shall process gas which may be made available for processing in his plant without discrimination in favour of one producer or owner of gas as against another in the pool or pools.

(4) No common processor shall discriminate in favour of his own gas or gas in which he is directly or indirectly interested either in whole or in part.

**48a.** The Board, by order, may relieve any person declared to be a common processor under section 48, after due notice and hearing, from the duties of processing gas of inferior or different quality or grade or from such other duties as in its opinion are reasonable.

**14.** The following new section is added immediately after section 51:

**15. Section 53 presently reads:**

"53. (1) The Board may from time to time

- (a) appoint an assessor for the purposes of this Part,
- (b) appoint assistant assessors to perform any of the duties of the assessor under his direction, and
- (c) prescribe the remuneration which the assessor and assistant assessors shall be paid by the Board.

(2) As soon as 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, in such form as the Board directs, setting out thereon

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

(3) In making the assessment the assessor may

- (a) accept or disregard either wholly or in part any statements furnished pursuant to section 52,
- (b) take any steps that he in his discretion considers necessary for the purpose of ascertaining the fair actual value of the oil and gas property,
- (c) resort to any source of available information for such purpose, and
- (d) fix as the assessed value such amount as appears to him to be just and equitable."

**16.** Section 55, subsection (1) now provides that the Board shall fix a time and place for hearing assessment appeals before sending out assessment notices. This has resulted in many unnecessary sittings. It is proposed to strike out this subsection and to add a new subsection 56 providing for the setting of a time and place for the hearing of appeals after the appeals have been filed.

**51a.** The Board may from time to time

- (a) appoint an assessor for the purposes of this Part, and
- (b) appoint assistant assessors to perform any of the duties of the assessor under his direction.

**15.** (1) Section 53 is struck out and the following sections are substituted:

**53.** The Board shall establish the standards and methods to be applied by the assessor in assessing oil and gas property at its fair actual value.

**53a.** (1) As soon as practicable after the first day of January in each year, the assessor shall proceed to assess, at its fair actual value, as of the first of the assessment year, each oil and gas property liable to assessment and taxation and shall prepare an assessment roll in such form as the Board directs, setting out thereon

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

(2) In making the assessment the assessor shall

- (a) determine the amount of each assessment in accordance with the standards and methods established under section 53,
- (b) accept or disregard wholly or in part any statements furnished pursuant to section 52, and
- (c) take any steps that he considers necessary and resort to any source to obtain available information for the purpose of ascertaining the fair actual value of any oil and gas property.

(2) This section is applicable to the 1962 and subsequent taxation years.

**16.** (1) Section 55 is struck out and the following section is substituted:

**55.** (1) As soon as possible after the delivery of the assessment roll, the Board shall cause a copy of the certificate of the assessor to be posted in a conspicuous place in a part of the office of the Board to which the public has access, and shall keep it posted for twenty days.

(2) During the period in which the certificate of the assessor is posted in accordance with subsection (1), the Board shall cause the assessment roll to be kept in the office of the Board and accessible to the public.

(3) Within ten days after the posting of the certificate of the assessor in accordance with subsection (1), the Board shall cause to be sent to each person whose name appears on the assessment roll as the owner of an oil and gas property

**17.** This amendment to section 56 deals with the basis of appeals. One basis is that an assessment has been “improperly assessed” and these words are changed to “to be not properly assessed in accordance with the standards and methods established under section 53”.

**18.** Definitions of some terms used in the new sections set out in clause 20.

- (a) an assessment notice containing the particulars appearing on the roll with respect to the oil and gas property,
  - (b) a copy of the standards and methods established under section 53, and
  - (c) a copy of section 56.
- (2) This section is applicable to the 1962 and subsequent taxation years.

**17.** (1) Section 56 is amended

- (a) by striking out subsection (1) and by substituting the following:

**56.** (1) Upon giving the Board notice in writing within thirty days after the date upon which the certificate of the assessor was first posted pursuant to section 55, a person whose name appears upon the assessment roll or the secretary to the Board may apply to the Board

- (a) to vary the assessment roll and to alter any assessments shown thereon that he alleges to be wrongfully made or not properly assessed in accordance with the standards and methods established under section 53, or
  - (b) to assess any property that he alleges is liable to be and has not been assessed, and to include it in the assessment roll.
- (b) by adding immediately after subsection (2) the following:

(3) As soon as possible after the thirty day period for the making of applications under subsection (1), the Board shall fix a day, time and place for the revision of the assessment roll and shall cause to be sent to each person who has made application under subsection (1) or (2) a notice setting out such day, time and place.

- (2) This section is applicable to the 1962 and subsequent taxation years.

**18.** Section 71 is amended

- (a) by adding immediately after clause (b) the following:
  - (b1) "unit" means that part of the pool or pools to which a unit operation applies that is within the unit area;
- (b) as to clause (d)
  - (i) by striking out the words "of all owners" and by substituting the words "of owners",
  - (ii) by adding immediately after the words "the cost" in subclause (ii) the words "or expenses",

**19.** Section 74a, subsection (2) deals with amendments of compulsory pooling orders, and is changed to preclude an amendment that would change the original basis of allocation among tracts.

**20.** This is a new provision to permit a spacing unit that is subject to a pooling order to be included in a unit area without rescission of the pooling order.



(c) by adding immediately after clause (d) the following:

(e) "unit tract" means a part of a unit to which a share of the production of the unit is allocated by the terms of an agreement or order approved or made under this Part.

**19.** Section 74a is amended by striking out subsection (2) and by substituting the following:

(2) Following the hearing under subsection (1) or (1a), the Board, with the approval of the Lieutenant Governor in Council, may terminate the order, or may

(a) vary, amend or revise the order to supply any deficiency therein or to meet changing conditions, and

(b) alter or revoke any provision that it deems to be unfair or inequitable,

but no order shall be varied, amended or revised and no provision shall be altered or revoked so that it results in a change in

(c) the allocation to each tract of its share of the production, or

(d) the basis for determining an owner's share of the cost of drilling, operation or abandonment of the well,

unless all owners of tracts within the spacing unit agree to such alteration or revocation.

**20.** The following new section is added immediately after section 74b:

**74c.** (1) A spacing unit that is subject to an order made under section 73 or 74 may, at the discretion of the Board, be included in a unit area as a single unit tract, in which event the order shall thereafter be deemed to be amended so that

(a) the provisions therein for operating a well on the spacing unit are replaced by the provisions for unit operation in the approved unit operation agreement or order under section 75, which provisions shall have like effect for the purpose of subsection (7) of section 73 and subsection (2) of section 74,

(b) the share of the unit production that is allocated to the spacing unit shall in turn be allocated to the separately owned tracts in the spacing unit on the same basis and in the same proportion as production actually obtained from the spacing unit would have been shared under the order under section 73 or 74 before giving effect to this subsection, and with the same effect for the purposes of subsection (7) of section 73 in so far as it relates to the production of oil or gas, and

**21.** Sections 75 and 76 provide for applications and orders for compulsory unit operations. The provisions have been rewritten with considerable variation in wording and detail. The most significant changes are an increase in the percentages of lessors and of lessees that must agree to the unit operation before it can come into force and the formulation of a different process for obtaining agreement to the order and bringing it into force, so that the number of hearings in the process may be reduced. Sections 75 to 82 will come into force only upon proclamation.

- (c) the share of the costs and expenses of the unit operation that is allocated to the spacing unit shall be shared and borne by the owners of working interests therein on the same basis and in the same proportion as such owners would, under the order under section 73 or 74, have shared and borne any costs and expenses before giving effect to this subsection.

(2) In addition to those amendments deemed to be made as provided in subsection (1), the Board may make such further amendments to an order under section 73 or 74 as it considers necessary or desirable for the purpose of making the order conform with the provisions for unit operation in the approved unit operation agreement or order under section 75.

**21.** Sections 75 and 76 are struck out and the following sections are substituted:

**75.** (1) Where owners in a field or pool or part thereof cannot agree to consolidate, merge, or otherwise combine their interests for the development, production and recovery of the oil and gas resources in the field, pool or part thereof, an owner may apply to the Board to have the field, pool or part thereof operated as a unit.

(2) The Board shall hear an application that is made by owners of over fifty per cent of the working interests calculated on an acreage basis, and may, in its discretion, hear an application made by owners of less than fifty per cent of such interests.

(3) Subject to section 76, if the Board, upon hearing the application, is of the opinion that the unit operation of the field, pool or part thereof is desirable in the interest of conservation, the Board may, with the approval of the Lieutenant Governor in Council, order that the field, pool or part thereof be operated as a unit.

- (4) An order under subsection (3) shall set out
  - (a) the date on which it comes into force,
  - (b) a description of the unit area,
  - (c) a description of each unit tract,
  - (d) a description of the pool or pools or part thereof within the unit,
  - (e) a description of the operations to be conducted,
  - (f) an allocation, according to a formula or schedule, to each unit tract of its share of the oil and gas produced from the unit and not required, consumed or unavoidably lost in the unit operation,
  - (g) a provision for charging the capital investments and the expenses of the unit operation to the unit tracts, and for determining by whom the investments and expenses chargeable to a unit tract shall be paid,

- (h) a provision for the establishment of an operators' committee,
- (i) a provision for determining the voting interest of each member of the operators' committee,
- (j) a provision determining the method of voting upon a motion before the operators' committee and the voting interest or percentage required to carry the motion,
- (k) a provision for the appointment of a person as the unit operator and who shall
  - (i) be responsible for the management and conduct of the unit operation, and
  - (ii) be under the direction and supervision of the committee,
- (l) a provision specifying the manner in which and the circumstances under which the unit operation shall terminate, and
- (m) such further provisions, terms and conditions as may be necessary or desirable.

**76.** (1) Subject to subsections (3) and (4), the Board shall not make an order under subsection (3) of section 75 unless there are filed with the Board statements in writing agreeing to the operation of the unit as a unit and signed by

- (a) persons having the right to drill for and produce the oil or gas in eighty-five per cent or more of the proposed unit area, or if one person has the right to drill for and produce oil or gas in eighty-five per cent or more but not all of the proposed unit area by that person and one other person having the right to drill for and produce such oil or gas, and
- (b) persons having the head lessor's royalty interest in such oil or gas if it is subject to lease, or the ownership of the oil or gas if it is not subject to lease, in eighty-five per cent or more of the proposed unit area, or if one person has the head lessor's royalty interest or ownership in eighty-five per cent or more but not all of the proposed unit area by that person and one other person having a head lessor's royalty interest or ownership in such oil or gas.

(2) If the Board, in an order made under subsection (3) of section 75 finds that the statements filed in compliance with subsection (1) of this section agree to a unit operation on terms and conditions consistent with those prescribed by the order, the Board may provide that the order shall come into force at any future time.

(3) If the Board, in an order made under subsection (3) of section 75 finds that the statements filed in compliance with subsection (1) of this section agree to a unit operation on terms and conditions other than those prescribed by the order, and that there is no difference in terms and conditions that is of a substantial nature or that any differ-

ence of a substantial nature affects only the persons having the right to drill for and produce the oil or gas in the unit, the Board may provide that the order shall come into force at a time not less than sixty days after the date of the order unless there are filed with the Board sufficient statements in writing countermanding statements filed in compliance with subsection (1) to reduce the number of statements in compliance with subsection (1) at that time filed with the Board to less than the number required by subsection (1).

(4) If the Board, in an order made under subsection (3) of section 75 finds that the statements filed in compliance with subsection (1) of this section agree to a unit operation on terms and conditions other than those prescribed by the order and that the difference in terms and conditions is of a substantial nature, the Board may

(a) require that statements in writing be filed with the Board, agreeing to the order and the terms and conditions thereof and signed by the proportion referred to in subsection (1) of persons having the right to drill for and produce oil or gas in the unit area and of persons having a head lessor's royalty interest or ownership in oil or gas in the unit area, and

(b) provide that if such statements are filed within sixty days of the date of the order, the order shall come into force at any time after the said sixty days,

but if such statements are not filed within sixty days of the date of the order, the Board shall revoke the order.

**76a.** On and after the date on which an order comes into force pursuant to section 76 and while the order remains in force, the order and the terms and conditions thereof are binding upon each owner of an interest in oil or gas in the field, pool or part thereof subject to the order and upon anyone entitled to a contractual benefit through an owner.

**76b.** (1) An order made under section 75 may provide that, if the person responsible for the paying of the expenses chargeable to a unit tract fails to do so, the unit operator

(a) may appropriate and sell the share of production of oil and gas allocated to the unit tract to which the person failing to pay the expenses is entitled, exclusive of

(i) in the case of oil or gas rights owned by the Crown any royalty payable to the Crown, and

(ii) in the case of freehold oil or gas rights where the owner has granted a lease thereof, the royalty specified in the lease,

to the extent necessary to recover such expenses, and

**22.**Section 94, subsection (3) presently reads:

“(3) If the licensee wishes to change the official name of a well, he shall apply to the Board on a form obtainable from the Board and pay a fee of twenty-five dollars to the Board.”.

**23.** Section 126 provides for bringing a well under control or the completion, suspension or abandonment of a well by the Board where the licensee fails to perform such operation properly, and for the use of the deposit of the licensee to defray the costs incurred, and for the liability of the licensee and owner for costs in excess of the deposit held by the Provincial Treasurer. The new subsections fill in deficiencies in the present provisions. Subsection (4) is amended for clarification.

(b) shall have a first lien upon the interest of the owner of the unit tract in the equipment belonging to the unit to secure the payment of the amount of expenses charged to the said unit tract.

(2) Where the unit operator is authorized under this section to appropriate and sell the share of production of oil and gas allocated to a unit tract and the person failing to pay the expenses chargeable to the unit tract is entitled under a contract to sell oil or gas, whereby he could sell the share of production allocated to the unit tract, the unit operator, upon the giving of notice by him to the purchaser under the contract, is subrogated with respect to the contract to the person failing to pay the expenses chargeable to the unit tract, so that the unit operator may sell the share of production allocated to the unit tract in accordance with the contract.

(3) Notwithstanding subsection (1), where an owner fails to pay his unit tract's share of expenses and the owner had not signed a statement in compliance with subsection (1) of section 76, the unit operator may recover such expenses only from the part of production of oil and gas allocated to the tract which he may appropriate and sell under subsection (1).

**22.** Section 94, subsection (3) is amended by striking out the words "he shall apply" and by substituting the words "or if a change in the official name of a well is necessary in order to comply with a requirement of this Act or the regulations enacted or established after the first day of January, 1958, the licensee shall apply".

**23.** Section 126 is amended

(a) by adding the following new subsections immediately after subsection (3):

(3a) Subject to subsection (3b), where the costs, determined by the Board, of or incidental to the work of control, completion, suspension or abandonment of the well to the satisfaction of the Board exceed the amount of the deposit made under section 26, or where there is no such deposit from which such costs may be defrayed, the Provincial Treasurer may, upon the recommendation of the Board, defray such excess amounts or such costs, as the case may be, from moneys appropriated for that purpose.

(3b) Except in case of an emergency, payments pursuant to subsection (3a) with respect to any one well shall not exceed five thousand dollars unless the Lieutenant Governor in Council approves payments in a greater amount.

(3c) The Lieutenant Governor in Council may authorize and empower the Provincial Treasurer to advance to the Board from time to time out of funds

**24.** New provision.



appropriated for that purpose sums for defraying future excess amounts or costs of the kind referred to in subsection (3a) subject to such terms and conditions as may be prescribed by the Lieutenant Governor in Council.

- (b) as to subsection (4), by striking out the word "incurred" and by substituting the word "determined".

**24.** The following new section is added immediately after section 126:

**126a.** (1) Where operations for the control, completion, suspension or abandonment of a well are conducted by the Board, a member of the Board or a person duly authorized by it, the Board may sell or dispose of in such manner as it sees fit any drilling or producing equipment, installation or material found on the well site or taken from the well, but the Board shall not sell any equipment, installation or material which it knows is owned by someone other than the licensee or owner of the well.

(2) A person to whom any equipment, installation or material is sold pursuant to subsection (1) receives good title thereto, free of any claim whatsoever.

(3) Moneys received by the Board upon the sale or disposal of any equipment, installation or material under subsection (1), shall be forwarded to the Provincial Treasurer to be applied, firstly, in payment of any costs determined by the Board under section 126 remaining unpaid after applying thereto the deposit, if any, held by the Provincial Treasurer, and, after the payment of such costs, for the payment out of any balance to the persons who have filed claims thereto with the Provincial Treasurer within six months of the sale and who are entitled to receive it.

**25.** (1) This Act, except section 21, comes into force on the day upon which it is assented to.

(2) Section 21 comes into force on the day upon which sections 75 to 82 of chapter 63 of the Statutes of Alberta, 1957, are proclaimed in force.

No. 89

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FOURTH SESSION  
FOURTEENTH LEGISLATURE  
10 ELIZABETH II  
1962

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**BILL**

An Act to amend The Oil and Gas  
Conservation Act

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Received and read the

First time .....

Second time .....

Third time .....

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HON. MR. MANNING

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