

No. 59

5th Session, 14th Legislature, Alberta
11 Elizabeth II

BILL 59

A Bill to amend The Mines and Minerals Act, 1962

HON. MR. PATRICK

Explanatory Note

2. The new section 128a will permit continuation of the lease term where the offset drilling requirement is extended by the payment of compensatory royalty pursuant to section 134.

3. Section 129, subsection (1) presently reads:

"129. (1) Where the drilling of a well is commenced on a spacing unit comprising the whole or a part of a location

(a) before the expiration of the ten year term, or

(b) before the expiration of the period of six months referred to in subsection (1) of section 127 or subsection (1) of section 128,

the lease continues during the period that drilling is being conducted diligently and continuously to the satisfaction of the Minister, as to that part of the location that would continue under section 126 as though the well being drilled were a producing well."

See note to clause 2.

4. Section 132, subsections (1) and (3) presently read:

"132. (1) For the purpose of section 126, 127, 128 or 129, the lessee shall before the expiration of the ten year term or the six month period, as the case may be, inform the Director in writing of the part or parts of the location to be continued under the lease.

(3) When any part of the location of the lease is no longer continued under section 126, 127, 128, 129 or 130, the Director shall amend the description of the location and thereupon the lease terminates as to any part of the location deleted by the amended description."

See note to clause 2.

5. Self-explanatory. Section 133 pertains to the requirement for drilling an offset well.

BILL

No. 59 of 1963

An Act to amend The Mines and Minerals Act, 1962

(Assented to _____, 1963)

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

1. *The Mines and Minerals Act, 1962*, being chapter 49 of the Statutes of Alberta, 1962, is hereby amended.

2. The following new section is added immediately after section 128:

128a. Upon the expiration of the ten year term, the lease continues as to any part of the location that is within a spacing unit in respect of which the period for the drilling of an offset well is extended under section 134, until six months after the freehold well ceases production.

3. Section 129, subsection (1), clause (b) is amended by adding immediately after the words and figures "subsection (1) of section 128" the words and figure "or in section 128a".

4. Section 132 is amended by adding immediately after the figure "128" where it occurs in subsections (1) and (3) the figure ", 128a".

5. Section 133 is amended by adding immediately after subsection (4) the following:

(5) The lessee may, with the consent of the Minister, fulfil the requirement to drill an offset well by the drilling of a similar well in a part of the location other than in the spacing unit for the offset well.

6. (a) Section 164, subsection (2) presently reads:

(2) The notice referred to in subsection (1) shall not be given in respect of any lease

- (a) that has in the location a producing well,
- (b) during the period that the rental for the lease is reduced,
- (c) during the period the lease is subject to a unit operation,
- (d) while the lease is included in a group under section 165, or
- (e) referred to in section 170."

Clauses (b) and (c) of subsection (2) are reworded for clarification.

The new clause (f) will prohibit a drilling notice being given where the lease is subject to an offset drilling requirement that is being extended by the payment of compensatory royalty.

(b) Self-explanatory.

7. Section 169, subsection (1) presently reads:

"169. (1) Upon the expiry of the term of the lease, the lessee is entitled, upon application, to a new lease under this Part for a term of ten years with respect to all or part of the location consisting of

- (a) that part of the location that is within the spacing unit for each producing well,
- (b) in respect of each producing well in the location, any remaining part of the location which added to the area continued in respect of that well under clause (a) does not exceed one section,
- (c) that part of the location for which the rental is reduced, and
- (d) that part of the location that is subject to a unit operation, but any part to be included in the new lease under clause (b) must be acceptable to the Director."

See note to clause 2.

The new clause (e) will permit the renewal lease to contain acreage subject to an offset drilling requirement which is being extended by reason of payment of compensatory royalty under section 134.

6. Section 164 is amended

- (a) as to subsection (2)
 - (i) by striking out clauses (b) and (c) and by substituting the following:
 - (b) during the period that the rental for the whole of the location is reduced,
 - (c) during the period that the whole of the location is subject to a unit operation,
 - (ii) by striking out the word "or" at the end of clause (d) and by adding the word "or" immediately at the end of clause (e),
 - (iii) by adding immediately after clause (e) the following:
 - (f) during the period that the whole of the location is within a spacing unit or spacing units in respect of which the period for the drilling of an offset well or wells is extended under section 134.
- (b) by adding immediately after subsection (3) the following:
 - (4) The notice referred to in subsection (1) may be given to a lessee prior to the time specified in subsection (3) upon the request of the lessee to the Minister to do so.
 - (5) Where a notice has been given pursuant to subsection (1) and subsequently
 - (a) the lease is divided, or
 - (b) part of the location is surrendered or transferred,
 the notice continues to apply to the original lease and each new lease resulting from the division, surrender or transfer excepting any lease that then comes within the meaning of clause (b), (c) or (f) of subsection (2).

7. Section 169, subsection (1) is amended

- (a) by striking out the word "and" at the end of clause (c), and by adding the word "and" at the end of clause (d),
- (b) by adding immediately after clause (d) the following:
 - (e) that part of the location within a spacing unit in respect of which the period for the drilling of an offset well is extended under section 134,

8. Sections 169 and 170 deal with renewal leases. Section 123 requires that the date of issue of a lease and commencement of a term are to be the same. The new section 170a will permit a renewal lease to be issued on a normal working day.

9. Commencement of Act.

8. The following new section is added immediately after section 170:

170a. Where the date of commencement of the term of a new lease granted under section 169 or 170 is a Saturday or a holiday, the date of issue of the lease shall be the next succeeding day that is not a Saturday or holiday.

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

No. 59

FIFTH SESSION
FOURTEENTH LEGISLATURE

11 ELIZABETH II

1963

BILL

An Act to amend The Mines and
Minerals Act, 1962

Received and read the

First time

Second time

Third Time

HON. MR. PATRICK
