

1967 Bill 55

Fifth Session, 15th Legislature, 15 Elizabeth II

THE LEGISLATIVE ASSEMBLY OF ALBERTA

BILL 55

An Act to amend The Oil and Gas Conservation Act

THE PREMIER

First time

Second time

Third time

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BILL 55

1967

An Act to amend The Oil and Gas Conservation Act

(Assented to _____, 1967)

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* is hereby amended.

2. Section 2 is amended

(a) by relettering clauses (a), (a1) and (a2) as clauses (a1), (a2) and (a3) and by adding before the re-lettered clause (a1) the following clause:

(a) "block" means an area or part of a pool consisting of production spacing units grouped for the purpose of obtaining a common, aggregate production allowable;

(b) by adding after clause (c2) the following clauses:

(c3) "evaluation well" means a well which when being drilled is expected by the Board to penetrate a pool or oil sands and which is drilled for the sole purpose of evaluation;

(c4) "experimental well" means a well drilled, being drilled or operated pursuant to an experimental scheme approved by the Board;

(c) by striking out clause (j),

(d) by striking out clauses (q1) and (s) and by substituting the following:

(r) "separator" means an unfired apparatus specifically designed and used for separating fluids produced from a well into two or more streams, but does not include a dehydrator;

(s) "test hole" means a well drilled or being drilled to a depth of more than 500 feet for the primary purpose of obtaining geological or geophysical information and which, when being drilled, is not expected by the Board to penetrate a pool or oil sands;

(e) by striking out clause (v) and by substituting the following:

(v) "well" means an orifice in the ground

Explanatory Notes

1. This Bill amends chapter 63 of the Statutes of Alberta, 1957.
2. The definitions of "block", "elevation well", "experimental well" are new. Clauses (q1), (s), (v) and (w) presently read:
 - (q1) "separator" means an unfired apparatus specifically designed and used for separating gas and water from condensate or crude oil, but does not include a dehydrator;
 - (s) "test hole" means an orifice in the ground drilled or being drilled to a depth of more than five hundred feet for the primary purpose of obtaining geological or geophysical information, and not used or to be used for the production of oil or gas, the obtaining of water to inject to an underground formation or the injection of gas, air, water or other substance to an underground formation and which when being drilled is not expected by the Board to penetrate a zone that is or may be potentially productive of oil or gas;
 - (v) "well" means an orifice in the ground
 - (i) made or being made by drilling, boring or in any other manner and from which any oil or gas is obtained or obtainable, or for the purpose of obtaining oil or gas,
 - (ii) made or being made by drilling or boring for the purpose of obtaining water to inject to an underground formation,
 - (iii) used, drilled or being drilled for the purpose of injecting gas, air, water or other substance to an underground formation,
 - (iv) being a test hole, or
 - (v) drilled or being drilled to a depth of more than five hundred feet for any other purpose;
 - (w) "zone" means any stratum that is designated by the Board as a zone.

- (i) made or being made by drilling, boring or in any other manner
 - (A) for the purpose of obtaining oil or gas, or
 - (B) from which any oil or gas is obtained or obtainable,
 or
- (ii) made or being made by drilling or boring for the purpose of obtaining water to inject to an underground formation, or
- (iii) used, drilled or being drilled for the purpose of injecting gas, air, water, other substances or form of energy to an underground formation, or
- (iv) being an evaluation well, or
- (v) being a test hole, or
- (vi) drilled or being drilled to a depth of more than 500 feet for any other purpose;
- (f) as to clause (w) by adding after the word "stratum" the words "or any sequence of strata".

3. Section 3 is amended

- (a) by adding after the words "may be described" the words "or referred to",
- (b) by striking out the words "by number" and the words "so numbered".

4. Section 19 is amended

- (a) by striking out subsections (2), (3) and (4) and by substituting the following:
 - (2) An application under subsection (1) shall be accompanied by the prescribed fee, if any.
- (b) by adding at the end of subsection (5) the words "or unless the wells are required for the operation of an experimental scheme that has been approved by the Board",
- (c) by striking out subsections (6), (7) and (8).

3. Section 3 presently reads:

3. In this Act and in any regulations or orders made pursuant hereto, land may be described as if it were surveyed into sections in accordance with The Alberta Surveys Act whether or not the land is so surveyed, and reference by number to a legal subdivision, section or township in land that is not so surveyed shall be deemed to refer to that which would be the so numbered legal subdivision, section or township if the land were so surveyed.

4. Section 19 presently reads:

19. (1) An application for a licence shall be submitted to the Board on the form prescribed by and obtainable from the Board.

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

- (a) the name proposed for the well,
- (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 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 as that from which another well is obtaining or capable of obtaining production in the same drilling 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 sixty 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) 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.

5. Sections 20, 20*a* and 21 are repealed.

6. Section 22 is struck out and the following section is substituted:

22. (1) No person shall apply for a licence for a well for the recovery of oil or gas from a drilling spacing unit, unless he is entitled, or is the authorized representative of the person who is entitled, to the right to produce the oil or gas for the recovery of which the well is to be drilled.

(2) If it is proved to the satisfaction of the Board that a licensee was not entitled, or was not the authorized representative of the person who was entitled, to the right to produce the oil or gas at the time the licence was granted, the licence is null and void for all purposes except as to the liability of the holder of the licence to complete or abandon the well or to suspend operations as the Board may prescribe.

(3) If, after 30 days from the mailing of a notice by the Board to a licensee at the last known address, the licensee fails to prove to the satisfaction of the Board that he is entitled to the right to produce oil or gas from a well, the Board, at its discretion, may cancel the licence or suspend the licence upon such terms and conditions as it may specify.

7. Section 23 is repealed.

8. Section 24 is struck out and the following is substituted:

24. (1) Upon receiving an application for a licence under this Part, the Board may grant the licence subject to such conditions as it may prescribe, or it may refuse the licence.

(2) Where the Board has refused a licence, the Lieutenant Governor in Council, in his discretion may review the application and direct the Board to issue the licence.

(3) The Board shall keep a record of licences granted.

9. Section 26, subsection (9) is amended by striking out the words "Minister may, upon the recommendation of the Board," and by substituting the words "Board may".

10. Section 27*a* is amended

- (a) as to subsection (1) by adding at the end of clause (b) the word "or" and by adding after clause (b) the following clause:
- (c) a person acting pursuant to a direction of the Board,

5. Sections 20, 20a and 21 now set out in detail the data that is to accompany an application for a well licence. This data can suitably be set out in regulations.

6. Section 22 presently reads:

22. (1) No person shall apply for a licence for a well for the recovery of oil or gas from a drilling spacing unit unless he is entitled, or is the authorized representative of the person who is entitled, to the drilling and producing rights for the oil or gas for the recovery of which the well is to be drilled.

(2) If it is proved to the satisfaction of the Minister that a licensee was not entitled, or was not the authorized representative of the person who was entitled, to the drilling and producing rights at the time the licence was granted, the licence is null and void for all purposes except as to the liability of the holder of the licence to complete or abandon the well or to suspend operations as the Board may prescribe.

(3) If after thirty days from the mailing of a notice by the Minister to a licensee at his last known address the licensee fails to prove to the satisfaction of the Minister that he is entitled to produce oil or gas from a well, the Minister, at his discretion, may cancel the licence or suspend the licence upon such terms and conditions as he may specify.

7. Section 23 provides for applications for licences in the case of an operator planning to drill test holes. If this section is repealed, provisions may suitably be included in regulations.

8. Section 24 now provides that a well licence shall be granted by the Minister of Mines and Minerals after he has received the recommendation of the Board. The amendment would transfer the licensing authority to the Board.

24. (1) The application for a licence shall be examined by the Board and forwarded to the Minister with its recommendation.

(2) The Minister or a person authorized by the Minister to do so, may in his discretion, grant or refuse the licence.

(3) The Board shall keep a record of each licence granted under subsection (2).

9. See note for clause 8.

10. Section 27a, subsections (1) and (2) presently read:

27a. (1) When the records of the Board indicate that a well is abandoned no person other than

(a) the licensee, or

(b) a person acting under the instructions of the licensee, shall undertake any operations at the well until he applies for and obtains a licence.

(2) The provisions of this Act regarding an application for a licence apply to an application under subsection (1), but the Board may dispense with the requirement of such of the data accompanying an application as in its opinion is not necessary in a particular case.

- (b) by striking out subsection (2) and by substituting the following:

(2) The provisions of this Act and the regulations regarding an application for a licence apply to an application under subsection (1) unless the Board otherwise directs.

11. Section 28 is amended

- (a) by striking out subsection (3) and by substituting the following:

(3) The transferee shall submit the transfer to the Board together with the prescribed fee.

- (b) as to subsection (4) by striking out the words “and notify the Minister”,
- (c) as to subsection (5) by striking out the word “Minister” wherever it occurs and by substituting the word “Board”.

12. Section 29 is amended

- (a) by striking out the words “Minister, upon the recommendation of the Board,” and by substituting the word “Board”,
- (b) as to clause (a) by striking out the word “him” and by substituting the words “the Board”.

13. Section 30 is amended by striking out subsections (2) and (3) and by substituting the following:

- (2) The Board, in its discretion, may
 - (a) amend the licence in accordance with the application, or
 - (b) after notifying the licensee of its intention to do so amend the licence otherwise as it considers fit, or
 - (c) refuse the application.

14. Section 31 is repealed.

15. Section 34 is amended

- (a) by striking out clause (h1) and by substituting the following:
 - (h1) as to the casing, equipment, materials and installations to be used in the drilling, operation and production of wells for the purpose of obtaining water for use in enhanced recovery operations,
- (b) by striking out clause (j),
- (c) as to clause (p) by adding after the words “as to” the words “the location of wells and”,
- (d) as to clause (q) by adding after the word “equipping” the word “, operation”,
- (e) by adding after clause (v) the following clauses:

11. Section 28, subsection (3) presently reads:

(3) The transferee shall submit the transfer to the Board together with a fee of five dollars payable to the Board.
.....

Regarding other amendments see note to clause 8.

12. See note to clause 8. Section 29 deals with cancellation and suspension of licences.

13. See note to clause 8. Section 30 deals with amendment of licences.

14. Section 31 deals with prescribing the form of licence and a posting of a copy of the licence at the well site.

15. Section 34, clauses (h1), (j), (p) and (q) read as follows:

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

(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,

.....

(j) providing for the registration and certification of persons having charge of any drilling operations and of any persons employed in connection with any drilling operations, and prohibiting the carrying on of any drilling operations unless they are conducted under the continuous and personal supervision of a person or persons registered as having charge thereof.

.....

(p) as to the methods of operation to be observed during drilling and in the subsequent management and conduct of any well for any purpose including, without restricting the generality of the foregoing,

- (i) the protection of life, property and wild life,
- (ii) the prevention and extinguishment of fires,
- (iii) the prevention of wells blowing out of control, and
- (iv) the prevention of pollution of water,

(q) as to the location, equipping and abandonment of batteries.

- (v1) prescribing the information that is to be included in or is to accompany any application under this Act or the regulations, including an application for a well licence,
 - (v2) requiring the erection of fences and the posting of signs or licences at a well or battery,
 - (v3) establishing a schedule of fees
 - (i) pertaining to any application or any proceeding under this Act or the regulations,
 - (ii) for any map, report, document or other record of the Board, and
 - (iii) for any other service provided by the Board,
- and

16. Section 38 is amended by striking out clause (d) and by substituting the following:

- (d) the storage or disposal of any fluid or other substance to an underground formation through a well,
or
- (e) the concurrent production of an oil zone and its associated gas cap,

17. Section 40 is repealed.

18. Section 72 is amended by striking out subsections (2) and (3) and by substituting the following:

(2) Copies of each unit agreement and unit operating agreement shall be filed with the Board in duplicate within three months of their effective dates.

(3) Where a pool or part thereof is

- (a) subject to an agreement for unit operation filed with the Board, or
- (b) within a block,

the Board, on application may order that any provision of this Act or the regulations regarding the development of the oil or gas resources be varied or suspended in the pool or part thereof for the duration of the unit operation or block.

19. Sections 94 to 95a are struck out and the following section is substituted:

94. The Board may make general regulations or special orders

- (a) providing for official well names and a register of them,
- (b) limiting the length of well names and prescribing what may be included in a well name,
- (c) limiting the length of battery names and prescribing what may be included in a battery name, and

16. Section 38, clause (d) presently reads:

38. No scheme for
.....

(d) the disposal of any fluid or other substance to an underground formation through a well,
shall be proceeded with unless the Board, by order, has approved the scheme upon such terms and conditions as the Board may prescribe.

The proposed clause (e) is new.

17. Section 40 deals with an order to shut down a well and an inquiry into the cause of shutting it down.

18. Section 72, subsections (2) and (3) presently read:

(2) The drilling, production and other field operations provided for in an agreement for the unit operation of a pool or a part thereof shall not be put into effect until a copy of the form of the agreement has been filed with the Board.

(3) If an agreement for the unit operation of a pool or part thereof has been filed with the Board, the Board, on application, may order that any provision of the Act or regulations or both regarding the development of the oil or gas resources be varied or suspended in the pool or part thereof during the unit operation.

19. Sections 94 to 95a contain detailed provisions regarding well names and battery names most of which may better be placed in regulations.

(d) providing for the registration and use of battery names.

20. The following section is added after section 120:

120a. The Board may prescribe such forms to be used under this Act and the regulations as it considers necessary in connection with their administration or it may adopt or cause to be adopted any other form that it considers applicable to any special case.

21. Section 26 of *The Mines and Minerals Act, 1962*, is amended by striking out the words "from the Minister".

22. This Act comes into force on a date to be fixed by Proclamation.

20. Forms may be prescribed.

21. Chapter 49 of the Statutes of Alberta, 1962, is amended to remove a reference to the Minister acting under The Oil and Gas Conservation Act. See note for clause 8.