

1968 Bill 82

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First Session, 16th Legislature, 17 Elizabeth II

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THE LEGISLATIVE ASSEMBLY OF ALBERTA

## **BILL 82**

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

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THE PREMIER

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First Reading .....

Second Reading .....

Third Reading .....

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# BILL 82

1968

An Act to amend The Oil and Gas Conservation Act

(Assented to \_\_\_\_\_, 1968)

**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* is hereby amended.
2. Section 2 is amended
  - (a) by renumbering the section as subsection (1),
  - (b) as to the renumbered subsection (1)
    - (i) by relettering clauses (b2) and (b3) as clauses (b3) and (b4) and by adding before relettered clause (b3) the following clause:
      - (b2) "crude bitumen" means a naturally occurring viscous mixture, mainly of hydrocarbons heavier than pentane, that may contain sulphur compounds, and that in its naturally occurring viscous state is not recoverable at a commercial rate through a well;
    - (ii) by adding after clause (k1) the following clause:
      - (k2) "oil sands" means sands and other rock materials which contain crude bitumen and includes all other mineral substances in association therewith;
    - (iii) as to clause (n),
      - (A) in subclause (i), by striking out the words "oil or gas" wherever they occur and by substituting the words "oil, gas or synthetic crude oil",
      - (B) in subclause (ii), by striking out the words "gas or water" and by substituting the words "gas, synthetic crude oil or water",
    - (iv) by adding after clause (r) the following clause:
      - (r1) "synthetic crude oil" means a mixture, mainly of pentanes and heavier hydro-

## Explanatory Notes

1. This Bill amends chapter 63 of the Statutes of Alberta, 1957.
2. The definitions of "crude bitumen" and "synthetic crude oil" are new. The definition of "oil sands" replaces the definition presently in section 49a, which reads as follows:

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.

The definition in clause (n) of "pipe line" is amended to include a pipe line transporting synthetic crude oil. The definition of "well" in clause (v) is amended to include one used in the production of crude bitumen.

carbons, that may contain sulphur compounds, that is derived from crude bitumen and that is liquid at the conditions under which its volume is measured or estimated, and includes all other hydrocarbon mixtures so derived;

(v) as to clause (v), subclause (i) by striking out the words "oil or gas" wherever they occur and by substituting the words "oil, gas or crude bitumen",

(c) by adding the following subsection:

(2) Where dispute arises as to whether a mixture mainly of hydrocarbons is crude bitumen, the dispute shall be referred to the Board and its decision thereon is final.

3. Section 25, clause (b) is amended by striking out the word "Minister" and by substituting the word "Board".

4. Section 26, subsection (9) is amended by striking out the words "he may prescribe." and by substituting the words "it may prescribe."

5. Section 35, subsection (1) is amended by adding after clause (b) the following clause:

(b1) designate an oil sands deposit by describing the surface area vertically above the oil sands deposit and by naming the geological formation, member or zone in which the oil sands deposit occurs and by such other method of identification as the Board in any case deems suitable,

6. Section 36 is amended by adding after subsection (2) the following subsection:

(3) Notwithstanding subsection (1), where two or more pools in a field or area are subject to an integrated scheme approved under clause (a) or (a1) of section 38 after a public hearing, and where the Board is satisfied

(a) that the scheme would result in significant conservation advantages in the field or area and makes a variation by the Board under this subsection desirable,

(b) with an undertaking by the operator to proceed with the integrated scheme, or an alternate approved by the Board which will result in equivalent or greater recoveries, until the recoverable reserves of all of the pools under the scheme are produced, and

(c) that the reserves which will actually be recovered from each of the pools to be produced under the integrated scheme may be estimated with a reliability comparable to that in the case of single pools not produced under such integrated scheme,

**3.** This amendment is in consequence of an amendment to the Act in 1967.

**4.** This amendment is in consequence of an amendment to the Act in 1967.

**5.** Section 35 is amended to permit the Oil and Gas Conservation Board to designate an oil sands deposit. The new clause (b1) is in terms similar to clause (b) which permits the Board to designate a pool.

**6.** Section 36 is the authority for the proration by the Board of oil to market demand. The new subsection will authorize a variation to enable a producer to produce pools sequentially where they are subject to a common enhanced recovery scheme in such a manner that he could maximize recovery without losing proration benefits.

it may vary the manner in which the provincial allowable for crude oil, condensate and pentanes plus is allocated among pools and may fix, for the pools subject to the scheme, a single, aggregate amount of crude oil or condensate that may be produced from such pools or any of them, regardless of whether all of the pools will be producing pools during the proration period for which the allocation is made.

**7. Section 41 is amended**

- (a) as to subsection (1) by striking out the words “, gas and water” and by substituting the words “, gas, oil sands, crude bitumen or products derived therefrom, and water”,
- (b) as to subsection (2) by striking out the words “, gas or water” and by substituting the words “, gas, oil sands, crude bitumen or products derived therefrom, or water”.

**8. Section 42 is amended**

- (a) as to subsection (1) by striking out the words “oil or gas or both” and by substituting the words “oil, gas or synthetic crude oil or any two or all of them”,
- (b) as to subsections (2) and (3) by striking out the words “oil or gas” wherever they occur and by substituting the words “oil, gas or synthetic crude oil”.

**9. Sections 49a and 49b are struck out and the following section is substituted:**

**49a.** (1) No scheme or operation for the recovery of oil sands, crude bitumen or products derived therefrom shall be proceeded with unless the Board, upon application and by order, has approved it.

(2) Upon receipt of an application pursuant to subsection (1), together with any information prescribed or required by the Board, the Board shall hold a hearing of the application and may, if so authorized by the Lieutenant Governor in Council, approve the scheme or operation proposed in the application.

(3) Notwithstanding subsection (2), where the scheme or operation is for experimental purposes and involves no commercial production of oil sands, crude bitumen or products derived therefrom, the Board, in its discretion, may proceed without a hearing and without the authorization by the Lieutenant Governor in Council.

(4) An 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

**7.** Section 41 authorizes the Board to prescribe methods and standards used in measurement of oil and gas. It is amended so that the Board will have similar powers with respect to the products of oil sands.

**8.** Section 42 authorizes the Board, with the approval of the Lieutenant Governor in Council, to declare an oil or gas pipe line proprietor to be a common carrier. The amendment would authorize similar action in the case of the proprietor of a synthetic crude oil pipe line.

**9.** The present section 49a defines "oil sands" and is being replaced by clause (k2) of section 2: see Clause 2 of this Bill. The present section 49b is replaced by new section 49a. It presently reads as follows:

49b. (1) No scheme or operation for the recovery of oil or a crude hydrocarbon product from oil sands shall be proceeded with unless the Board, upon application and by order, has approved the scheme or operation for such recovery.

(2) Upon receipt of an application pursuant to subsection (1), together with any information prescribed or required by the Board, the Board shall hold a hearing of the application and may, if so authorized by the Lieutenant Governor in Council, approve the scheme or operation proposed in the application.

(3) Notwithstanding subsection (2), where the scheme or operation is for experimental purposes and involves no commercial production from oil sands, the Board, in its discretion, may proceed without a hearing.

(4) 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.

force and the maximum volume or rate of production of oil sands, crude bitumen or products derived therefrom.

**10.** Section 49*d* is amended

- (a) as to clause (a) by striking out the words “or oil or crude hydrocarbon products from oil sands” and by substituting the words “or crude bitumen or products derived from oil sands or crude bitumen”,
- (b) as to clause (b) by striking out the words “any crude hydrocarbon product obtained therefrom,” and by substituting the words “crude bitumen or products derived from oil sands or crude bitumen,”.

**11.** Section 49*e* is amended

- (a) as to subsection (1) by striking out the words “oil or crude hydrocarbon products obtainable from oil sands.” and by substituting the words “crude bitumen or synthetic crude oil.”,
- (b) as to subsection (2) by striking out the words “oil or crude hydrocarbon products obtainable from oil sands” and by substituting the words “crude bitumen or synthetic crude oil that may be recovered”.

**12.** (1) Section 50, subsection (1) is amended

- (a) by striking out the words “oil or gas” wherever they occur and by substituting the words “oil, gas or crude bitumen”,
  - (b) as to clause (d) by striking out the words “oil and gas” and by substituting the words “oil, gas and crude bitumen”.
- (2) This section is applicable to the 1969 and subsequent taxation years.

**13.** Section 96 is amended

- (a) as to subsection (1)
  - (i) by striking out the words “crude oil or raw gas,” and by substituting the words “crude oil, raw gas or crude bitumen,”,
  - (ii) as to clause (a) by adding after the words “raw gas,” the words “crude bitumen”,
- (b) as to subsection (3)
  - (i) by striking out the words “crude oil or raw gas,” and by substituting the words “crude oil, raw gas or crude bitumen,”,
  - (ii) as to clause (a) by adding after the words “raw gas” the words “, crude bitumen”,
  - (iii) as to clause (d), subclause (i) by striking out the words “or condensate” and by substituting the words “, condensate or crude bitumen”,



**10. Section 49d, clauses (a) and (b) presently read:**

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  
.....

**11. Section 49e now reads:**

49.e (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.

**12.** Part VII of the Act authorizes the assessment of oil and gas properties to defray part of the expenses of the Board. The definition of oil and gas properties in section 50 is amended to include property relating to crude bitumen.

**13.** Section 96 requires the owner of an oil or gas well to record and report production. The amendment would make the section applicable to the owner of a well productive of crude bitumen.

- (c) as to subsection (5) by striking out the words “or condensate” and by substituting the words “, condensate or crude bitumen”.

**14.** The following section is added after section 97:

**97a.** (1) The operator of a scheme for the recovery by surface excavation or mining methods of oil sands, crude bitumen or products derived therefrom shall keep at his field office or other place of business within Alberta and within reasonable distance of his operations a daily record of the operations in a form satisfactory to the Board, and the original recording of measurements used in determining the particulars for the record, which record shall show

- (a) the oil sands excavated or mined,
- (b) full particulars of the disposition of all products from the operation, and
- (c) if a product is sold, the name of the purchaser and the amount realized from the sale.

(2) The operator of a scheme for the recovery by surface excavation or mining methods of oil sands, crude bitumen or products derived therefrom shall, not later than the 15th day of the month, file with the Board, on forms furnished or approved by the Board, a full report of

- (a) the oil sands excavated or mined, and the crude bitumen recovered from such oil sands, during the preceding month, and the disposition thereof, and
- (b) unless otherwise directed by the Board, the amount realized from the sale during the preceding month, and the name of the purchaser of oil sands, crude bitumen or products derived therefrom.

**15.** Section 98 is amended

- (a) by striking out the words “oil or gas” and by substituting the words “oil, gas or synthetic crude oil”,
- (b) by striking out the words “oil and gas” wherever they occur in clauses (a) and (b) and by substituting the words “oil, gas and synthetic crude oil”.

**16.** Section 99 is amended

- (a) by striking out the words “oil and gas” wherever they occur and by substituting the words “oil, gas, oil sands, crude bitumen and synthetic crude oil”,
- (b) as to clause (e) by striking out the words “oil or gas.” and by substituting the words “oil, gas, oil sands, crude bitumen or synthetic crude oil.”.

**17.** Section 100 is amended

- (a) by striking out the words “oil or gas” and by substituting the words “oil, gas, oil sands, crude bitumen or synthetic crude oil”,

**14.** The new section 97a will require the operator of an oil sands scheme involving mining methods to record and report production similarly to a well operator.

**15.** Section 98 deals with records and reports by a purchaser or transporter of oil or gas. The amendment makes the section applicable to the purchaser or transporter of synthetic crude oil.

**16.** Section 99 deals with records to be kept by a refiner or gas plant operator. The amendment would cover oil sands products which he may process.

**17.** Section 100 deals with the reports to be made by a plant operator processing oil or gas. The amendment makes the section applicable to the operator of a plant processing oil sands and their products.

- (b) by striking out the words “oil and gas” and by substituting the words “oil, gas, oil sands, crude bitumen and synthetic crude oil”,
- (c) by adding after the word “condensate,” wherever it occurs in clauses (a) and (b) the words “oil sands, crude bitumen, synthetic crude oil,”.

**18.** Section 122, subsection (1), clause (b) is amended by striking out the words “oil or gas is refined” wherever they occur and by substituting the words “oil, gas, oil sands or crude bitumen is refined, produced”.

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

**18.** Section 122 authorizes the Board and authorized employees to enter upon and inspect well and plant sites. The amendment would extend the authority to cover wells, workings and plants handling oil sands or their products.