

1972 Bill 96

First Session, 17th Legislature, 21 Elizabeth II

THE LEGISLATIVE ASSEMBLY OF ALBERTA

BILL 96

The Oil and Gas Conservation Amendment Act, 1972

HONOURABLE MR. DICKIE

First Reading

Second Reading

Third Reading

BILL 96

1972

THE OIL AND GAS CONSERVATION AMENDMENT ACT, 1972

(Assented to _____, 1972)

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

1. *The Oil and Gas Conservation Act is hereby amended.*

2. *Section 2, subsection (1), clause 46 is amended by striking out the words "to evaluate rock or solid inorganic mineral" and by substituting the words "to discover or evaluate a solid inorganic mineral".*

3. (1) *Section 18, subsection (4) is amended by striking out the words "and The Turner Valley Unit Operations Act" and by substituting the words ", The Turner Valley Unit Operations Act and The Pipe Line Act".*

(2) *This section applies to the fiscal year commencing on April 1, 1972 and subsequent fiscal years.*

4. *The heading of Part 3 is amended by striking out the words "OF THE BOARD".*

5. *The following section is added after section 20:*

20.1 (1) Any order of the Lieutenant Governor in Council under this Act may be made subject to any terms or conditions that the Lieutenant Governor in Council may prescribe.

(2) An order of the Lieutenant Governor in Council granting any approval or authorization under this Act and made before the commencement of this subsection is not invalid by reason only of the fact that the order was made subject to any terms or conditions.

(3) Where the holder of an approval contravenes or fails to comply with any term or condition contained in an order of the Lieutenant Governor in Council approving or authorizing the Board's approval,

Explanatory Notes

1. This Bill will amend chapter 267 of the Revised Statutes of Alberta 1970.

2. Section 2, subsection (1), clause 46 presently reads:

2. (1) In this Act,

46. "well" means an orifice in the ground completed or being drilled
- (i) for the production of oil, gas or crude bitumen, or of water for injection to an underground formation, or
 - (ii) for injection to an underground formation, or
 - (iii) as an evaluation well or test hole, or
 - (iv) to or at a depth of more than 500 feet, for any purpose, but does not include one to evaluate rock or solid inorganic mineral and that does not or will not penetrate a stratum capable of containing a pool or oil sands deposit;

3. Section 18 presently reads:

18. (1) In each fiscal year, funds equivalent to the estimated net expenditure of the Board in the year shall be provided

- (a) to the extent of 50 per cent from the moneys appropriated by the Legislature for that purpose, and if the appropriation is insufficient, from the General Revenue Fund, and
- (b) to the extent of 50 per cent from a tax levied by the Board under Part 11.

(2) The Provincial Treasurer shall advance to the Board the funds provided by appropriation and referred to in subsection (1), clause (a), in installments as soon as conveniently may be after the first days of April, July and January, each installment to be in such amount as the Provincial Treasurer in consultation with the Board may decide

(3) Subject to subsections (1) and (2), the reference in subsection (1) and section 67 to proportions of the Board's estimated net expenditure to be received from the Government and from taxation under Part 11 is for the purpose only of determining the amounts to be so provided, and the Board shall be accountable for the actual moneys received from the Government and from taxation but not for the proportion which such moneys bear to the actual net expenditures.

(4) In this section and sections 19 and 67 "net expenditure" or "net expenditures" means net expenditures incurred by the Board in performance of its duties pursuant to this Act, The Gas Resources Preservation Act and The Turner Valley Unit Operations Act.

Section 18 provides for the payment in each fiscal year of the expenditures of the Board in the administration of certain Acts relating to oil and gas resources to the extent of 50 per cent by taxation under the Act. Since January 1, 1972, the Board has been charged with the administration of The Pipe Line Act, and this Act is added to those above referred to.

4. The heading of Part 3 is "GENERAL POWERS OF THE BOARD". The reference to the Board is removed as a result of the addition in Part 3 of the proposed section 20.1 by section 5 of this Bill, which does not deal with powers of the Board.

5. The Act provides a number of instances where action by the Energy Resources Conservation Board requires the approval or authorization of the Lieutenant Governor in Council. The new section 20.1 will expressly provide that any approval or authorizations may have conditions attached to it.

Subsection (2) is intended to remove doubt that previous approvals or authorization could be made subject to conditions.

- (a) the Board may cancel an approval granted by it under this Act or may take such other remedial measures as it considers suitable in the circumstances, or
- (b) the Lieutenant Governor in Council may amend, vary, add to or replace any terms or conditions contained in this order.

6. Section 21, subsection (1) is amended by adding the word "or" at the end of clause (e) and by adding the following clause:

- (f) an order of the Lieutenant Governor in Council under this Act,

7. Section 22 is amended

- (a) as to subsection (1),
 - (i) by striking out clause 14,
 - (ii) in clause 22, by striking out subclause (iv), and
 - (iii) by striking out clause 28,
- (b) by adding the following subsection after subsection (1):

(1.1) The Board, with the approval of the Minister of the Environment, may make regulations

- (a) restricting drilling and producing operations in water covered areas, and prescribing any special measures to be taken in such operations;
 - (b) as to the location of wells and the methods of operation to be observed during drilling and in the subsequent management and conduct of any well for the prevention of pollution;
 - (c) prescribing the measures to be taken to control pollution above, at or below the surface in the drilling of wells and in operations for the production of oil, gas and crude bitumen and in other operations over which the Board has jurisdiction.
- (c) as to subsection (2) by adding after the words "subsection (1)" the words "or (1.1)".

8. Section 35 is amended by striking out that part of the section preceding clause (a), and by substituting the following:

35. The Board, after a public hearing, may, by order, restrict the amount of gas and oil produced in association with gas that may be produced during a period defined in the order from a pool within Alberta.

6. Section 21(1) presently reads:

21. (1) A provision of
 - (a) this Act, or
 - (b) the regulations, or
 - (c) a declaration, order or direction of the Board pursuant to this Act or in any matter over which the Board has jurisdiction, or
 - (d) an order of the Public Utilities Board in a matter in which its jurisdiction arises from an order under this Act, or
 - (e) an order of the Gas Utilities Board on any application or matter referred to it by the Oil and Gas Conservation Board,overrides the terms and conditions of any contract or other arrangement conflicting with the provisions of the Act, regulations, order, declaration or direction.

7. Section 22, subsection (1), clause 14, clause 22, subclause (iv) and clause 28 presently read:

22. (1) The Board may make regulations
 14. restricting drilling and producing operations in water covered areas, and prescribing any special measures to be taken in such operations;
 22. as to the location of wells and 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,
 - (iv) the prevention of pollution;
 28. prescribing the measures to be taken to control pollution above, at or below the surface in the drilling of wells and in operations for the production of oil, gas and crude bitumen and in other operations over which the Board has jurisdiction;

8. Section 35 presently reads:

35. The Board, after a public hearing and with the approval of the Lieutenant Governor in Council, may, by order, restrict the amount of gas and oil produced in association with the gas that may be produced from a pool within Alberta

9. *Section 38 is amended*

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

(2) Prior to the Board approving a scheme under subsection (1), clause (b) or (d), it shall refer the application to the Minister of the Environment for his approval with respect to the application as it affects matters of the environment.

(3) The Minister of the Environment may give his approval with or without conditions, but where conditions are imposed, the Board shall, if it approves the scheme, make its order subject to the same conditions imposed by the Minister of the Environment when he gave his approval.

(4) Notwithstanding subsection (3), the Board is not required to impose the conditions specified by the Minister of the Environment when the Lieutenant Governor in Council directs that the conditions are not to be imposed.

10. *Section 43 is amended by adding the following subsections after subsection (1):*

(1.1) The Board shall refer an application under subsection (1) that involves a scheme or operation for the removal of overburden and surface excavation of oil sands to the Minister of the Environment and the Minister of Lands and Forests for their approval of the application as it affects matters of the environment.

(1.2) The Minister of the Environment and the Minister of Lands and Forests or either of them may give their approval with or without conditions, but where conditions are imposed, the Board shall, if it grants an approval, make the approval subject to the same conditions imposed by the Minister of the Environment or the Minister of Lands and Forests or both of them, when they gave their approval.

(1.3) Notwithstanding subsection (1.2), the Board is not required to impose the conditions specified by the Minister of the Environment and the Minister of Lands and Forests or either of them when the Lieutenant Governor in Council directs that the conditions are not to be imposed.

11. *Section 132 is amended*

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

(2) The costs of or incidental to the work of control, completion, suspension or abandonment of the well to the satisfaction of the Board shall be

9. Section 38 reads in part

38. No scheme for
(b) the processing or underground storage of gas, or
(d) the storage or disposal of any fluid or other substance to an underground formation through a well, or
shall be proceeded with unless the Board, by order, has approved the scheme upon such terms and conditions as the Board may prescribe.

10. Section 43 requires an approval for a scheme or operation for the recovery of oil sands, crude bitumen or products derived therefrom.

11. Section 132, subsections (2), (4), (5), (6) and (7) presently read:

(2) The Provincial Treasurer may use or expend all or any part of the deposit required by the regulations to be made by the licensee to defray 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.

(4) Subject to subsection (5), 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 required by the regulations to be made by the licensee, 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 of such costs, as the case may be, from moneys appropriated for that purpose.

(5) Except in case of an emergency, payments pursuant to subsection (4) with respect to any one well shall not exceed \$5,000 unless the Lieutenant Governor in Council approves payment in a greater amount.

(6) The Lieutenant Governor in Council may authorize and empower the Provincial Treasurer to advance to the Board from time to time sums for defraying future excess amounts or costs of the kind referred to in subsection (4) subject to such terms and conditions as may be prescribed by the Lieutenant Governor in Council.

(7) The costs determined by the Board under this section remaining unpaid after applying thereto a deposit held by the Provincial Treasurer are a debt payable by the licensee of the well to the Provincial Treasurer.

determined by the Board, and the Provincial Treasurer may use or expend all or any part of the deposit required by the regulations to be made by the licensee to reimburse the Board for such costs.

(b) *by striking out subsections (4), (5) and (6) and by substituting the following:*

(4) The Board shall not incur costs in the work of controlling, completing, suspending or abandoning a well exceeding by more than \$25,000 the sum of the licensee's deposit with the Provincial Treasurer and the balance of the amount provided in the Board's annual budget for such work, unless the Lieutenant Governor in Council authorizes the Board to incur greater costs.

(c) *as to subsection (7) by striking out the words "to the Provincial Treasurer" and by substituting the words "to the Board".*

12. Section 133 is amended by striking out subsection (3) and by substituting the following:

(3) Where the Board receives moneys upon the sale or disposal of any equipment, installation or material under subsection (1), it shall

- (a) apply the moneys in payment of any costs as determined by it under section 132 that remain unpaid after applying thereto the deposit, if any, held by the Provincial Treasurer, and
- (b) if any of the moneys remain after the payment of the costs referred to in clause (a), forward the remainder to the Provincial Treasurer for payment out to persons who have filed claims thereto with him within six months of the sale and who are entitled to receive it.

13. Section 139, subsection (1) is amended by striking out clause (a) and by substituting the following:

- (a) whether as a principal or otherwise, contravenes or defaults in complying with any provisions of this Act, the regulations, an order or direction of the Board made under this Act or the regulations or the terms and conditions under an order of the Lieutenant Governor in Council granting an approval or authorization under this Act, or

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

12. Section 133 provides for the sale of equipment, installations and material found on the site of a well where operations are conducted by the Board for the control, completion, suspension or abandonment of the well. Subsection (3) presently reads:

(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 132 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.

13. Section 139, subsection (1), clause (a) presently reads:

139. (1) Every person who

(a) whether as a principal or otherwise, contravenes or defaults in complying with any provision of this Act or of the regulations or of any order or direction made pursuant to this Act, or