

1981 BILL 56

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Third Session, 19th Legislature, 30 Elizabeth II

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THE LEGISLATIVE ASSEMBLY OF ALBERTA

# **BILL 56**

**THE MINES AND MINERALS AMENDMENT ACT, 1981**

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THE MINISTER OF ENERGY AND NATURAL RESOURCES

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First Reading .....

Second Reading .....

Committee of the Whole .....

Third Reading .....

Royal Assent .....

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Bill 56

## BILL 56

1981

### THE MINES AND MINERALS AMENDMENT ACT, 1981

(Assented to \_\_\_\_\_, 1981)

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

1 *The Mines and Minerals Act is amended by this Act.*

2 *Section 14 is amended*

(a) *in clause (g.21) by striking out “by regulation prescribe” and substituting “make regulations respecting the imposition of”, and*

(b) *by adding the following after clause (g.4):*

(g.5) respecting refundable work deposits furnished under section 44.2,

3 *The following section is added after section 44.1:*

**44.2(1)** If an agreement is sold by public tender,

(a) the notice of the sale may require each person submitting a tender at the sale to state in his tender the amount of the deposit he is prepared to furnish to the Minister as a refundable work deposit, and

(b) the notice of the sale shall provide the form in which the deposit is to be made by the successful tenderer.

(2) A refundable work deposit shall be held by the Minister in accordance with the regulations without being paid into the General Revenue Fund.

(3) Subject to the regulations, the Minister may refund or forfeit all or part of a refundable work deposit.

## **Explanatory Notes**

**1** This Bill will amend chapter 238 of the Revised Statutes of Alberta 1970.

**2** Section 14 enumerates powers of the Lieutenant Governor in Council. Clause (g.21) presently reads:

*(g.21) by regulation prescribe pecuniary penalties for the late filing of any returns or reports required to be filed with the Minister or any officer of the Department pursuant to this Act, the regulations or any agreement or pursuant to a notice given under this Act, the regulations or an agreement.*

As to the proposed clause (g.5), see section 3 of this Bill and the proposed section 44.2.

**3** Refundable work deposits.

4 *Section 48.1 is amended*

(a) *in subsection (1) by striking out “registered under The Companies Act is struck off the register” and substituting “ceases to be so registered”, and*

(b) *in subsection (3) by striking out “is struck off the register of companies under The Companies Act” and substituting “ceases to be registered under The Companies Act”.*

5 *Section 53.1 is repealed and the following is substituted:*

**53.1**(1) In this section and section 53.2, “record” means record as defined in *The Financial Administration Act, 1977*.

(2) The Minister may, by notice in writing, require any lessee and, in the case of a lessee that is a corporation, any officer of the corporation, to submit to him, within the time stated in the notice,

(a) a written return showing in detail any information required by the notice if it relates to or is incidental to

(i) any operations that are or were conducted on the lessee’s location,

(ii) the minerals obtained from the location or any products recovered from those minerals or the dispositions or sales of those minerals or products, or

(iii) the costs of obtaining any mineral from the location or of recovering any product from that mineral,

or

(b) a return containing or pertaining to any records if the records relate to anything mentioned in clause (a)(i), (ii) or (iii) and are sufficiently described in the notice to enable the lessee to identify them.

(3) The lessee to whom a notice is given under subsection (2) shall comply with the notice but may comply with a notice under subsection (2)(b) by permitting any person designated by the Minister to audit the records to which the notice relates and, on the request of that person, to take them away for further examination or copying.

**4** Section 48.1(1) and (3) presently read:

*48.1(1) Where a corporation registered under The Companies Act is struck off the register and the corporation is then the sole lessee of an agreement, the Minister may cancel the agreement after giving 60 days' notice of his intention to do so in the Gazette, unless before the expiration of that 60-day period the corporation is restored to the register under The Companies Act.*

*(3) Where a corporation is struck off the register of companies under The Companies Act or is wound up or dissolved and the corporation is then a lessee having a specified undivided interest in an agreement according to the records of the Department, the Minister may cancel the interest and transfer it to such person, in such manner and upon such conditions as the Minister considers just in the circumstances.*

**5** Section 53.1 presently reads:

*53.1 If*

*(a) an approved scheme referred to in section 38(1)(a) of The Oil and Gas Conservation Act that is for experimental purposes, or*

*(b) an approved scheme or operation referred to in section 43(3) of The Oil and Gas Conservation Act*

*is being conducted on the location of a lease of petroleum rights, petroleum or natural gas rights or oil sands rights, the lessee shall, upon the request of the Minister, submit to the Minister within the time specified by him, any data that the Minister requires for the purpose of determining the amount of production from and costs relating to that scheme or operation.*

(4) Any record taken away under subsection (3) shall be returned to the person from whose custody it was taken within 21 days after it was taken or within any longer period as the Court of Queen's Bench directs for cause or if agreed to by a person who is entitled to its return.

(5) An application to the Court of Queen's Bench under subsection (4) shall be made on notice to the lessee and, if the person from whom the record was taken was not the lessee, to that person.

(6) A document purporting to be certified by an employee of the Department responsible for its custody to be a copy of a record made pursuant to subsection (3) is admissible in evidence in any judicial proceeding and is, in the absence of evidence to the contrary, proof of the contents of the record without proof of the employee's signature or appointment or of his responsibility for custody of the document.

**53.2(1)** Subject to subsections (2) and (3), a lessee or a former lessee shall keep within Alberta all records that come into his possession or the possession of any of his agents and that are or were used for the purpose of preparing any report required to be submitted by him or on his behalf under section 31.1.

(2) The records to which subsection (1) applies shall not be destroyed until after the expiration of 5 years following the month to which the report under section 31.1 relates unless

(a) in the case of any particular records the Minister consents in writing to their destruction before the end of the 5-year period, or

(b) the regulations authorize their destruction before the end of that 5-year period.

(3) The Minister may, by a notice to the lessee or former lessee, direct that any records to which subsection (1) applies and that are specified in the notice, are to be kept for longer than the 5-year period either for a further period stated in the notice or until the Minister consents to their destruction.

(4) A person who contravenes this section is guilty of an offence.

*6 Section 120 is amended by adding the following after subsection (1):*

(1.1) If a lease is continued pursuant to this section as to part of the location, the Minister may divide the lease so that the part of the location so continued becomes the location of one of the leases resulting from the division.

**6** Section 120 authorizes the continuation of a petroleum and natural gas lease beyond its initial term if drilling operations are in progress at the end of the term and then only as to the spacing unit for the well and the remainder of the section in which the well is drilled. Further drilling operations may extend the continuation. If the lease is continued as to only part of the leased land (the "location"), the proposed subsection (1.1) will enable the Minister to divide the lease so that the part of the location continued under section 120 will become the subject of a separate lease.

7 *Section 122 is amended*

(a) *by adding the following after subsection (3):*

(3.1) Without limiting the powers of the Minister to prescribe conditions under subsection (3), the Minister may, in the case of

(a) a five-year lease, or

(b) a ten-year lease or a 21-year lease that has a term that expires after January 1, 1983,

prescribe as a condition of allowing the continuation of the lease under subsection (1) that the lease shall not continue as to that portion of the unproven area that is stratigraphically below the base of the zone specified by the Minister for the purpose and that the lease be amended accordingly.

(3.2) If the Minister allows a lease to continue under subsection (1) as to an unproven area that consists of part of the location only, the Minister may divide the lease so that the unproven area becomes the location of one of the leases resulting from the division.

(b) *by adding the following after subsection (6):*

(7) If a lease further continues pursuant to subsection (6) as to all or part of the location but the Minister had prescribed a condition in respect of the lease pursuant to subsection (3.1), the Minister may, after the expiration of any of the continuation periods allowed under subsection (3) or (4),

(a) if there are 1 or more zones in the location or the part of the location so continued under subsection (6) that are capable of producing petroleum or natural gas in paying quantity and the zone or the deeper or deepest of the zones, as the case may be, extends throughout that location or that part of the location but is not the zone specified in subsection (3.1),

(i) notify the lessee that the rights to petroleum and natural gas in the portion of the location that is stratigraphically below the base of the producing zone or the deeper or deepest of the producing zones, as the case may be, are no longer continued under the lease and have reverted to the Crown as of the date of the notice,

(ii) amend the lease accordingly,

See also the proposed section 123(1.1) in section 8 of this Bill.

**7** Section 122 authorizes the continuation of the term of a petroleum and natural gas lease for up to 3 one-year periods beyond the initial term of the lease but as to “unproven area” only. If the lease is continued for the first year as to part of its location only, the proposed subsection (3.1) will enable the Minister in the case of leases of the kinds mentioned in that subsection to require that the petroleum and natural gas rights below a specified zone in the part so continued will revert to the Crown as a condition of the continuation.

The proposed subsection (3.2) will enable the Minister to divide the lease so that a part of the location continued under section 122 will become the subject of a separate lease.

If a continuation is allowed as to unproven area under section 122 but on the condition (imposed under the proposed subsection (3.1) ) that the rights below a specified zone revert to the Crown, then, if any part of the unproven area is found productive during the continuation periods but not from that specified zone, the proposed subsection (7) will enable the Minister to regain the rights below the base of the productive zone and, if necessary, to divide the lease to achieve that result where there are two or more productive zones but the deeper or deepest one does not extend throughout the location.

See also the proposed section 123(1.2) in section 8 of this Bill.

or

(b) if there are 2 or more zones in the location or part of the location so continued under subsection (6) that are capable of producing petroleum or natural gas in paying quantity but the deeper or deepest of those zones does not extend throughout the location,

(i) divide the lease into 2 or more leases in such a manner that each lease resulting from the division no longer continues to grant the rights to petroleum and natural gas in the portion of its location that is stratigraphically below the producing zone or the deeper or deepest of the producing zones in its location, and

(ii) if necessary, amend accordingly the lease that is not a new lease or one of the new leases resulting from the division.

8 *Section 123 is amended*

(a) *by repealing subsection (1) and substituting the following:*

**123(1)** For the purposes of this section and section 123.01, the deeper rights reversion date applicable to a lease is, except as provided in subsections (1.1) and (1.2),

(a) with reference to a five-year lease, the day following the last day of its initial term,

(b) with reference to a ten-year lease, the day following the last day of its initial term or January 1, 1983, whichever is later, or

(c) with reference to a 21-year lease, the day following the last day of its term or January 1, 1983, whichever is later.

(1.1) If a lease is continued as to all or part of its location pursuant to section 120 otherwise than pursuant to subsection (2) of that section, then, for the purposes of this section and section 123.01, the deeper rights reversion date applicable to the lease or the part of the location so continued, as the case may be, is the first day following the expiry of the period during which the drilling of another well could have been commenced under section 120 but was not so commenced.

(1.2) If a ten-year lease or 21-year lease

**8** Section 123 presently reads:

*123(1) In this section, “deeper rights reversion date” means*

*(a) with reference to a five-year lease, the day following the last day of its initial term,*

*(b) with reference to a ten-year lease that is not a renewal of any previous 21-year lease, the day following the last day of its initial term or January 1, 1983, whichever is later,*

*(c) with reference to a 21-year lease that is not a renewal of any previous 21-year lease, the day following the last of its term or January 1, 1983, whichever is later,*

*(d) with reference to a ten-year lease that is a renewal of a 21-year lease, January 1, 1983, or*

*(e) with reference to a 21-year lease that is a renewal of a 21-year lease, January 1, 1983.*

*(2) Subject to subsections (3) to (7), if the Minister determines that, at the deeper rights reversion date, all or part of the location of a petroleum and natural gas lease is capable of producing petroleum or natural gas in paying quantity from one or more zones pursuant to that lease, the rights granted by the lease to the petroleum and natural gas in the portion of the location that is stratigraphically below the base of that zone or the deeper or deepest of those zones in the location, shall revert to the Crown and shall not continue under the lease as of the deeper rights reversion date.*

*(3) The Minister may, on or before the deeper rights reversion date and thereafter from time to time, with respect to any petroleum and natural gas lease extend the deeper rights reversion date applicable to*

(a) has a term that expires on or before January 1, 1983,  
and

(b) is continued as to all or part of its location under  
section 122 to a date occurring after January 1, 1983,

then, subject to subsection (2.1), the deeper rights reversion  
date applicable to the lease or the part of the location so  
continued, as the case may be, is for the purposes of this  
section and section 123.01 the first day following the expi-  
ration of the last of the one-year continuation periods allowed  
under section 122.

*(b) in subsection (2) by striking out “(3) to (7)” and substituting  
“(2.1) to (7)”, and*

*(c) by adding the following after subsection (2):*

(2.1) If at the deeper rights reversion date for a lease or part  
of the location of a lease to which subsection (1.2) applies  
there are 2 or more zones in the location capable of producing  
petroleum or natural gas in paying quantity but, in the opinion  
of the Minister, the deeper or deepest of those zones does  
not extend throughout the location, the Minister may

(a) divide the lease into 2 or more leases in such a manner  
that each lease resulting from the division no longer con-  
tinues to grant the rights to petroleum and natural gas in  
the portion of its location that is stratigraphically below  
the producing zone or the deeper or deepest of the pro-  
ducing zones, as the case may be, in its location, and

(b) amend accordingly the lease that is not a new lease  
or one of the new leases resulting from the division.

*(d) by repealing subsection (7) and substituting the following:*

(7) Subject to subsection (2.1), the Minister shall, after the  
deeper rights reversion date applicable to a lease, amend the  
lease so as to exclude from it the petroleum and natural gas  
rights that ceased to continue under the lease and that reverted  
to the Crown under subsection (2).

9 *The following is added after section 123:*

**123.01**(1) In this section, “reversion cut-off zone”, with refer-  
ence to a lease, means the deeper or deepest of the zones  
referred to in section 123(2) in relation to that lease.

(2) If, at any time after the deeper rights reversion date appli-  
cable to a lease, the Minister is of the opinion that any part of  
the location is not then capable of producing petroleum or natural

*the lease if the Minister is satisfied that it is in the public interest to grant the extension.*

*(4) An extension under subsection (3) may be made subject to any conditions prescribed by the Minister.*

*(5) Any extension or extensions granted under subsection (3) with respect to any lease shall not exceed in the aggregate a period longer than 5 years after the deeper rights reversion date applicable to that lease.*

*(6) If an extension is granted under subsection (3) with respect to a lease, a reference in subsection (2) to the deeper rights reversion date shall, in relation to that lease, be deemed to be a reference to the date on which the extension expires.*

*(7) After the deeper rights reversion date applicable to a lease, the Minister shall*

*(a) issue an amendment to the lease so as to exclude from the lease the petroleum and natural gas rights that reverted to the Crown under subsection (2),*

*(b) include the amendment in the Minister's copy of the lease, and*

*(c) forward a copy of the amendment to the lessee for inclusion in his copy of the lease.*

**9** The proposed section 123.01 relates to situations where, after the “deeper rights reversion date” for a petroleum and natural gas lease, there are two or more producing zones but the deepest of the zones does not extend throughout the location. The result is that the balance of the location is continued on the strength of a shallower productive zone with no obligation on the lessee to drill to any lower zone. The proposed section 123.01 will enable the Minister to give a notice to the lessee indicating that after the one year the Minister will be able to exercise his powers under subsection (5).

gas in paying quantity from the reversion cut-off zone, the Minister may give a notice to the lessee in accordance with this section.

(3) A notice given under this section

(a) shall be given in relation to the part of the location which, in the opinion of the Minister, is not then capable of producing petroleum or natural gas in paying quantity from the reversion cut-off zone, and

(b) shall state that, after the period of one-year from the date of the notice or any extension of that period granted under subsection (5), the Minister may exercise his powers under subsection (4) in relation to the part of the location to which the notice relates.

(4) After the expiry of the one-year period prescribed in a notice given under this section or of any extension of that period granted under subsection (5), the Minister may

(a) having regard to the well or wells, if any, completed during that period, determine the zone or zones in the part of the location described in the notice that are then capable of producing petroleum or natural gas in paying quantity and the areal extent of the zone or zones, and

(b) if the Minister determines under clause (a) that the reversion cut-off zone does not extend throughout the location, divide the lease into 2 or more leases in such a manner that

(i) the part of the location throughout which the reversion cut-off zone extends remains as the location of the lease, and

(ii) the new lease or each of the new leases resulting from the division no longer continues to grant the rights to petroleum and natural gas in the portion of its location that is stratigraphically below the producing zone or the deeper or deepest of the producing zones, as the case may be, in its location.

(5) The Minister may extend the one-year period under a notice given pursuant to this section if the lessee

(a) applies for the extension before the end of the one-year period, and

(b) satisfies the Minister that the drilling of a well was commenced during the one-year period with a view to being completed before the expiry of that period and that circumstances beyond the control of the lessee have arisen preventing the lessee from completing the well within that period,

*(3) A notice of financial transaction registered under this Part has priority over an unregistered notice of financial transaction.*

*(4) A person whose notice of financial transaction has been registered shall file immediately with the Department a notice of any change of the address for service relating to the notice of financial transaction.*

*(5) An approved lender named in a registered notice of financial transaction may by notice in writing to the Minister executed in the manner and accompanied by proof of execution satisfactory to the Minister, discharge the registration of the notice of financial transaction in whole or in part and the Minister shall register the notice of discharge according to its intent.*

*(6) This section and section 180.1 do not apply to a document made pursuant to section 82 of the Bank Act (Canada) that was registered by the Minister before the date of the coming into force of this section.*

*180.1 The registration of a notice of financial transaction under this Part in respect of an agreement or an interest in an agreement does not restrict or in any manner affect any right or power of the Crown under a provision of this Act or the regulations applicable to that agreement or under that agreement and does not derogate from the estate or interest of the Crown in the mines and minerals comprised in that agreement.*

*180.2 A document that evidences a financial transaction but is not a notice of financial transaction but is not a notice of financial transaction or is not referred to in or incorporated into a notice of financial transaction is not capable of registration under section 180.*

*180.3 The Minister may in writing designate as approved lenders the classes of money lenders considered appropriate by him for giving loans on the security of an agreement or of an interest in an agreement.*

*181 The Lieutenant Governor in Council may from time to time establish a tariff of fees pertaining to*

*(a) repealed 1980 c33 s17,*

*(b) the registration of documents, and*

*(c) any services supplied by the Department in connection with documents.*

(b) the failure of any secured party to register a security notice in respect of his security instrument does not for that reason only affect the priority of that secured party in relation to his security interest.

(5) The form of a security notice prescribed by the regulations shall provide for an address for service for the secured party named in it for the purposes of this Division.

(6) The secured party under a registered security notice may submit to the Minister for registration a notice of any change of his address for service under the notice.

(7) Registration of a security notice in respect of an agreement or an interest in an agreement

(a) does not restrict or in any manner affect any right or power of the Crown or the Minister under this Act or the regulations or the agreement, and

(b) does not derogate from the proprietary rights of the Crown in the minerals in respect of which rights are granted by the agreement.

**180.1(1)** A person is entitled to serve a demand under this section if he is

(a) the lessee or one of the lessees of an agreement affected by the registration of a security notice,

(b) the person named in a security notice as the person who gave the security instrument,

(c) the secured party named in another registered security notice affecting the same agreement,

(d) a person who has obtained leave from the Court of Queen's Bench to do so, or

(e) a person who is authorized by the regulations to serve the demand.

(2) A person within any of the classes enumerated in subsection (1) may serve on the secured party named in a registered security notice a written demand requiring the secured party

(a) to inform him, within 15 days after being served with the demand, of the place where the security instrument that is the subject of the security notice, or a copy of that instrument, is located and available for examination and of the normal business hours during which the examination may be made, and

(b) to make the security instrument or a copy of it available

**10** Section 124 empowers the Lieutenant Governor in Council to make regulations for the purposes of Part 5 (Petroleum and Natural Gas).

**11** The present heading of Part 7 is “REGISTRATION OF TRANSFERS AND DOCUMENTS”. The amendment conforms with the amendments being made by sections 12 to 15 of this Bill.

**12** Section 175 presently reads:

*175 In this Part,*

*(a) “approved lender” means a member of a class of money lenders designated by the Minister pursuant to section 180.3;*

*(b) “document” means an instrument that pertains to a right granted under an agreement;*

*(c) “notice of financial transaction” means a document in the form prescribed in the regulations and capable of registration under section 180;*

*(d) “registration” means*

*(i) the entering of a document in a record authorized by the Minister for that purpose,*

*(ii) in the case of a transfer, the endorsing or attaching of a memorandum evidencing an entry under subclause (i) on or to the original and a duplicate of an agreement affected by the transfer and on or to that transfer, and on or to that transfer, and*

*(iii) in the case of a document other than a transfer, the endorsing or attaching of a memorandum evidencing an entry under subclause (i) on or to the original of an agreement affected by that document and on or to that document;*

*(e) “transfer” means a document in Form B, C or D in the Schedule and capable of registration under section 176.*

13 *Section 178 is repealed.*

14 *Section 179 is repealed and the following is substituted:*

**179** The Lieutenant Governor in Council may make regulations

- (a) respecting the registration of transfers,
- (b) prescribing the fees payable to the Minister for
  - (i) registration of a transfer, and
  - (ii) any other service provided by the Department under this Division.

15 *Sections 180 to 181 are repealed and the following is substituted:*

## **Division 2**

### **Security Notices**

**179.1(1)** In this Division,

- (a) “exempt security instrument” means a security instrument that is within a class of security instruments designated by the regulations as exempt security instruments;
- (b) “registered” means registered under this Division;
- (c) “secured party” means a person having an interest or charge under a security instrument;
- (d) “security instrument” means a contract or instrument evidencing an interest in or charge on an agreement if the interest or charge secures

See the proposed new section 180 of the Act in section 14 of this Bill.

**13** Section 178 presently reads:

*178(1) A lessee may transfer an agreement to himself and another person or persons, and upon registration of the transfer is entitled to the interest that the transfer purports to convey to him to the same extent as if he were not the transferor.*

*(2) Two or more persons, being the lessee of an agreement, may transfer the agreement to one or more of them, who upon registration of the transfer are entitled to the interest that the transfer purports to convey to him or them to the same extent as if he or they were not the transferor.*

**14** Section 179 presently reads:

*179 The Lieutenant Governor in Council may make regulations*

- (a) respecting the registration of documents,*
- (b) prescribing the nature of the documents that may be registered, and*
- (c) prescribing the conditions under which documents may be registered.*

**15** Sections 180 to 181 presently read:

*180(1) A notice of financial transaction may be submitted to the Minister for registration under this section if, under the financial transaction to which that notice relates, an agreement or an interest in an agreement has been assigned to an approved lender as security by*

- (a) the holder of that agreement or interest, or*
- (b) a person having an interest in that agreement or interest derived directly or indirectly from that holder.*

*(2) The Minister may refuse to register a notice of financial transaction if*

- (a) it is not in the form prescribed under the regulations,*
- (b) it is not executed in the manner and accompanied by the proof of execution satisfactory to the Minister,*
- (c) the fee prescribed under the regulations is not paid, or*
- (d) the person who submits the notice of financial transaction does not submit an address for service for the approved lender.*

- (i) the payment of a present or future indebtedness arising from a loan,
- (ii) the payment of all or part of the purchase price of an interest in an agreement, or
- (iii) the performance of the obligations of a guarantor under a guarantee given in respect of an indebtedness referred to in subclause (i) or all or part of the purchase price referred to in subclause (ii),

but does not include an exempt security instrument;

(e) “security interest” means the interest or charge evidenced by a security instrument;

(f) “security notice” means a security notice in the form prescribed by the regulations.

(2) For the purposes of this Division,

(a) a notice of financial transaction registered under this Part during the period commencing October 1, 1980 and ending July 31, 1981, or

(b) an instrument giving a security under section 82 of the *Bank Act* (Canada) as that section was in force between April 6, 1955 and October 1, 1980, a copy of such an instrument, or a caution, caveat or memorial in respect of the rights of a bank under that section, if it was registered under this Part before October 1, 1980,

shall be deemed to be a security notice registered under this Division.

**180(1)** A security notice may be submitted to the Minister for registration.

(2) The Minister may refuse to register a security notice if

(a) it is not in the form prescribed in the regulations, or

(b) the regulations are not otherwise complied with.

(3) The registration of a security notice constitutes notice to all persons of the existence of the security instrument to which the notice relates.

(4) Subject to subsection (3),

(a) nothing in this Division shall be construed as affecting the priority of any secured party in relation to his security interest, and

The result will be that the lessee will have one year to undertake a drilling program on the balance of the location which will involve the drilling of wells to the "reversion cut-off zone", i.e. the zone below which the "deeper rights" reverted to the Crown under section 123(2) on the deeper rights reversion date. If the well or wells drilled do not result in production from the "reversion cut-off zone" in a particular part of the location, the lease may be divided so that that part will become the subject of a separate lease but excluding the petroleum and natural gas rights below its deepest productive zone.

and any extension so granted shall be reasonably sufficient to enable the lessee to complete the drilling of the well or to commence and complete the drilling of another well in the part of the location to which the notice relates.

*10 Section 124 is amended by adding the following after clause (c):*

(d) respecting the division by the Minister of petroleum and natural gas leases pursuant to this Part;

(e) respecting the amendment by the Minister of petroleum and natural gas leases pursuant to section 122 or 123.

*11 The heading of Part 7 is amended by striking out "DOCUMENTS" and substituting "SECURITY NOTICES".*

*12 Section 175 is repealed and the following is substituted:*

## **Division 1**

### **Transfers**

**175** In this Division,

(a) "registered" means registered under this Division;

(b) "transfer" means a transfer in Form B, C or D in the Schedule that is registerable under section 176.



for examination at that place during normal business hours by him or a person authorized by him within a reasonable time after the demand is served.

(3) Whether or not a demand under subsection (2) is served or complied with in relation to the same security instrument, a person within any of the classes enumerated in subsection (1) may serve on the secured party named in a security notice a written demand requiring the secured party to mail or deliver to him a true copy of the security instrument that is the subject of the security notice.

(4) A reference in this section to a security instrument includes amendments to the security instrument.

(5) A demand referred to in subsection (2) or (3) is sufficiently served if it is sent by mail to the secured party's address for service according to the records of the Department.

(6) A demand referred to in subsection (3)

(a) shall contain an address for the person serving the demand to which the copy of the security instrument is to be mailed or delivered, and

(b) shall be complied with by mailing or delivering the copy to the address referred to in clause (a) within 15 days after the day on which the demand is served.

(7) A person served with a demand under subsection (3) may refuse to mail or deliver the copy of the security instrument unless the person serving the demand first pays to him a charge for making the copy that is reasonable in the circumstances but not in excess of the maximum charge prescribed by the regulations.

(8) If a secured party on whom a demand is served under this section fails without reasonable excuse to comply with the demand, the person who served the demand may apply to the Court of Queen's Bench for an order requiring the secured party to comply with the demand within the time and in the manner prescribed in the order.

(9) If a secured party fails to comply with an order of the Court under subsection (8), the Court may, on the application of the person who obtained the order,

(a) make any further order the Court considers necessary to ensure compliance with the order made under subsection (8), or

(b) by order declare the security instrument of the secured party void and direct the Minister to cancel the registration of the security notice.



**180.2(1)** There may be submitted to the Minister for registration

(a) a notice of the discharge or partial discharge of the security interest under a security instrument that is the subject of a registered security notice, or

(b) a notice of the assignment of all or part of the security instrument that is the subject of a registered security notice.

(2) The Minister may refuse to register a notice referred to in subsection (1) if

(a) the notice is not in the form prescribed by the regulations, or

(b) the regulations are not otherwise complied with.

(3) Registration of a notice under this section constitutes notice to all persons of its existence.

**180.3(1)** A person within any of the classes enumerated in subsection (2) may

(a) serve on the person named in a registered security notice as the secured party a notice directing that person to commence an application by originating notice in the Court of Queen's Bench within 60 days after the date on which the notice is served, for an order substantiating the security instrument that is the subject of the registered security notice, or

(b) make an application to the Court of Queen's Bench by originating notice requiring the person named as the secured party in a registered security notice to show cause why the registration of the security notice should not be cancelled.

(2) A person is entitled to serve a notice under subsection (1)(a) or make an application under subsection (1)(b) if he is

(a) the lessee or one of the lessees of an agreement affected by the registration of a security notice,

(b) the person named in a registered security notice as the person who gave the security instrument,

(c) the secured party named in another registered security notice affecting the same agreement that is the subject of the notice served under subsection (1)(a) or the application under subsection (1)(b),



- (d) a person who has obtained leave from the Court of Queen's Bench to do so, or
  - (e) a person authorized by the regulations to do so.
- (3) The Court may, on ex parte application by a person who proposes to serve a notice under subsection (1)(a), by order shorten the 60-day period referred to in subsection (1)(a) and, if the order is made,
- (a) subsection (1)(a) shall, in relation to that notice, be deemed to refer to the shorter period, and
  - (b) a certified copy of the order shall be served with that notice.
- (4) The Court, on the application of a person served with a notice under subsection (1)(a), may extend the period for commencing the application to the Court under subsection (1)(a), whether or not that period has been shortened pursuant to subsection (3).
- (5) For the purposes of this section,
- (a) a notice under subsection (1)(b) may be served in any manner in which an originating notice in the Court of Queen's Bench may be served, and
  - (b) a notice under subsection (1)(a) or an originating notice under subsection (1)(b) is sufficiently served if sent by registered mail to the person named as the secured party in the registered security notice at the address that is, at the time of mailing, that person's address for service in relation to the security notice according to the records of the Department.
- (6) The Minister shall cancel the registration of a security notice if he is provided with an affidavit satisfactory to him showing
- (a) that a notice under subsection (1)(a) was served in accordance with this section on the person named in the security notice as the secured party, and
  - (b) that no application was commenced in accordance with the notice or that an application so commenced was dismissed or discontinued.
- (7) If the registration of a security notice is cancelled pursuant to subsection (6), the person who was named as the secured party under that security notice may not submit for registration another security notice relating to the same security instrument or affecting the same agreement, except with leave of the Court of Queen's Bench.



**180.4(1)** The Minister shall

(a) cancel the registration of a security notice if there is submitted to him for registration a certified copy of an order or judgment of the Court of Queen's Bench directing him to do so whether as a consequence of proceedings under section 180.1 or 180.3 or otherwise, or

(b) register a certified copy of an order or judgment of the Court of Queen's Bench submitted to him for registration that directs him to do any act in relation to the registration of a security notice or a notice referred to in section 180(6) or 180.2.

(2) The Minister may cancel any registration made under this Division if the registration was made in error.

**181** The Lieutenant Governor in Council may make regulations

(a) respecting the registration of security notices, notices referred to in sections 180(6) and 180.2 and certified copies of orders or judgments referred to in sections 180.1(4)(b) or 180.4(1);

(b) designating any class of security instruments as exempt security instruments;

(c) prescribing the fees payable to the Minister for

(i) registration of a security notice, a notice referred to in section 180(6) or 180.1 or a certified copy of an order or judgment referred to in section 180.1(4)(b) or 180.4(1), and

(ii) any other service provided by the Department under this Division;

(d) designating classes of persons for the purposes of section 180.1(1)(e) or 180.3(2)(e) or both;

(e) prescribing maximum charges for the purposes of section 180.1(7).

*16 Section 189 is amended by adding the following after clause (l):*

(m) authorizing a permittee to enter on a public highway or road for the purpose of operating exploration equipment, if the highway or road is located in an incorporated municipality or special area and is closed pursuant to any Act, whether or not it is also leased, and prescribing the conditions on which the entry may be made.

**16** Section 189 enumerates the subject-matters on which the Lieutenant Governor in Council may make regulations relating to exploration.

*17 Sections 11 to 15 come into force on Proclamation.*

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*In accordance with section 4(1) of The Interpretation Act, 1980, this Bill, except sections 11 to 15, comes into force on the date it receives Royal Assent.*

