

1986 BILL 21

First Session, 21st Legislature, 35 Elizabeth II

THE LEGISLATIVE ASSEMBLY OF ALBERTA

BILL 21

**PETROLEUM MARKETING STATUTES
AMENDMENT ACT, 1986**

THE MINISTER OF ENERGY

First Reading

Second Reading

Committee of the Whole

Third Reading

Royal Assent

Bill 21

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1986

PETROLEUM MARKETING STATUTES AMENDMENT ACT, 1986

(Assented to , 1986)

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

Mines and Minerals Act

1(1) The Mines and Minerals Act is amended by this section.

(2) Section 117(1) is amended by striking out “petroleum recovered” and substituting “crude oil recovered”.

(3) Sections 118 to 120.1 are repealed.

Explanatory Notes

Mines and Minerals Act

1(1) This section will amend chapter M-15 of the Revised Statutes of Alberta 1980.

(2) Section 117(1) presently reads:

117(1) Every agreement to which this section applies is subject to the condition that the Crown's royalty share of the petroleum recovered pursuant to the agreement shall be delivered to the Alberta Petroleum Marketing Commission.

(3) Sections 118 to 120.1 presently read:

118(1) Every agreement to which this section applies is subject to the condition that the petroleum recovered pursuant to the agreement, other than the Crown's royalty share thereof, shall be sold through the Alberta Petroleum Marketing Commission.

(2) This section applies only to those agreements to which it is made applicable by the regulations under subsection (3).

(3) The Lieutenant Governor in Council may make regulations declaring this section applicable either

(a) to all agreements granting petroleum and natural gas rights or petroleum rights, or

(b) to agreements granting petroleum and natural gas rights or petroleum rights the locations of which are situated in the part or parts of Alberta specified in the regulations.

(4) This section applies to an agreement notwithstanding any contract or arrangement made before or after the commencement of this section and relating to the sale or other disposition of the petroleum recovered from the location of the agreement and no party to any such contract or arrangement has a cause of action against any other party thereto by reason of the effect of the operation of this section on that contract or arrangement.

(5) The Minister may, with respect to any agreement to which this section applies and in any special case where he considers it warranted by circumstances to do so, waive compliance with subsection (1) for any period of time and on any conditions he may prescribe.

119(1) Every agreement to which this section applies is subject to the condition that the Crown's royalty share of the pentanes plus recovered pursuant to the agreement shall be delivered to the Alberta Petroleum Marketing Commission.

(2) This section applies only to those agreements to which it is made applicable by the regulations under subsection (3).

(3) The Lieutenant Governor in Council may make regulations declaring this section applicable either

(a) to all agreements granting petroleum and natural gas rights or natural gas rights, or

(b) to agreements granting petroleum and natural gas rights or natural gas rights the locations of which are situated in the part or parts of Alberta specified in the regulations.

(4) The Minister may, with respect to any agreement to which this section applies and in any special case where he considers it warranted by circumstances to do so, waive compliance with subsection (1) for any period of time and on any conditions he may prescribe.

(5) In this section and sections 120 and 120.1, "pentanes plus" means pentanes plus as defined in the regulations.

120(1) Every agreement to which this section applies is subject to the condition that the pentanes plus recovered pursuant to the agreement, other than the Crown's royalty share thereof, shall be sold through the Alberta Petroleum Marketing Commission.

(2) This section applies only to those agreements to which it is made applicable under subsection (3).

(3) The Lieutenant Governor in Council may make regulations declaring this section applicable either

(a) to all agreements granting petroleum and natural gas rights or natural gas rights, or

(b) to agreements granting petroleum and natural gas rights or natural gas rights the locations of which are situated in the part or parts of Alberta specified in the regulations.

(4) This section applies to an agreement notwithstanding any contract or arrangement made before or after the commencement of this section and relating to the sale or other disposition of the pentanes plus recovered from the location of the agreement and no party to any such contract or arrangement has a cause of action against any other party thereto by reason of the effect of the operation of this section on the contract or arrangement.

(5) The Minister may, with respect to any agreement to which this section applies and in any special case where he considers it warranted by circumstances to do so, waive compliance with subsection (1) for any period of time and on any conditions he may prescribe.

120.1(1) The Minister may, by a notice to a lessee of an agreement to which section 119 or 120 applies, direct that the natural gas recovered pursuant to the agreement, or the natural gas liquids obtained from that natural gas, be processed for the purpose of extracting pentanes plus as a separate product.

(2) A notice under subsection (1)

(a) shall specify a date on which it is to come into effect that shall not be earlier than 3 months from the date on which the notice is given, and

Petroleum Marketing Act

2(1) The Petroleum Marketing Act is amended by this section.

(2) Section 12 is amended by adding the following after subsection (4):

(5) After the end of each fiscal year of the Commission, the Commission shall, when requested to do so by the Provincial Treasurer and in accordance with his directions, pay to the Provincial Treasurer for deposit in the General Revenue Fund the net profit of the Commission for the preceding fiscal year or the part of that net profit specified by the Provincial Treasurer.

(3) Section 13 is amended

(a) by striking out “in Alberta” wherever it occurs;

(b) in clause (d) by striking out “for” and substituting “of”.

(4) The heading for Part 2 is amended by striking out “PETROLEUM” and substituting “CRUDE OIL”.

(b) may be terminated by the Minister at any time by the giving of a further notice to the lessee.

(3) If a notice is given to a lessee under subsection (1), the lessee shall not do any act inconsistent with his obligation to deliver the pentanes plus to the Alberta Petroleum Marketing Commission under section 119 or 120, as the case may be.

(4) If a notice is given to a lessee under subsection (1), this section applies to the agreement notwithstanding any contract or arrangement made before or after the giving of the notice and relating to the disposal of the natural gas recovered from the location or any natural gas liquids obtained from that natural gas, and no party to that contract or arrangement has a cause of action against any other party to it by reason of the effect of the operation of the notice on the contract or arrangement.

Petroleum Marketing Act

2(1) This section will amend chapter P-5 of the Revised Statutes of Alberta 1980.

(2) Section 12 of the Act relates to the Commission's financial affairs.

(3) Section 13 presently reads in part:

13 The Commission may

- (a) acquire, sell or exchange petroleum or pentanes plus in Alberta;*
- (b) acquire, sell or exchange products derived from oil sands in Alberta;*
- (c) act as an agent or broker in connection with a purchase, sale or exchange of petroleum or pentanes plus in Alberta;*
- (d) act as an agent or broker in connection with a purchase, sale or exchange in Alberta for products derived from oil sands;*
- (e) construct, purchase, lease or otherwise acquire, operate and dispose of storage facilities in Alberta for petroleum or pentanes plus and pipelines in Alberta for the transmission of petroleum or pentanes plus to and from those storage facilities;*
- (f) purchase, lease or otherwise acquire and construct, operate and dispose of*
 - (i) storage facilities in Alberta for products derived from oil sands, and*
 - (ii) pipelines in Alberta for the transmission of products derived from oil sands to and from the storage facilities referred to in subclause (i);*
- (g) acquire, hold and sell or otherwise alienate any estate or interest in real property in Alberta;*

(4) The heading for Part 2 presently reads:

MARKETING OF THE CROWN'S ROYALTY SHARE OF PETROLEUM

(5) Section 14 is amended by adding the following after clause (a):

(a.1) “crude oil” means the crude oil component of petroleum;

(6) In the following provisions, “petroleum” is struck out wherever it occurs and “crude oil” is substituted:

*section 15;
section 16;
section 17;
section 18(1).*

(7) Section 15(1)(b) is amended by striking out “within Alberta”.

(8) Section 18(2) is repealed.

(9) Parts 3, 4 and 5 are repealed.

3 The Petroleum Marketing Amendment Act, chapter 17(Supp.) of the Revised Statutes of Alberta 1980, is repealed.

- (5) Section 14 presently reads:

14 In this Part,

(a) "agreement" means a lease, licence, permit or reservation of petroleum and natural gas rights or petroleum rights issued pursuant to the Mines and Minerals Act or its predecessors and to which section 117 of the Mines and Minerals Act applies;

(b) "lessee" means the holder of an agreement according to the records of the Department.

- (6) Substitutes crude oil for petroleum in the sections listed.

- (7) Section 15(1) presently reads:

15(1) The Commission

(a) shall accept delivery within Alberta of the Crown's royalty share of the petroleum recovered pursuant to an agreement and required to be delivered to it by section 117 of the Mines and Minerals Act, and

(b) subject to subsection (2), shall sell within Alberta the Crown's royalty share of petroleum at a price that is in the public interest of Alberta.

- (8) Section 18(2) presently reads:

(2) The lessee or his agent shall furnish to the Commission a copy of each report respecting the amount of petroleum recovered that the lessee is required to file under the Mines and Minerals Act, within the same period of time as that required under that Act for filing with the Minister.

- (9) Parts 3, 4 and 5 will be repealed as a consequence of the repeal of sections 118, 119 and 120 of the Mines and Minerals Act by section 2(3) of this Bill. The Parts are entitled as follows:

Part 3, Marketing of the Lessee's Share of Petroleum

Part 4, Marketing of the Crown's Royalty Share of Pentanes Plus

Part 5, Marketing of the Lessee's Share of Pentanes Plus

- 3** Repeal.