

1986 BILL 50

First Session, 21st Legislature, 35 Elizabeth II

THE LEGISLATIVE ASSEMBLY OF ALBERTA

BILL 50

**GAS RESOURCES PRESERVATION
AMENDMENT ACT, 1986**

THE MINISTER OF ENERGY

First Reading
Second Reading
Committee of the Whole
Third Reading
Royal Assent

BILL 50

1986

GAS RESOURCES PRESERVATION AMENDMENT ACT, 1986

(Assented to _____, 1986)

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

- 1 *The Gas Resources Preservation Act is amended by this Act.*
- 2 *Section 1(1) is amended by adding the following after clause (h):*
(h.1) "Minister" means the Minister of Energy;
- 3 *Sections 4 to 11 are repealed and the following is substituted:*
 - 4 The Board may, with the approval of the Lieutenant Governor in Council, grant or amend a permit subject to the terms and conditions that the Board prescribes.
 - 5 Without limiting the generality of section 4, the terms and conditions prescribed by the Board may include all or any of the following:
 - (a) the point at which the permittee may remove gas or propane from Alberta;
 - (b) the maximum annual quantities of gas or propane that may be removed from Alberta during the interval or intervals set out in the permit;
 - (c) the maximum daily quantities of gas or propane that may be removed from Alberta;
 - (d) the conditions under which the removal of gas or propane by the permittee may be diverted, reduced or interrupted;
 - (e) a condition that the permittee will supply gas or propane at a reasonable price to any community or consumer in Alberta that is willing to take delivery of gas or propane at a point on the pipeline transmitting the gas or propane, or at a

Explanatory Notes

1 This Bill will amend chapter G-3.1 of the Statutes of Alberta, 1984.

2 Section 1(1) presently reads in part:

1(1) In this Act,

(h) "methane" means, in addition to its normal scientific meaning, a mixture mainly of methane, which may ordinarily contain some ethane, nitrogen, helium or carbon dioxide;

(i) "oil" means condensate or crude oil, or a constituent of raw gas, condensate or crude oil that is recovered in processing and that is liquid at the conditions under which its volume is measured or estimated;

3 Sections 4 to 11 presently read:

4 On receipt of the application, together with the information, if any, prescribed or required by the Board pursuant to section 3, the Board shall

(a) fix a time and place for the hearing of the application,

(b) notify the applicant of the time and place so fixed, and

(c) publish notice of the hearing and order the applicant to pay to it the cost of advertising.

5(1) The Board shall inquire into and hear the application and, with the approval of the Lieutenant Governor in Council, may

(a) grant a permit for the period and subject to the other terms and conditions that the Board prescribes,

(b) refuse to grant a permit, or

(c) defer consideration of the application on any terms and conditions that the Board prescribes.

(2) The Board may, in its discretion, adjourn a hearing from time to time and for any periods it considers expedient.

(3) The Board shall not grant a permit for the removal of any gas or propane from Alberta unless in its opinion it is in the public interest of Alberta to do so having regard to, among other considerations,

(a) the present and future needs of persons in Alberta,

processing plant producing the propane and that, in the opinion of the Board, can reasonably be supplied by the permittee;

(f) the period for which the permit is operative.

6(1) Notwithstanding section 4, the Board may, without the approval of the Lieutenant Governor in Council but with the approval of the Minister,

(a) grant a permit authorizing the removal of not more than 3 billion cubic metres of gas or 160 000 cubic metres of propane if the permit term does not exceed 2 years, or

(b) amend a permit referred to in clause (a) if the permit as amended would not authorize the total removal of more than 3 billion cubic metres of gas or 160 000 cubic metres of propane and would not have a term exceeding 2 years.

(2) Subsection (1) does not apply to an amendment referred to in section 10.

(3) The Minister may authorize an employee of his department to exercise the powers conferred on him under subsection (1).

(4) Notwithstanding subsection (1), the Minister may by regulation direct that his approval is not required in respect of

(a) all applications, or

(b) a specified application or class of application

for a permit or an amendment of a permit under this section.

7 Notwithstanding anything in this Act, the Board may, without the approval of the Lieutenant Governor in Council or the Minister, amend a permit if the amendment

(a) is of an administrative nature,

(b) changes the daily quantity but not the annual quantity of gas or propane to be removed under the permit, or

(c) changes a removal point in the permit to one that is not more than 10 kilometres from the removal point being changed.

8 The Board shall not grant a permit unless in its opinion it is in the public interest of Alberta to do so having regard to

(a) the present and future needs of persons in Alberta,

(b) the established reserves and the trends in growth and discovery of reserves of gas or propane in Alberta, and

(c) any other matters considered relevant by the Board.

9 Notwithstanding any permit or any enactment, if, in the opinion of the Board, an emergency jeopardizes an adequate supply of gas or propane to consumers in Alberta, the Board may, with the approval of the Lieutenant Governor in Council, as long as the emergency, in the Board's opinion, continues, and for the purpose of meeting the emergency, require the diversion of any gas or propane intended for use outside Alberta to any other uses the Board directs.

- (b) the established reserves and the trends in growth and discovery of reserves of gas or propane in Alberta, and*
 - (c) the expected economic costs and benefits to Alberta of the removal of the gas or propane from Alberta.*
- (4) A permit is subject to the terms and conditions prescribed in the permit and to the regulations and orders made pursuant to this Act.*
- 6 Without limiting the generality of section 5(1)(a), the terms and conditions prescribed in a permit may include*
- (a) the pool, field or area from which the permittee may remove gas or propane or the point at which the permittee may remove gas or propane from a pipeline or processing plant in existence or to be constructed;*
 - (b) the annual quantities of gas or propane that may be removed by the permittee from each pool, field or area or from the pipeline or processing plant during the interval or intervals set out in the permit;*
 - (c) the maximum quantity of gas or propane that may be removed daily from each pool, field or area designated in the permit or from the pipeline or processing plant;*
 - (d) conditions relating to the price of the gas or propane to be removed from Alberta or relating to other factors relevant to the expected economic benefits to Alberta of the removal of the gas or propane from Alberta;*
 - (e) the conditions under which the removal of gas or propane by the permittee may be diverted, reduced or interrupted;*
 - (f) a condition that the permittee will supply gas or propane at a reasonable price to any community or consumer in Alberta that is willing to take delivery of gas or propane at a point on the pipeline transmitting the gas or propane or at a processing plant producing the propane and that, in the opinion of the Board, can reasonably be supplied by the permittee;*
 - (g) the period for which the permit is operative.*
- 7 Notwithstanding any permit or any Act, if, in the opinion of the Board, an unforeseen emergency jeopardizes an adequate supply of gas or propane to consumers in Alberta, the Board may, with the approval of the Lieutenant Governor in Council, as long as the emergency, in the Board's opinion, continues and for the purpose of meeting the emergency*
- (a) adjust the allowable rates of production of gas from any well, pool or field, or*
 - (b) require the diversion of any gas or propane intended for industrial use outside Alberta to any other uses the Board directs.*
- 8(1) An assignment of a permit has no effect until the assignment has received the consent in writing of the Board, which may, with the approval of the Lieutenant Governor in Council, be given by the Board on application to it.*
- (2) An application for the consent of the Board to a proposed assignment may be made by the permittee or the proposed assignee of the permit, and on receipt of the application the Board may make any inquiry and require any information that in its opinion is relevant.*
- (3) When a permit has been assigned, the assignee is subject to the duties, obligations and liabilities of the original permittee, together with any further duties, obligations and liabilities that may be imposed by the Board*

10(1) A permittee or a proposed assignee of a permit may apply to the Board for an amendment of a permit to show the proposed assignee as the permittee.

(2) An assignment of a permit has no effect until the Board, with the approval of the Lieutenant Governor in Council, makes the amendment referred to in subsection (1).

(3) The assignee of a permit that has been amended in accordance with this section is subject to the duties, obligations and liabilities of the original permittee and any further duties, obligations and liabilities that may be imposed, and the assignor is relieved of the duties, obligations and liabilities under the permit.

11(1) If it appears to the Board that there has been or is a contravention of

(a) any term or condition of a permit,

(b) any term or condition of an approval of the Lieutenant Governor in Council or the Minister given under this Act, or

(c) this Act or the regulations,

the Board may by order suspend the permit.

(2) If a permit is suspended pursuant to subsection (1), the permittee may request an inquiry and, if he does so, the Board shall hold an inquiry within 5 clear days, exclusive of holidays, after the date of receipt of the request.

(3) After an inquiry pursuant to subsection (2), the Board may

(a) reinstate the permit subject to any conditions the Board may direct,

(b) order the continued suspension of the permit until the Board makes an order to the contrary, or

(c) with the approval of the Lieutenant Governor in Council, cancel the permit.

on giving its consent to the assignment, and the assignor is relieved of all duties, obligations and liabilities under the permit.

9(1) The Board may hold a hearing in respect of the amendment or re-consideration of a permit

- (a) at the direction of the Lieutenant Governor in Council,*
- (b) when in its opinion circumstances arise that justify the holding of a hearing, or*
- (c) on the application of the permittee and on receiving the information that the Board requires concerning the application.*

(2) The Board shall

- (a) fix a time and place for the hearing,*
- (b) give the permittee in the case of a hearing under subsection (1)(a) or (b), not less than 60 days' notice of the time and place so fixed, or in the case of a hearing under subsection (1)(c), notice of the time and place so fixed that it considers adequate, and*
- (c) publish notice of the hearing and may order the permittee to pay to it the cost of advertising.*

(3) At the conclusion of the hearing the Board, with the approval of the Lieutenant Governor in Council, may make any order that in the opinion of the Board and the Lieutenant Governor in Council is just and reasonable under the circumstances.

10(1) Notwithstanding anything in this Act but subject to subsection (2), the Board, without a hearing and without publishing notice, on application may, with the approval of the Lieutenant Governor in Council, grant

- (a) a permit authorizing the removal of not more than 3 billion cubic metres of gas or 160 000 cubic metres of propane during the term of the permit, or*
- (b) an amendment to a permit if the amendment applied for will increase the authorized volumes under the permit by not more than 3 billion cubic metres of gas or 160 000 cubic metres of propane during the balance of the term of the permit.*

(2) The Board may grant a permit or an amendment to a permit pursuant to subsection (1) without the approval of the Lieutenant Governor in Council if

- (a) the approval of the Minister of Energy and Natural Resources is obtained, with or without terms and conditions,*
- (b) the volumes or additional volumes, as the case may be, sought to be removed from Alberta do not exceed 1 billion cubic metres of gas or 50 000 cubic metres of propane, and*
- (c) the volumes or additional volumes, as the case may be, are to be removed within a period of not more than 2 years after the date of the permit or the amendment to the permit.*

(3) Notwithstanding anything in this Act, the Board, without a hearing, without publishing notice and without the approval of the Lieutenant Governor in Council, on application may grant an amendment to a permit, other than an amendment referred to in subsection (1)(b), if the amendment

- (a) is of an administrative nature,*
- (b) amends the pools, fields or areas in the permit,*
- (c) extends the permit for a period of less than 2 years,*

4 *Section 13(2) is repealed and the following is substituted:*

(2) An approval of the Lieutenant Governor in Council or the Minister under this Act may be made subject to any terms or conditions that the Lieutenant Governor in Council or the Minister respectively prescribes.

5 *The following is added after section 13:*

13.1 If the Lieutenant Governor in Council, by order, directs the Board to reconsider a permit or an application for a permit, generally or in respect of matters specified in the order, the Board shall so reconsider and may, with the approval of the Lieutenant Governor in Council, grant, amend or cancel the permit if it considers it in the public interest to do so.

6 *This Act comes into force on Proclamation.*

(d) changes the daily quantity of gas or propane to be removed under the permit but not the annual quantity, or

(e) changes a removal point in the permit to one that is not more than 10 kilometres from the removal point being changed.

11 The Board, with the approval of the Lieutenant Governor in Council, after due notice to the permittee and any other person interested, may cancel the permit of a permittee who fails to comply with any term or condition of the permit or of the order of the Lieutenant Governor in Council or the Minister approving the granting of the permit or who wilfully contravenes this Act or the regulations or orders made under this Act.

4 Section 13(2) presently reads:

(2) An order of the Lieutenant Governor in Council granting an approval under this Act may be made subject to any terms or conditions that the Lieutenant Governor in Council prescribes.

5 Reconsideration of permit or application.

6 Coming into force.