

2000 BILL 13

Fourth Session, 24th Legislature, 49 Elizabeth II

THE LEGISLATIVE ASSEMBLY OF ALBERTA

BILL 13

ENERGY STATUTES AMENDMENT ACT, 2000

MR. HLADY

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

Bill 13
Mr. Hlady

BILL 13

2000

ENERGY STATUTES AMENDMENT ACT, 2000

(Assented to _____, 2000)

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

Oil and Gas Conservation Act

Amends RSA
1980 cO-5

1(1) The *Oil and Gas Conservation Act* is amended by this section.

(2) Section 1(1) is amended

(a) by renumbering clause (a) as clause (a.03) and by adding the following before clause (a.03):

(a) “abandonment”, subject to section 57(a), means the permanent dismantlement of a well or facility in the manner prescribed by the regulations and includes any measures required to ensure that the well or facility is left in a permanently safe and secure condition;

(a.01) “abandonment costs”, subject to section 57(b), means the reasonable costs actually incurred in the abandonment of a well or facility;

(a.02) “agent” means an agent appointed under section 83;

(b) by adding the following after clause (a.03):

(a.04) “approval holder” means the holder of an approval granted pursuant to this Act, any predecessor of this Act or a regulation under any of them;

(c) by repealing clause (e) and substituting the following:

Explanatory Notes

Oil and Gas Conservation Act

1(1) Amends chapter O-5 of the Revised Statutes of Alberta 1980.

(2) Section 1(1) presently reads in part:

1(1) In this Act,

(e) "contractor" means a person who undertakes to perform any drilling, service or other operation at the site of a well, battery, gas processing plant or other oil or gas processing facility by agreement

(i) directly with the licensee, operator or other person having a right with respect to, or an interest in the well, battery, gas processing plant or other oil or gas processing facility, or

(ii) with a person who has in turn entered directly into an agreement with the licensee, operator or other person;

(k.1) "licence" means a licence granted pursuant to this Act and includes a licence or permit for drilling a well granted pursuant to The Oil and Gas Wells Act, The Oil and Gas Resources Conservation Act, 1950, or The Oil and Gas Conservation Act, chapter 63 of the Statutes of Alberta, 1957, or to a regulation made under any of those Acts;

- (e) “contractor” means a person who undertakes to perform any drilling, service or other operation at the site of a well or facility by agreement
 - (i) directly with the licensee, approval holder, operator or other person having a right with respect to or an interest in the well or facility, or
 - (ii) with another person who has in turn entered directly into an agreement with a person referred to in subclause (i);

(d) by adding the following after clause (i.1):

- (i.2) “facility”, except for the purposes of Part 11.1, means any building, structure, installation, equipment or appurtenance over which the Board has jurisdiction and that is connected to or associated with the recovery, development, production, handling, processing, treatment or disposal of hydrocarbon-based resources or any associated substances or wastes, and includes, without limitation, a battery, a processing plant, a gas plant, an oilfield waste management facility, a central processing facility as defined in the *Oil Sands Conservation Regulation* (AR 76/88), a compressor, a dehydrator, a separator, a treater, a custom treating plant, a produced water-injection plant, a produced water disposal plant, a miscible flood injection plant, a satellite or any combination of any of them, but does not include a well, a pipeline as defined in the *Pipeline Act*, a mine site or processing plant as defined in the *Oil Sands Conservation Regulation* (AR 76/88) or a mine site or coal processing plant as defined in the *Coal Conservation Act*;

(e) by repealing clauses (k.1) and (l) and substituting the following:

- (k.1) “licence” means a licence granted pursuant to this Act, any predecessor of this Act or a regulation under any of them;
- (l) “licensee” means the holder of a licence according to the records of the Board, and includes a trustee or receiver-manager of property of a licensee.

- (l) *“licensee” means a holder of a licence according to the records of the Board and includes a receiver-manager of property of the licensee;*
- (s.01) *“proportionate share” means, with respect to a working interest participant, the percentage share equal to the participant’s undivided interest in the well;*
- (y.1) *“well abandonment costs” means the reasonable direct costs related to the abandonment of a well including the costs of restoring the well site to the condition it was in before the abandonment operation was undertaken, but does not include the cost of surface reclamation;*
- (y.2) *“working interest participant” means a person who owns or controls all or part of a beneficial or legal undivided interest in a well under agreements that pertain to the ownership of that well;*

(f) by adding the following after clause (o.1):

- (o.2) “operator”, with respect to a well or facility, means a person who
 - (i) has control of or undertakes the day to day operations and activities at a well or facility, or
 - (ii) keeps records and submits production reports for a well or facility to the Board,whether or not that person is also the licensee or approval holder in respect of the well or facility;
- (o.3) “orphan fund” means the orphan fund continued under section 58;

(g) in clause (s.01) by adding “or facility” after “well”;

(h) by adding the following after clause (s.1):

- (s.2) “reclamation” means reclamation within the meaning of the *Environmental Protection and Enhancement Act*;
- (s.3) “reclamation costs” means the reasonable costs actually incurred in the reclamation of a well or facility, and includes such costs associated with assessment for the purposes of applying for a reclamation certificate under the *Environmental Protection and Enhancement Act*;

(i) by adding the following after clause (t):

- (t.01) “suspension”, subject to section 57(f), means the temporary cessation of operations at a well or facility in the manner prescribed by the regulations and includes any measures required to ensure that the well or facility is left in a safe and secure condition;
- (t.02) “suspension costs”, subject to section 57(g), means the reasonable costs actually incurred in the suspension of a well or facility;

(j) by repealing clause (y.1);

(k) by repealing clause (y.2) and substituting the following:

- (y.2) “working interest participant” means a person who owns a beneficial or legal undivided interest in a well or facility under agreements that pertain to the ownership of that well or facility;

(3) Section 3 is repealed and the following is substituted:

Application of
Act

3 This Act applies to every well and facility situated in Alberta whenever drilled or constructed, and to any substance obtained or obtainable from such a well or facility, notwithstanding any terms to the contrary in any lease or grant from the Crown in right of Canada or from any other person.

(4) Section 4(b) is repealed and the following is substituted:

- (b) to secure the observance of safe and efficient practices in the locating, spacing, drilling, equipping, constructing, completing, reworking, testing, operating, maintenance, repair, suspension and abandonment of wells and facilities and in operations for the production of oil and gas;

(5) Section 10 is amended

(a) in subsection (1)

- (i) **in clause (a) by striking out “, including an application for a well licence”;**

(ii) by repealing clause (a.2) and substituting the following:

- (a.2) requiring licensees and approval holders to provide to the Board deposits or other forms of security to guarantee the proper and safe suspension, abandonment and reclamation of wells and facilities and the carrying out of any other activities necessary to ensure the protection of the public and the environment, including regulations respecting the amount and form of such deposits and security and how they may be used, retained, forfeited and returned;

(iii) by adding the following after clause (a.2):

- (a.3) respecting the service of and the making of payments under a notice of garnishment under section 93.1;

(3) Section 3 presently reads:

3 This Act applies to every well situated in Alberta whenever drilled, and to any product obtained or obtainable therefrom, notwithstanding any terms to the contrary in any lease or grant from the Crown in right of Canada or from any other person.

(4) Section 4(b) presently reads:

4 The purposes of this Act are

(b) to secure the observance of safe and efficient practices in the locating, spacing, drilling, equipping, completing, reworking, testing, operating and abandonment of wells and in operations for the production of oil and gas;

(5) Section 10 presently reads in part:

10(1) The Board may make regulations

(a) prescribing the information that is to be included in or is to accompany any application under this Act or the regulations, including an application for a well licence;

(a.2) requiring the placing by licensees or holders of other approvals of deposits to guarantee the proper suspension or abandonment of wells or other facilities and respecting the form and amounts of deposits;

(g.02) respecting the suspension and abandonment of wells;

(g.03) respecting well abandonment costs;

(i.1) as to the approval, location, equipping, operation and abandonment of batteries;

(i.2) respecting the approval, location, equipping, operation and abandonment of processing plants;

(i.4) respecting the approval, location, equipping, operation and abandonment of facilities to handle oil field waste;

(p) as to the reports to be made, the persons to make them, the authority or person to whom they are to be made, the time of making them and their form, nature and extent;

- (a.4) as to the licensing, approval, transfer, location, equipping and operation of facilities;

(iv) by repealing clauses (g.02) and (g.03) and substituting the following:

- (g.02) respecting the suspension and abandonment of wells and facilities, including the circumstances under which a well or facility must be suspended or abandoned, the timing of such suspension or abandonment and the manner in which suspension and abandonment are to be carried out;
- (g.03) respecting suspension costs, abandonment costs and reclamation costs in respect of wells and facilities;
- (g.04) respecting economic limit tests and throughput rates;
- (g.05) exempting facilities for the purposes of sections 11.1 and exempting facilities and equipment for the purposes of section 20.7;

(v) by repealing clauses (i.1), (i.2) and (i.4);

(vi) by repealing clause (p) and substituting the following:

- (p) requiring the provision of reports and other information and respecting the persons who must provide such reports and information, the persons to whom and time at which they must be provided and their form and contents;

(vii) by repealing clause (q.1) and substituting the following:

- (q.1) respecting the eligibility requirements in order to become and remain a licensee, approval holder or agent or to acquire and hold an identification code;

(viii) by adding the following after clause (q.1):

- (q.2) respecting appeals for the purposes of section 11.3;

(ix) by adding the following after clause (v):

- (q.1) prescribing qualifications for a licensee;*
- (2) The Board, with the approval of the Minister of Environmental Protection, may make regulations*
 - (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;*

- (v.1) exempting facilities from the application of Part 11.1;
- (v.2) respecting appeals referred to in section 65;
- (v.3) respecting applications to the Board for payment of money out of the orphan fund for the purposes referred to in section 59(1) and respecting the payment of money by the Board for those purposes;
- (v.4) respecting the definition of “resident” for the purposes of section 83;

(b) in subsection (2)

(i) by striking out “Minister of Environmental Protection” and substituting “Minister of Environment”;

(ii) by repealing clause (b) and substituting the following:

- (b) as to the location of wells and facilities and the methods of operation to be observed during drilling and construction and in the subsequent management and conduct of any operations for the prevention of pollution;

(6) The heading “WELL LICENCES” preceding section 11 is repealed and the heading “LICENCES AND APPROVALS” is substituted.

(7) The following is added after section 11:

Licence or
approval for
facility

11.1(1) No person shall commence to construct or to operate a facility or undertake any operations preparatory or incidental to the construction or operation of a facility or continue any construction or operation of a facility unless

- (a) a licence or approval has been granted and is in full force and effect and the person is the licensee or approval holder, or
- (b) the facility is exempt from the requirement of a licence or approval by regulation or by direction of the Board.

(6) New heading.

(7) New sections regarding licences and approvals for facilities.

(2) Notwithstanding subsection (1),

- (a) the site for a facility may be surveyed, or
- (b) on the direction or with the consent of the Board, operations to suspend or abandon a facility may be undertaken,

without a licence or approval or by a person other than the licensee or approval holder.

Transitional

11.2 Where, by virtue of the operation of section 11.1, on the coming into force of this section a licence is required in respect of an existing unlicensed facility, the Board shall

- (a) designate a working interest participant who meets the requirements of this Act for a licensee as the person to whom a licence will be granted, and
- (b) subject to section 11.3, grant a licence to that person, and for that purpose this Act applies in respect of the granting of the licence as if the working interest participant had applied for a licence.

Appeal

11.3 A working interest participant who is designated under section 11.2 may appeal to the Board in accordance with the regulations.

(8) Section 13 is repealed and the following is substituted:

Entitlement for
well licence

13(1) No person shall apply for or hold a licence for a well

- (a) for the recovery of oil, gas or crude bitumen, or
- (b) for any other authorized purpose

unless that person is a working interest participant and is entitled to the right to produce the oil, gas or crude bitumen from the well or to the right to drill or operate the well for the other authorized purpose, as the case may be.

(2) If, after 30 days from the mailing of a notice by the Board to a licensee at the licensee's last known address, the licensee fails to prove entitlement under subsection (1) to the satisfaction of the Board, the Board may cancel the licence or suspend the licence on any terms and conditions that it may specify.

(8) Section 13 presently reads:

13(1) No person shall apply for a licence

(a) for a well for the recovery of oil or gas from a drilling spacing unit,

(b) for a well for the recovery of crude bitumen, or

(c) for an evaluation well,

unless he is entitled, or is the authorized representative of the person who is entitled, to the right to produce the oil, gas or crude bitumen for the recovery or evaluation of which the well is to be drilled.

(2) If it is proved to the satisfaction of the Board that a licensee was not entitled, or was not the authorized representative of the person who was entitled, to the right to produce the oil, gas or crude bitumen at the time the licence was granted, the licence is void for all purposes except as to the liability of the holder of the licence to complete or abandon the well or to suspend operations as the Board prescribes.

(3) Where a licence is cancelled or suspended pursuant to subsection (2),

- (a) all rights conveyed by the licence are similarly cancelled or suspended, and
- (b) notwithstanding the cancellation or suspension of the licence, the liability of the licensee to complete or abandon the well and reclaim the well site or suspend operations as the Board directs continues after the cancellation or suspension.

Entitlement for
facility licence

13.1(1) No person shall apply for or hold a licence for a facility unless that person is a working interest participant.

(2) If, after 30 days from the mailing of a notice by the Board to a licensee at the licensee's last known address, the licensee fails to prove to the satisfaction of the Board that it is a working interest participant in the facility, the Board may cancel or suspend the licence on any terms and conditions that it may specify.

(3) Where a licence is suspended or cancelled pursuant to subsection (2),

- (a) all rights conveyed by the licence are similarly cancelled or suspended, and
- (b) notwithstanding the cancellation or suspension of the licence, the liability of the licensee to abandon the facility and reclaim the facility site or suspend operations as the Board directs continues after the cancellation or suspension.

(9) Section 15 is repealed and the following is substituted:

Additional
requirements
of licensee

15 No person shall acquire or hold a licence or approval unless the person meets the eligibility requirements set out in the regulations and, in the case of a corporation, is

- (a) registered, with an active status, under the *Business Corporations Act*,
- (b) incorporated by or under an Act of the Legislature, other than the *Business Corporations Act*, and approved by the Board as a corporation that may acquire or hold a licence,
- (c) incorporated under the *Bank Act* (Canada),

(3) If, after 30 days from the mailing of a notice by the Board to a licensee at his last known address, the licensee fails to prove to the satisfaction of the Board that he is entitled to the right to produce oil, gas or crude bitumen from a well, the Board, at its discretion, may cancel the licence or suspend the licence on any terms and conditions that it may specify.

(9) Section 15 presently reads:

15 No corporation shall acquire a licence by application or transfer unless the corporation is

- (a) registered under the Companies Act,*
- (a.1) registered, incorporated or continued under the Business Corporations Act, or*
- (b) incorporated by an ordinance or an Act of the Legislature and approved by the Board as a corporation that may acquire a licence,*
- (c) a bank,*

- (d) a railway company incorporated under an Act of the Parliament of Canada,
- (e) registered under the *Loan and Trust Corporations Act*, or
- (f) an insurance company licensed under the *Insurance Act*.

(10) The following is added after section 15:

Identification
codes

15.1(1) No person shall apply for a licence or approval unless the person holds a subsisting identification code issued under this section.

(2) An application for an identification code must

- (a) be made in the form and manner and contain the information required under the regulations, and
- (b) be accompanied with the fee prescribed in the regulations.

(3) Where the Board is satisfied that the applicant meets the eligibility requirements of the regulations for holding an identification code, the Board may issue the identification code.

(4) The Board may issue an identification code subject to any terms and conditions it considers appropriate.

(5) The Board shall keep a record of identification codes issued under this section.

(6) Operator's identification codes that were issued by the Board before the coming into force of this section are deemed to be identification codes issued under this section, and the existing terms and conditions continue to apply.

Terms and
conditions

15.2 The Board may impose any terms and conditions it considers appropriate on the holder of an identification code, licence or approval or on the identification code, licence or approval if

- (a) the Board has reasonable grounds to believe that
 - (i) there has been a contravention of any Act or regulation under the jurisdiction of the Board or

(d) a railway company incorporated under an Act of the Parliament of Canada,

(e) a loan corporation or trust corporation, or

(f) an insurance company licensed under the Insurance Act.

(10) New provisions regarding the issuance of identification codes and the imposition of terms and conditions on identification code holders, licences and approval holders.

a direction or order of the Board in respect of the operations of the holder, or

- (ii) the holder ceases to meet the eligibility requirements under this Act and the regulations for holding the identification code, licence or approval,

or

- (b) the holder is named in a declaration under section 95.1.

(11) Section 17 is repealed and the following is substituted:

Reworking
wells and
facilities

17(1) When the records of the Board indicate that a well or facility is suspended or abandoned, no person other than

- (a) the approval holder or licensee, or
- (b) a person acting under a direction or with the consent of the Board,

shall undertake operations with respect to that well or facility until that person applies for and obtains a licence or approval.

(2) The provisions of this Act and the regulations regarding an application for a licence or approval apply to an application under subsection (1) unless the Board otherwise directs.

(3) On the granting of a licence or approval on an application under subsection (1), the holder of the former licence or approval for the well or facility is relieved from all obligations under this Act with respect to the well or facility.

(12) Section 18 is amended

- (a) in subsection (3) by striking out “transferee” and substituting “applicant”;

- (b) by repealing subsection (5) and substituting the following:

(5) The Board may direct that a licence be transferred to a person who agrees to accept it and who, in the opinion of the Board, has the right to receive it, and the direction of the

(11) Section 17 presently reads:

17(1) When the records of the Board indicate that a well is abandoned, no person other than

(a) the licensee, or

(b) a person acting under a direction or with the consent of the Board,

shall undertake any operations until he applies for and obtains a licence.

(2) The provisions of this Act and the regulations regarding an application for a licence apply to an application under subsection (1) unless the Board otherwise directs.

(3) On the granting of a licence on an application under subsection (1), the holder of the former licence for the well is relieved from all obligations under this Act with respect to the well.

(12) Section 18 presently reads in part:

18(1) A licence shall not be transferred without the consent in writing of the Board.

(1.1) The Board may consent to the transfer of a licence subject to any conditions, restrictions and stipulations that the Board may prescribe, or the Board may refuse to consent to the transfer of a licence.

(2) The transfer shall be in the form prescribed and shall have endorsed on or attached to it proof of execution satisfactory to the Board.

Board has the same effect as a transfer consented to under this section.

(13) Sections 19 and 20 are repealed and the following is substituted:

Cancellation
and
suspension

19 The Board may

- (a) cancel a licence or approval or suspend a licence or approval for a definite or indefinite period if the Board determines that a contravention of this Act, the regulations or an order or direction of the Board has occurred with respect to the well or facility to which the licence or approval relates,
- (b) cancel a licence for a well if drilling has not commenced within 6 months after the licence was granted,
- (c) cancel a licence or approval for a facility if construction has not commenced within one year after the licence or approval was granted,
- (d) cancel a licence or approval at the request of the licensee or approval holder, and
- (e) issue a new licence or approval in place of a cancelled licence or approval.

Amendment of
licence or
approval

20(1) An application to amend a licence or approval must be submitted to the Board.

(2) The Board, in its discretion, may

- (a) amend the licence or approval in accordance with the application,
- (b) after notifying the licensee or approval holder of its intention to do so, amend the licence or approval otherwise as it considers fit, or
- (c) refuse the application.

(14) Section 20.1 is repealed.

(3) The transferee shall submit the transfer to the Board together with the prescribed fee.

(4) The Board shall keep a record of every transfer to which it has given consent.

(5) The Board may direct that a licence be transferred to a person who, in the opinion of the Board, has the right to receive it, and the direction of the Board has the same effect as a transfer of a licence.

(13) Sections 19 and 20 presently read:

19 The Board may

(a) cancel a licence or suspend a licence for a definite time or indefinitely if it is made to appear to the Board that a contravention of this Act, the regulations or an order of the Board has occurred with respect to the well for which the licence was granted,

(a.1) shut in the well for a definite period of time or indefinitely if it is made to appear to the Board that a contravention of this Act, the regulations or an order of the Board has occurred with respect to the well,

(b) cancel a licence if drilling has not been commenced within 6 months of its issue,

(c) cancel a licence at the request of the licensee, or

(d) issue a new licence in place of a cancelled licence.

20(1) An application to amend a licence shall be submitted to the Board.

(2) The Board, in its discretion, may

(a) amend the licence in accordance with the application,

(b) after notifying the licensee of its intention to do so amend the licence otherwise as it considers fit, or

(c) refuse the application.

(14) Section 20.1 presently reads:

20.1 For the purposes of sections 20.2, 20.3 and 20.4 "licensee" and "working interest participant" include a person who has actual control of the corporation, including a person referred to in section 2(2) of the Business Corporations Act.

(15) Sections 20.2 to 20.4 are repealed and the following is substituted:

Suspension
and
abandonment

20.2(1) Subject to subsection (2), a licensee or approval holder shall suspend or abandon a well or facility when directed by the Board or required by the regulations.

(2) Notwithstanding subsection (1),

(a) if the Board so directs, a well or facility must be suspended or abandoned by a working interest participant other than the licensee or approval holder, and

(b) with the consent of the Board, a well or facility may be suspended by a working interest participant other than the licensee or approval holder.

(3) The Board may order that a well or facility be suspended or abandoned where the Board considers that it is necessary to do so in order to protect the public or the environment.

(4) A suspension or abandonment must be carried out in accordance with the regulations.

Suspension,
abandonment
by Board

20.3 If, in the opinion of the Board, a well or facility is not suspended or abandoned in accordance with a direction of the Board or the regulations, the Board may

(a) authorize any person to suspend or abandon the well or facility, or

(b) suspend or abandon the well or facility on the Board's own motion.

Continuing
liability

20.4 Abandonment of a well or facility does not relieve the licensee, approval holder or working interest participant from responsibility for the control or further abandonment of the well or facility or from the responsibility for the costs of doing that work.

Suspension,
abandonment
and
reclamation
costs

20.5(1) Subject to subsection (2), the well or facility suspension costs, abandonment costs and reclamation costs must be paid by the working interest participants in accordance with their proportionate share in the well or facility.

(15) Obligation in respect of associated equipment.

(2) The Board may determine the suspension costs, abandonment costs and reclamation costs

- (a) on the application of the person who conducted the suspension, abandonment or reclamation, in the case of a well or facility that was suspended, abandoned or reclaimed by a licensee, approval holder, working interest participant or agent, or
- (b) on the Board's own motion, in the case of a well or facility suspended or abandoned by the Board or by a person authorized by the Board,

and the Board shall allocate those costs to each working interest participant in accordance with its proportionate share in the well or facility and shall prescribe a time for payment.

(3) A working interest participant that fails to pay its share of costs as determined under subsection (2) within the period of time prescribed by the Board must pay, unless the Board directs otherwise, a penalty equal to 25% of its share of the costs.

(4) Where a well or facility is suspended, abandoned or reclaimed by a licensee, approval holder, working interest participant or agent, the costs as determined under subsection (2), together with any penalty prescribed by the Board under subsection (3), constitute a debt payable to the licensee, approval holder, working interest participant or agent who carried out the suspension, abandonment or reclamation.

(5) Where a well or facility is suspended or abandoned by the Board or by a person authorized by the Board, the costs as determined under subsection (2), together with any penalty prescribed by the Board under subsection (3), constitute a debt payable to the Board.

(6) A certified copy of the order of the Board determining the costs and penalty under this section and the allocation of those costs to each working interest participant in the well or facility may be filed in the office of the clerk of the Court of Queen's Bench and, on being filed and on payment of any fees prescribed by law, the order may be entered as a judgment of the Court and may be enforced according to the ordinary procedure for enforcement of judgments of the Court.

Deemed
working
interest
participant

20.6 Where

- (a) a transaction occurs that results in a person no longer being a working interest participant in a well or facility,
- (b) the successor working interest participant is a person other than the licensee of the well or facility, and
- (c) the successor working interest participant fails to pay its proportionate share of the suspension, abandonment or reclamation costs,

the Board may deem the person referred to in clause (a) to continue to be a working interest participant for the purposes of sections 20.2 to 20.5 and Part 11.1 if

- (d) in the case of a well, the transaction occurred after the well ceased to meet the economic limit test set out in the regulations, or
- (e) in the case of a facility, the transaction occurred after the facility ceased operation or after the facility has throughput that is less than the rate prescribed in the regulations as sufficient to warrant deeming the facility to be active.

Extended
obligation

20.7 Where a provision of this Act or the regulations imposes a responsibility, obligation or liability on a licensee, approval holder or working interest participant in respect of the operation, suspension or abandonment of a well or facility or in respect of any matter arising out of the operation, suspension or abandonment of a well or facility, the responsibility, obligation or liability extends also to associated equipment and non-licensed facilities that are located on the site or used in connection with the operation, suspension or abandonment of the well or facility, unless such equipment or facilities are exempted from the application of the provision by the regulations.

(16) Section 26(2), (3), (3.1), (3.2) and (4) are amended by striking out “Minister of Environmental Protection” wherever it occurs and substituting “Minister of Environment”.

(17) The heading “SUSPENSION AND SHUTTING DOWN OF WELLS” preceding section 33 is repealed and the following is substituted:

SHUT-DOWN AND CLOSURE

(16) Updating references.

(17) New heading.

(18) Sections 33 to 36 are repealed and the following is substituted:

Shut-down
and closure

33 Where the Board or its authorized representative determines that a licensee, approval holder, contractor or operator of a well or facility has contravened or failed to comply with this Act, the regulations or an order of the Board, or that a method or practice employed at a well or facility or any equipment or installation at a well or facility is improper, hazardous, inadequate or defective,

- (a) the Board or its authorized representative may order the well or facility to be shut down or closed,
- (b) the Board or its authorized representative may require that approved methods be adopted and that remedial measures be taken before any operation proceeds at the well or facility, or
- (c) the Board may hold an inquiry into the matter.

Request for
inquiry

34(1) Where the Board orders that a well or facility be shut down or closed under section 33(a), the licensee or approval holder may by notice in writing to the Board request an inquiry into the matter.

(2) Where the Board receives a request for an inquiry, it shall, within 15 days of receiving the request, hold an inquiry into the matter.

(3) Unless the Board directs otherwise, a well or facility that has been ordered to be shut down or closed under section 33(a) must remain shut down or closed pending the result of the inquiry.

Powers of
Board

35 Where the Board holds an inquiry pursuant to section 33(c) or 34 it may

- (a) in a case to which section 33(c) applies, make an order under section 33(a) or (b), or
- (b) in a case referred to in section 34, withdraw the order made under section 33(a) or extend it on any terms and conditions the Board considers appropriate.

(18) Sections 33 to 36 presently read:

33 When it appears to the Board or its authorized representative that the licensee, a contractor or an operator of a well or battery has contravened or is contravening or failing to comply with any provision of this Act, the regulations or an order of the Board, or that a method or practice employed or any equipment or installation at a well or battery is improper, hazardous, inadequate or defective,

(a) the Board or its representative may order that any operation at the well or battery be suspended,

(b) the Board or its representative may require that approved methods be adopted or that remedial measures be taken before any operation proceeds at the well or battery, or

(c) the Board may call an inquiry.

34(1) When any operation at a well or battery is suspended pursuant to section 33(a), the Board shall, within 15 days of the suspension, hold an inquiry to investigate the circumstances leading to the suspension.

(2) When adoption of approved methods or institution of remedial measures is required pursuant to section 33(b) and operations must be suspended to conform to the requirement, the licensee may ask for an inquiry, and if he does so, the Board shall call an inquiry.

35 After an inquiry pursuant to section 33 or 34, the Board may order that the suspension of an operation at a well or battery continue or that the well or battery be shut down until the Board orders to the contrary.

36 When any operation at a well or battery is suspended by order of an authorized representative of the Board under this Part, the representative shall make a note of the suspension that he considers proper on the daily record book or other record of the licensee of the well, or the Board shall otherwise advise the licensee.

Prohibition

36 Except as otherwise authorized by the Board, when any well or facility is shut down or closed under section 33 or 35, no person may

- (a) enter on, or carry on any operations at, or
- (b) remove any equipment, installation or material situated on,

the well or facility site until the order has been rescinded.

(19) Part 11.1 is repealed and the following is substituted:

PART 11.1

ORPHAN FUND

Definitions

57 In this Part,

- (a) “abandonment”, as it relates to a pipeline, includes abandonment as defined in the *Pipeline Act*;
- (b) “abandonment costs”, as it relates to a pipeline, includes abandonment costs as defined in the *Pipeline Act*;
- (c) “defaulting working interest participant” means a working interest participant who has been deemed to be a defaulting working interest participant under section 59(2)(b);
- (d) “facility” has the same meaning as it has in section 1(1)(i.2) except that it includes a pipeline as defined in the *Pipeline Act* and does not include the following:
 - (i) a processing plant or processing plant site as defined in the *Oil Sands Conservation Regulation* (AR 76/88);
 - (ii) a gas processing plant that has sulphur recovery and sulphur storage facilities;
 - (iii) an oilfield waste management facility;
 - (iv) a processing plant designated by the Board as a straddle plant for the purposes of section 22.1;
 - (v) a refinery as defined in the *Pipeline Act*;

(19) New Part governing the establishment and administration of the orphan fund.

- (vi) an oil transmission pipeline and associated storage, pumping and measurement facilities;
- (vii) a gas transmission pipeline and associated compression and measurement facilities;
- (viii) any facility listed in the regulations as specifically exempted from this Part;
- (e) “facility site” does not include any part of a facility site that has been designated as a contaminated site under section 110 of the *Environmental Protection and Enhancement Act*;
- (f) “suspension”, as it relates to a pipeline, includes discontinuation as defined in the *Pipeline Act*;
- (g) “suspension costs”, as it relates to a pipeline, includes discontinuation costs as defined in the *Pipeline Act*;
- (h) “well site” does not include any part of a well site that has been designated as a contaminated site under section 110 of the *Environmental Protection and Enhancement Act*.

Fund
continued

58(1) The abandonment fund is hereby continued as the orphan fund.

(2) The orphan fund is to be retained and administered by the Board in accordance with this Part.

Purpose of
fund

59(1) The purposes of the orphan fund are

- (a) to pay for suspension costs, abandonment costs and related reclamation costs in respect of orphan wells, facilities, facility sites and well sites where the work is carried out
 - (i) by the Board,
 - (ii) by a person authorized by the Board, or
 - (iii) by a Director or a person authorized by a Director in accordance with the *Environmental Protection and Enhancement Act*;

- (b) to pay for costs incurred in pursuing reimbursement for the costs referred to in clause (a) from the person responsible for paying them;
- (c) to pay for a defaulting working interest participant's share of suspension costs, abandonment costs and related reclamation costs incurred by a working interest participant if the person who carried out the work has taken all reasonable steps necessary to collect that share and has been unable to do so;
- (d) to pay for any other costs directly related to the operations of the Board in respect of the orphan fund.

(2) The Board may

- (a) designate wells, facilities, facility sites and well sites to be orphan wells, facilities, facility sites or well sites for the purposes of this Part;
- (b) deem to be a defaulting working interest participant a working interest participant who
 - (i) has an obligation under this Act to contribute towards suspension costs, abandonment costs or related reclamation costs,
 - (ii) has not contributed to those costs as required by this Act, and
 - (iii) in the opinion of the Board, does not exist, cannot be located or does not have the financial means to contribute to those costs as required by this Act;
- (c) authorize money to be paid from the orphan fund for any of the purposes referred to in subsection (1) in accordance with the regulations.

Effect of
payment from
fund

60 Where the Board makes a payment from the orphan fund to a person in respect of a defaulting working interest participant's share of suspension, abandonment or reclamation costs,

- (a) the defaulting working interest participant is not released from any liability under this Act in respect of those costs, and

- (b) if the person who receives the payment later recovers all or part of the costs from the working interest participant, the person shall forthwith pay to the Board an amount equal to the amount recovered.

Ordinary
remedies
available

61 A debt to the Board to the account of the orphan fund shall, for the purposes of enforcement of payment of the debt, be treated the same as any other debt to the Board, and all the same remedies under this Act are available to the Board for that purpose.

Orphan fund
levy

62(1) The Board may, in respect of each fiscal year of the Board, by regulation prescribe

- (a) classes of wells, facilities (other than pipelines) and unreclaimed sites and the rates of the orphan fund levy applicable to each class,
- (b) the date as of which the licensees of the wells, facilities and unreclaimed sites are to be determined, and
- (c) the date by which the levy prescribed under clause (a) and penalties payable under section 63(2) must be paid to the Board to the account of the orphan fund.

(2) In prescribing the orphan fund levy for a fiscal year the Board shall provide for a total levy that will be sufficient to cover

- (a) the costs referred to in section 59(1) for the fiscal year, as estimated by the Board,
- (b) any deficiency arising out of the operations of the fund from the previous fiscal year, and
- (c) any surplus for emergency and non-budgeted expenditures that the Board considers is necessary.

Payment of
levy

63(1) An orphan fund levy prescribed with respect to a well, facility or unreclaimed site in a fiscal year is payable to the Board by the person who was the licensee of the well, facility or unreclaimed site on the date referred to in section 62(1)(b).

(2) Unless the Board directs otherwise, a licensee that fails to pay the orphan fund levy by the date referred to in section

62(1)(c) must pay to the Board a penalty in an amount equal to 20% of the levy.

Notice of levy

64(1) After it has made a regulation under section 62(1) the Board shall give a notice in accordance with subsection (2) to each person who was, according to the records of the Board, the licensee of a well, facility or unreclaimed site of a prescribed class on the date referred to in section 62(1)(b).

(2) The notice shall

- (a) set out, in respect of each class of wells, facilities and unreclaimed sites, a brief description of the wells, facilities and unreclaimed sites of which the person to whom the notice is given was the licensee on the date referred to in section 62(1)(b) according to the records of the Board,
- (b) set out the amount of the orphan fund levy in respect of each well, facility and unreclaimed site described in the notice, and
- (c) contain a demand for the payment of the total amount of the orphan fund levy and specify the date by which the levy must be paid.

Appeal of levy

65(1) A person to whom a notice is given under section 64(1) may appeal to the Board on any one or more of the following grounds:

- (a) that the person was not the licensee of a well, facility or unreclaimed site described in the notice on the date referred to in section 62(1)(b);
- (b) that the orphan fund levy set out in the notice for one or more of the wells, facilities or unreclaimed sites is incorrect;
- (c) any other ground provided for in the regulations.

(2) The Board shall hear and determine appeals under this section in accordance with the regulations.

(20) Section 83(1) and (2) are repealed and the following is substituted:

(20) Section 83(1) and (2) presently read:

83(1) Each licensee of a well shall register with the Board his address and,

(a) if a resident outside Alberta, shall

Appointment
of agent

83(1) In this section, “resident” means resident as defined in the regulations.

(1.1) Each licensee and approval holder shall register its address with the Board and, in the case of a licensee or approval holder that is resident outside of Alberta, shall

- (a) appoint an agent within Alberta to carry out the licensee’s or approval holder’s duties and other responsibilities under this Act,
- (b) notify the Board in writing of the appointment, and
- (c) register with the Board the address in Alberta of the agent, which address shall also be the address for service of the licensee or approval holder in Alberta.

(1.2) A person is not eligible to be appointed or remain as an agent under subsection (1.1) unless the person meets the requirements of section 15 and the regulations.

(2) The appointment of an agent under this section is ineffective unless the Board approves the appointment, and the Board may approve or refuse to approve the appointment.

(21) Section 87 is amended

(a) in subsection (1) by striking out “licensee of a well” and substituting “licensee or approval holder”;

(b) by repealing subsection (2) and substituting the following:

(2) In the event of non-compliance with section 83 by a licensee or approval holder, all notices or orders required to be served or that the Board desires to serve may be posted in a part of the office of the Board to which the public has access, and must be kept so posted for 24 hours, exclusive of Saturdays and holidays, and on the expiration of that period are deemed to have been served on the licensee or approval holder.

(22) The heading “Incidental Powers of Board” preceding section 88 is repealed.

- (i) *register with the Board an address for service in Alberta,*
- (ii) *appoint an agent within Alberta to carry out his duties and other responsibilities under this Act,*
- (iii) *notify the Board in writing of the appointment, and*
- (iv) *register with the Board the address in Alberta of his agent,*

or

- (b) *if resident in Alberta,*
 - (i) *may carry out his duties and other responsibilities under this Act through an agent, and*
 - (ii) *if he carries out his duties and responsibilities through an agent, shall notify the Board in writing of the appointment of the agent and register with the Board the address in Alberta of the agent.*

(2) The licensee must apply to the Board to approve the appointment of an agent in accordance with subsection (1).

(21) Section 87 presently reads:

87(1) Any notice or order that the Board is required or may desire to serve shall be deemed to have been served on a licensee of a well

- (a) *on delivery of the notice or order at an address registered under section 83 as his address, his address for service in Alberta or the address of his agent, or*
- (b) *on the expiration of 24 hours, exclusive of Saturdays and holidays, from the time of sending the notice or order by mail to any such addresses.*

(2) In the event of non-compliance by a licensee with section 83(1) and (3), all notices or orders required to be served or that the Board desires to serve may be posted in a part of the office of the Board to which the public has access, and shall be kept so posted for 24 hours, exclusive of Saturdays and holidays, and on the expiration of that period shall be deemed to have been served on the licensee of the well.

(22) Housekeeping change.

(23) The heading “Offset Wells” preceding section 90 is repealed.

(24) The heading “Certain Plans and Operations for Conservation Purposes” preceding section 91 is repealed.

(25) Section 92 is repealed and the following is substituted:

Control,
completion
and operation
costs

92(1) Without restricting the generality of section 88, if in the opinion of the Board the control, completion or operation of a well or the operation of any facility is not in accordance with an order, direction or requirement of the Board, a member of the Board or any person authorized by it is entitled to have access to and may enter on the site or any structures on the site and do whatever the Board considers necessary because of the failure to comply with the order, direction or requirement.

(2) The Board may

- (a) determine the costs of or incidental to work carried out under subsection (1), and
- (b) allocate those costs among any or all of the licensee, approval holder and working interest participants as the Board considers appropriate.

(3) Costs allocated under subsection (2) constitute a debt payable to the Board, and a certified copy of the order of the Board allocating those costs may be filed in the office of the clerk of the Court of Queen’s Bench and, on being filed and on payment of any fees prescribed by law, the order may be entered as a judgment of the Court and may be enforced according to the ordinary procedure for enforcement of judgments of the Court.

(26) Section 92.1(1) is repealed and the following is substituted:

Entry on land

92.1(1) A person carrying out suspension or abandonment operations pursuant to section 20.2 or 20.3 is entitled to have access to and may enter on the land and any structures on the land concerned for the purposes of carrying out the suspension or abandonment.

(23) Housekeeping change.

(24) Housekeeping change.

(25) Section 92 presently reads:

92(1) Without restricting the generality of section 88, if in the opinion of the Board the control of a well or any completion, suspension or abandonment is not in accordance with an order, direction or requirement of the Board, a member of the Board or any person authorized by it is entitled to have access to and may enter on the well site or any structures on the well site, and do whatever the Board considers necessary because of the failure to comply with the order, direction or requirement.

(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 determined by the Board and are a debt payable by the licensee of the well to the Board.

(3) The issuance by the Board of an abandonment approval for a well does not relieve the licensee of the well from liability for any costs of or incidental to the control, completion, suspension or further abandonment of a well, and does not reduce his liability for those costs.

(26) Section 92.1(1) presently reads:

92.1(1) A person

(a) to whom an abandonment order under section 20.2 is directed, or

(b) with the consent of the Board

may enter on the land concerned for the purpose of carrying out the abandonment order or the direction.

(27) Section 93 is amended

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

Sale of
equipment,
etc.

93(1) When the work of control, completion, operation, suspension or abandonment of a well or facility is conducted by the Board, a member of the Board or person authorized by it, the Board may sell or dispose of in a manner it sees fit any drilling, producing or operating equipment, installation or material found on the site or taken from the well or facility, but the Board shall not sell any equipment, installation or material that it knows is owned by someone other than the licensee, approval holder or working interest participant.

(b) by repealing subsection (3) and substituting the following:

(3) When the Board receives money on the sale or disposal of any equipment, installation or material under subsection (1), the Board shall

(a) apply the money

(i) first, to the payment of any unpaid costs and penalty determined by it under section 20.5 or 92, and

(ii) second, if any money remains after complying with subclause (i), to the payment of any other outstanding debt owing to the Board by the licensee, approval holder or working interest participant,

and

(b) if any money remains after complying with clause (a), forward the remainder to the Provincial Treasurer for payment out to persons who file a claim with the Provincial Treasurer within 6 months after the date of the sale and establish their entitlement to the money.

(28) Section 93.1 is repealed and the following is substituted:

(27) Section 93 presently reads:

93(1) When operations for the control, completion, suspension or abandonment of a well are conducted by the Board, a member of the Board or a person authorized by it, the Board may sell or dispose of in a manner it sees fit any drilling or producing equipment, installation or material found on the well site or taken from the well, but the Board shall not sell any equipment, installation or material which it knows is owned by someone other than the licensee of the well.

(2) A person to whom any equipment, installation or material is sold pursuant to subsection (1) receives good title to the equipment, installation or material, free of any claim whatsoever.

(3) When the Board receives money on the sale or disposal of any equipment, installation or material under subsection (1), it shall

(a) apply the money in payment of any costs as determined by it under section 92, and

(b) if any of the money remains 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 to that remainder with him within 6 months of the sale and who are entitled to receive it.

(28) Section 93.1 presently reads:

93.1(1) In this section,

(a) "debtor" includes any person who fails to pay well abandonment costs, an abandonment fund levy or an

93.1(1) In this section,

(a) “debtor” means a person who is indebted to the Board for any costs, levy, fee, penalty or other amount;

(b) “payor” means

(i) a purchaser, operator or other person who owes money to or holds or receives money on behalf of a debtor as a result of a sale of the debtor’s proportionate share of any gas, oil or other hydrocarbon produced from a well or facility, and

(ii) a person who holds or receives revenue owing to the debtor resulting

(A) from the use of a well or facility by another person, or

(B) from the provision of services by the debtor.

(2) The Board has a lien in respect of a debtor’s debt on the debtor’s interest in any wells, facilities and pipelines, land or interests in land, including mines and minerals, equipment and petroleum substances, and when it arises, the lien has priority over all other liens, charges, rights of set-off, mortgages and other security interests.

(3) The Board’s lien arises when the debtor fails to satisfy the debt when due, and expires on full satisfaction of the debt.

(4) The Board may enforce its lien by serving on the debtor and the payor a notice of garnishment in the form prescribed by the regulations.

(5) On receipt of a notice of garnishment the payor shall forward to the Board for payment on account of the debt owing to the Board all money and revenue referred to in subsection (1)(b) that is then owing or later becomes owing to the debtor.

(6) The obligation to make payments under subsection (5) continues until the Board advises the payor that the debt has been paid in full.

administration fee or any penalties that person is required to pay;

(b) "lien" includes a charge;

(c) "payor" means the purchaser of any gas, oil or other hydrocarbon or any operator or any other person who holds or receives money on behalf of the debtor as the result of a sale of the debtor's proportionate share of any gas, oil or other hydrocarbon produced from any well.

(2) When operations for the abandonment of a well are conducted by the Board, a member of the Board or a person authorized by it, and the sale of any equipment, installation or material under section 93 does not generate sufficient funds to cover the debtor's proportionate share of the costs of abandonment, or where the licensee fails to pay the administration fee or abandonment fund levy or any penalties in respect of a well or oil sands project, the Board may exercise its rights to a lien.

(3) A lien under this section shall be first and prior to any other lien, charge, mortgage or other security interest, with respect to the interest of a defaulting working interest participant in the well and any other wells, lands and equipment, petroleum substances and production facilities.

(4) On receipt of a lien notice, the payor shall forward any money owing to the debtor to the Board for payment on the account of the debt owed by the debtor to the Board.

(5) The payments to the Board referred to in subsection (3) must continue to be made until the Board advises the payor that the debt has been paid in full.

(6) Any payment made to the Board on the account of the debtor under this section is deemed to be a payment to the debtor and releases the payor from liability in debt to the debtor to the extent of the payments.

(7) A person who fails to comply with a lien notice is guilty of an offence.

(7) Any payment to the Board on the account of the debtor under this section is deemed to be a payment to the debtor and releases the payor from liability in debt to the debtor to the extent of the payment.

(8) A payor who fails to comply with a notice of garnishment is guilty of an offence.

(9) A payor who fails to comply with a notice of garnishment or makes payment to a debtor in contravention of the notice of garnishment is indebted to the Board for an amount equal to the amount the payor is required to pay pursuant to the notice of garnishment or the amount of the payment made to the debtor, whichever is less.

(29) Section 94 is repealed and the following is substituted:

Escaped
substance

94(1) If oil, crude bitumen, water or any other substance, in this section referred to as the “escaped substance”, has escaped or appears to have escaped from a well, facility or pipeline or from an unidentified source and it appears to the Board that the escaped substance may not otherwise be contained and cleaned up forthwith, the Board or its authorized representative may

- (a) direct the licensee, approval holder or operator of a well, facility or pipeline from which the escaped substance appears to have escaped
 - (i) to take steps the Board or its authorized representative considers necessary to contain and clean up the escaped substance and to prevent further escapes, and
 - (ii) to do anything else the Board or its authorized representative considers necessary to ensure the safety of the public and the environment,

or

- (b) enter on the area where the escaped substance has escaped and conduct any operations the Board or its authorized representative considers necessary for the purposes set out in clause (a).

(2) When the Board or its authorized representative enters on an area pursuant to subsection (1)(b),

(29) Section 94 presently reads:

94(1) If oil escapes from a well, battery or pipeline or from an unidentified source and it appears to the Board that the oil may not otherwise be contained and cleaned up forthwith, the Board may

- (a) direct the licensee or pipeline operator, or those licensees or pipeline operators who appear to the Board could be responsible for a well, battery or pipeline from which oil escaped, to take steps it considers necessary to contain and clean up oil which has escaped and to prevent further escape of oil, or*
- (b) enter on the area where oil has spilled and conduct any operations it considers necessary to contain and clean up oil which has escaped and to prevent further escape of oil.*

(2) When the Board enters on an area pursuant to subsection (1)(b),

- (a) every person responsible for the escape of oil, every licensee or pipeline operator who appears to the Board could be responsible for a well, battery or pipeline from which oil escaped and every officer and employee of that person, licensee or operator shall, until the operations to be conducted by the Board are completed, obey the orders concerning those operations given by the Board or a person or persons it places in charge of the operations;*
- (b) the Board may recover, deal with and dispose of spilled oil as if it were the property of the Board, and if any such oil is sold, apply the proceeds to pay the costs and expenses of the operations conducted by the Board;*
- (c) the Board may engage any persons it considers desirable to conduct any of the operations on its behalf.*

- (a) every person responsible for the escape of the escaped substance, every licensee, approval holder or operator of a well, facility or pipeline from which the escaped substance has escaped or appears to have escaped and any officer or employee of such a person, licensee, approval holder or operator shall, until the operations to be conducted by the Board or its authorized representative are completed, obey the orders and directions concerning those operations given by the Board or its authorized representative,
- (b) the Board may recover, deal with and dispose of the escaped substance as if it were the property of the Board, and if the escaped substance is sold, may apply the proceeds to pay the costs and expenses of the operations conducted by the Board or its authorized representative, and
- (c) the Board may engage any persons it considers necessary to conduct any of the operations under this section.

(3) When operations under this section are conducted

- (a) by a licensee, approval holder or operator under subsection (1)(a) and the licensee, approval holder or operator requests the Board to do so, or
- (b) by or on behalf of the Board under subsection (1)(b),

the Board shall determine the costs and expenses of the operations and direct by whom and to what extent they are to be paid.

(4) Section 92(3) applies with respect to the recovery from a licensee, approval holder or operator of costs and expenses that are the subject of a direction under subsection (3) of this section.

(30) Section 95 is repealed and the following is substituted:

Enforcement
of orders

95(1) For the purposes of the enforcement of any order made by it, the Board may

- (a) take any steps and employ any persons the Board considers necessary,

(3) When any operations are conducted pursuant to this section

(a) by a licensee, operator or other person under subsection (1)(a) and the licensee, operator or person requests the Board to do so, or

(b) by or on behalf of the Board under subsection (1)(b),

the Board shall determine the costs and expenses of the operations and direct by whom and to what extent they are to be paid.

(4) If the costs and expenses determined by the Board under subsection (3) are not fully paid from the sale of oil recovered or by the persons directed by the Board to pay them, and the Board directs that the balance of the costs and expenses or any part of it is to be paid by the licensee of a well, section 92 applies to the recovery of the balance or the part of the balance of the costs and expenses so directed to be paid.

(5) No action or proceeding may be brought against a person named in a direction issued pursuant to subsection (1)(a) in respect of any act or thing done in pursuance of the direction.

(30) Section 95 presently reads:

95(1) The Board, for the enforcement of any order made by it, may

(a) take any steps and employ any persons it considers necessary,

(b) forcibly or otherwise enter on, seize and take possession of any well, together with the whole or part of the movable and immovable property in, on or about the

- (b) forcibly or otherwise enter on, seize and take control of a well or facility, together with the whole or part of the movable and immovable property in, on or about the well or facility or used in connection with or pertaining to the well or facility, together with records of ownership and operation pertaining to the well or facility,
- (c) discontinue all production or take over the management and control of a well or facility,
- (d) in the case of a well, plug the well at any depth and take any steps the Board considers necessary to prevent the flow or escape of oil, gas, crude bitumen, water or any other substance from any stratum that the well enters, and
- (e) in the case of a facility, take any steps the Board considers necessary to prevent the flow or escape of oil, gas, crude bitumen, water or any other substance from the facility.

(2) On the Board's taking control of a well or facility and for so long as the control continues, every officer and employee of the licensee or approval holder of the well or facility, or of any contractor or operator working on the well or facility, shall obey the orders and directions concerning the well or facility given by the Board or by any person that the Board places in charge or control of the well or facility.

(3) On the Board's taking control of a well or facility, the Board may take, deal with and dispose of all oil, gas, crude bitumen, water or other substance produced at the well or handled at the facility as if it were the property of the Board.

(4) The costs and expenses of and incidental to proceedings taken by the Board under this section are in the discretion of the Board and the Board may direct by whom and to what extent they are to be paid.

(5) Where the Board sells oil, gas, crude bitumen, water or any other substance under subsection (3), the Board shall apply the proceeds as follows:

- (a) first, to payment of
 - (i) all costs and expenses of and incidental to the steps taken by the Board under this section, including the costs and expenses arising out of

well or used in connection with or appertaining to the well together with the books of the licensee of the well,

(c) either discontinue all production or take over the management and control of it,

(d) plug the well at any depth, and

(e) take any steps it considers necessary to prevent the flow or escape of oil, gas, crude bitumen or water from any stratum that the well enters.

(2) On the Board taking possession of a well and so long as the possession continues, every officer and employee of the licensee of the well or of any contractor working on the well shall obey the orders concerning the well given by the Board or by any person or persons that it places in charge or control of the well.

(3) On possession being taken of any well, the Board may take, deal with and dispose of all oil, gas and crude bitumen produced at the well as if it were the property of the Board, subject to the payment of the net proceeds of the oil, gas and crude bitumen as provided in this section.

(4) The costs and expenses of and incidental to proceedings taken by the Board under this section are in the discretion of the Board, and the Board may direct by whom and to what extent they are to be paid.

(5) Without restricting the generality of the foregoing subsections, the Board may pay from the proceeds of the oil, gas and crude bitumen produced at the well,

(a) all costs and expenses of and incidental to the proceedings taken by the Board under this section, including the costs and expenses of the management, operation and control of the well by the Board, and

(b) all costs and expenses of carrying out investigations and conservation measures that the Board considers necessary in connection with the well.

(6) The net proceeds of the oil, gas and crude bitumen produced at the well remaining after payment of the costs and expenses pursuant to subsection (5) shall be paid by the Board into the Court and thereafter shall be paid out to the persons and in the amounts that may be determined by the Court on the application of any person claiming to be entitled to any of the proceeds.

(7) If the proceeds of the oil, gas and crude bitumen produced at the well are not sufficient to pay all costs and expenses of and incidental to the proceedings, investigations and measures taken by the Board, and the Board directs that the balance of the costs and expenses or any part of it is to be paid by the licensee of the well, section 92 applies to the recovery of the balance or the part of the balance of the costs and expenses so directed to be paid.

the management, operation and control of the well or facility by the Board, and

- (ii) all costs and expenses of carrying out investigations and conservation measures that the Board considers necessary in connection with the well or facility,
 - (b) second, if any money remains after complying with clause (a), to payment of any outstanding debt owing to the Board from the licensee or approval holder, and
 - (c) third, if any money remains after complying with clauses (a) and (b), by forwarding the remainder to the Provincial Treasurer for payment out to persons who file a claim with the Provincial Treasurer within 6 months after the date of the sale and establish their entitlement to the money.
- (6) Section 92(3) applies with respect to the recovery from a licensee, approval holder or other person of costs and expenses that are the subject of a direction under subsection (4) of this section.

(31) The following is added after section 95:

Actions re
principals

95.1(1) Where a licensee, approval holder or working interest participant

- (a) contravenes or fails to comply with an order of the Board, or
- (b) has an outstanding debt to the Board, or to the Board to the account of the orphan fund, in respect of suspension, abandonment or reclamation costs,

and where the Board considers it in the public interest to do so, the Board may make a declaration setting out the nature of the contravention, failure to comply or debt and naming one or more directors, officers, agents or other persons who in the Board's opinion were directly or indirectly in control of the licensee, approval holder or working interest participant at the time of the contravention, failure to comply or failure to pay.

(2) The Board may not make a declaration under subsection (1) unless it first gives written notice of its intention to do so to the affected directors, officers, agents or other persons

(31) New section imposing sanctions where a responsible individual is associated with more than one company.

and gives them at least 10 days to show cause as to why the declaration should not be made.

(3) Where the Board makes a declaration under subsection (1), the Board may, subject to any terms and conditions it considers appropriate,

- (a) suspend any operations of a licensee or approval holder under this Act or a licensee under the *Pipeline Act*,
- (b) refuse to consider an application for an identification code, licence or approval from an applicant under this Act or the *Pipeline Act*,
- (c) refuse to consider an application to transfer a licence or approval under this Act or a licence under the *Pipeline Act*,
- (d) require the submission of abandonment and reclamation deposits in an amount determined by the Board prior to granting any licence, approval or transfer to an applicant, transferor or transferee under this Act, or
- (e) require the submission of abandonment and reclamation deposits in an amount determined by the Board for any wells or facilities of any licensee or approval holder,

where the person named in the declaration is the licensee, approval holder, applicant, transferor or transferee referred to in clauses (a) to (e) or is a director, officer, agent or other person who, in the Board's opinion, is directly or indirectly in control of the licensee, approval holder, applicant, transferor or transferee referred to in clauses (a) to (e).

(4) This section applies in respect of a contravention, failure to comply or debt whether the contravention, failure to comply or debt arose before or after the coming into force of this section.

(32) This section comes into force on Proclamation.

(32) Coming into force.

Pipeline Act

Amends RSA
1980 cP-8

2(1) The *Pipeline Act* is amended by this section.

(2) Section 1(1) is amended

(a) by renumbering clause (a) as clause (a.03) and by adding the following before clause (a.03):

(a) “abandonment” means the permanent deactivation of a pipeline or part of a pipeline in the manner prescribed by the regulations, whether or not the pipeline or part of the pipeline is removed;

(a.01) “abandonment costs” means the reasonable costs actually incurred in the abandonment of a pipeline;

(a.02) “agent” means an agent appointed under section 25;

(b) by adding the following after clause (a.1):

(a.2) “discontinuation” means the temporary deactivation of a pipeline or part of a pipeline;

(a.3) “discontinuation costs” means the reasonable costs actually incurred in the discontinuation of a pipeline;

(c) in clause (h) by adding “construct and” before “operate”;

(d) by repealing clause (i) and substituting the following:

(i) “licensee” means the holder of a licence according to the records of the Board, and includes a trustee or receiver-manager of property of a licensee;

(e) by repealing clauses (q) and (r);

(f) by adding the following after clause (t):

(t.1) “reclamation” means reclamation within the meaning of the *Environmental Protection and Enhancement Act*;

(t.2) “reclamation costs” means the reasonable costs actually incurred in the reclamation of a pipeline, and includes such costs associated with assessment for the purposes of applying for a reclamation

Pipeline Act

2(1) Amends chapter P-8 of the Revised Statutes of Alberta 1980.

(2) Section 1(1) presently reads in part:

1(1) In this Act,

(h) “licence” means a licence to operate a pipeline under this Act;

(i) “licensee” means a person who is the holder of a licence;

(q) “permit” means a permit to construct a pipeline granted under this Act or any predecessor of this Act;

(r) “permittee” means a person who is the holder of a permit;

certificate under the *Environmental Protection and Enhancement Act*;

(3) Section 3(1) is amended

(a) in clause (b) by striking out “permit or”;

(b) by repealing clause (e) and substituting the following:

(e) respecting the construction, operation, testing, maintenance and repair of pipelines;

(e.1) respecting the discontinuation, abandonment and removal of pipelines, including the circumstances under which a pipeline must be discontinued, abandoned or removed, the timing of such discontinuation, abandonment or removal and the manner in which discontinuation, abandonment and removal are to be carried out;

(e.2) respecting discontinuation costs, abandonment costs and reclamation costs in respect of pipelines;

(c) in clause (j.1) by striking out “permittee or licensee, as the case may be,” and substituting “licensee”;

(d) in clause (k) by striking out “permits or”;

(e) by adding the following after clause (k):

(k.1) respecting the eligibility requirements in order to become and remain a licensee or agent;

(k.2) respecting the definition of “resident” for the purpose of section 25;

(4) Section 5(b) and (c) are amended by striking out “and operation” and substituting “, operation, discontinuation and abandonment”.

(3) Section 3(1) presently reads in part:

3(1) The Board may make regulations

- (b) prescribing conditions subject to which the holder of a permit or licence under this Act or a person proposing to construct a pipeline may enter on land of another person in the absence of an agreement to that entry by that other person;*
- (e) as to the measures to be taken in the construction, operation, testing, maintenance, repair, discontinuation of operation, removal or abandonment of any pipeline for the protection of life, property and wildlife;*
- (j.1) respecting the submission to the Board and the permittee or licensee, as the case may be, whose pipeline may be affected by a ground disturbance of any information relating to the ground disturbance that the Board may require;*
- (k) respecting the transfer of permits or licences;*

(4) Section 5(b) and (c) presently read:

5 The Board, when required by the Lieutenant Governor in Council shall, or on its own motion may, inquire into, examine and investigate any matter relating to

- (b) the observance of safe and efficient practices in the construction and operation of pipelines;*
- (c) the control of pollution and conservation of the environment in the development and operation of pipeline facilities.*

(5) Section 6(3) is amended by striking out “permit or licence” and substituting “licence”.

(6) The heading “PERMITS AND LICENCES” preceding section 7 is repealed and the following is substituted:

LICENCES

(7) Section 9 is amended by striking out “permit” and substituting “licence” and by striking out “Minister of Transportation and Utilities” and substituting “Minister responsible for the *Gas Distribution Act*”.

(8) Section 13.1 is repealed.

(9) Section 13.2(a) is repealed.

(10) Section 19(3) is repealed.

(11) Sections 20 and 21 are repealed.

(5) Consequential to change from permits to licences.

(6) New heading.

(7) Section 9 presently reads:

9 The Board shall not grant a permit for a pipeline that will be part of a rural gas utility as defined in the Gas Distribution Act without the consent of the Minister of Transportation and Utilities or a person authorized by him to give that consent.

(8) Section 13.1 presently reads:

13.1 A permit expires on the date specified by the Board.

(9) Section 13.2(a) presently reads:

13.2 The Board, on the request of the permittee or on its own initiative, may

(a) change the date on which a permit expires,

(10) Section 19(3) presently reads:

(3) A permittee is a licensee for the purposes of subsection (1) during the term of the permit and, subject to subsection (2), may operate a pipeline.

(11) Sections 20 and 21 presently read:

20(1) The Board may grant a licence to an applicant subject to any terms and conditions expressed in the licence, or the Board may refuse to grant a licence.

(2) The Board shall not grant a licence under this Act in respect of a pipeline that is part of a rural gas utility as defined in the Gas Distribution Act without the consent of the Minister of Transportation and Utilities or a person authorized by him to give that consent.

21 The Board, on the request of the licensee or on its own initiative, may

(a) amend a licence,

(b) suspend a licence,

(c) cancel a licence, or

(12) Section 24 is repealed and the following is substituted:

Transfer of
licence

24(1) A licence may not be transferred without the consent in writing of the Board.

(2) When the licensee of a pipeline or proposed pipeline sells or otherwise disposes of the licensee's interest in the pipeline or proposed pipeline, a proposed transfer reflecting that transaction must be filed with the Board.

(3) The Board may consent to the transfer of a licence subject to any conditions, restrictions or stipulations that the Board may prescribe, or the Board may refuse to consent to the transfer.

(4) A proposed transfer must be in a form prescribed or approved by the Board and must have endorsed on it or attached to it proof of execution satisfactory to the Board.

(5) The applicant shall submit the proposed transfer to the Board together with the prescribed fee.

(6) The Board shall keep a record of every transfer to which it has given consent.

(7) The Board may direct that a licence be transferred to a person who agrees to accept it and who, in the opinion of the Board, has the right to receive it, and the direction of the Board has the same effect as a transfer consented to under this section.

(8) A transfer of a licence has no effect until the Board has consented to or directed the transfer under this section.

(13) Section 25 is repealed and the following is substituted:

Appointment
of agent

25(1) In this section, "resident" means resident as defined in the regulations.

(2) Each licensee of a pipeline shall register its address with the Board and, in the case of a licensee that is resident outside of Alberta, shall

(a) appoint an agent within Alberta to carry out the licensee's duties and other responsibilities under this Act,

(b) notify the Board in writing of the appointment, and

- (d) subject to any terms or conditions the Board considers necessary, regrant a licence.*

(12) Section 24 presently reads:

24(1) A permit or licence shall not be transferred without the consent in writing of the Board.

(2) When the permittee or licensee of a pipeline or proposed pipeline sells or otherwise disposes of his interest in the pipeline or proposed pipeline, a proposed transfer reflecting that transaction shall be filed with the Board.

(3) The proposed transfer shall be in a form prescribed or approved by the Board and shall have endorsed on or attached to it proof of execution satisfactory to the Board.

(4) The transferee shall submit the proposed transfer to the Board together with the prescribed fee.

(5) The Board shall keep a record of every transfer to which it has given consent.

(6) When the permittee or licensee is a corporation that has been dissolved, the Board may direct that the permit or licence be transferred to any person who agrees to accept a transfer of the permit or licence and who, in the opinion of the Board, has a right to receive it, and the direction of the Board has the same effect as a transfer of the permit or licence.

(13) Section 25 presently reads:

25(1) Each permittee or licensee of a pipeline shall register his address with the Board and,

(a) if a resident outside Alberta, shall

(i) register with the Board an address for service in Alberta,

(ii) appoint an agent within Alberta to carry out his duties and other responsibilities under this Act,

(iii) notify the Board in writing of the identity of the agent appointed, and

(c) register with the Board the address in Alberta of the agent, which address shall also be the address for service of the licensee in Alberta.

(3) A person is not eligible to be appointed or to remain as an agent under subsection (2) unless the person meets the requirements of section 27 and the regulations.

(4) The appointment of an agent under this section is ineffective unless the Board approves the appointment, and the Board may approve or refuse to approve the appointment.

(5) The approval of an appointment by the Board does not relieve the licensee of any duty or responsibility to comply with this Act, the regulations or an order of the Board, but if an agent has been appointed and the licensee fails or is unable to comply with a duty or responsibility, the agent is responsible for compliance with the duty or responsibility.

(6) A licensee and an agent shall register any change of address with the Board within 15 days of the change.

(7) An agent may not be changed or discharged without the consent, in writing, of the Board, and the Board may refuse such consent.

(14) Section 27 is amended

(a) **in subsection (1) by striking out** “No corporation shall acquire or hold a permit or licence unless it is” **and substituting** “No person shall acquire or hold a licence unless the person meets the eligibility requirements set out in the regulations and, in the case of a corporation, is”;

(b) **in subsection (1)(e) by striking out** “permit or”;

(c) **in subsection (2) by striking out** “permit or” **wherever it occurs.**

(iv) register with the Board the address in Alberta of his agent,

or

(b) if a resident in Alberta,

(i) may carry out his duties and other responsibilities under this Act through an agent, and

(ii) if he carries out his duties and responsibilities through an agent, shall notify the Board in writing of the appointment and identity of the agent and register with the Board the address in Alberta of the agent.

(2) The appointment of an agent in accordance with subsection (1) and the registration of his address with the Board does not relieve the permittee or licensee of any duty or responsibility under this Act.

(3) If an address registered under subsection (1) is changed or if the agent appointed in accordance with subsection (1) is changed or ceases to act, the permittee or licensee shall, within 15 days of the change or ceasing to act, register the change with the Board.

(14) Section 27 presently reads:

27(1) No corporation shall acquire or hold a permit or licence unless it is

(a) registered under the Companies Act,

(a.1) registered, incorporated or continued under the Business Corporations Act, or

(b) an association within the meaning of the Co-operative Associations Act or the Rural Utilities Act,

(c) licensed under the Insurance Act,

(d) registered under the Loan and Trust Corporations Act,

(e) incorporated by or under an Act of Alberta and approved by the Board as a company that may acquire or hold a permit or licence, or

(f) incorporated or continued under the Bank Act (Canada).

(15) The following is added after section 27:

Identification
codes

27.1 No person shall apply for a licence unless the person holds a subsisting identification code issued under the *Oil and Gas Conservation Act*.

(16) Section 28 is repealed.

(17) The following is added after section 28:

Discontin-
uation and
abandonment

28.1(1) A licensee shall discontinue or abandon a pipeline when directed by the Board or required by the regulations.

(2) The Board may order that a pipeline be discontinued or abandoned where the Board considers that it is necessary to do so in order to protect the public or the environment.

(3) A discontinuation or abandonment must be carried out in accordance with the regulations.

Discontin-
uation,
abandonment
by Board

28.2 If, in the opinion of the Board, a pipeline is not discontinued or abandoned in accordance with the direction of the Board or the regulations, the Board may

(a) authorize any person to discontinue or abandon the pipeline, or

(b) discontinue or abandon the pipeline on the Board's own motion.

Continuing
liability

28.3 Abandonment of a pipeline does not relieve the licensee from the responsibility for further abandonment or other work with respect to the same pipeline or part of a pipeline that may become necessary, or from the responsibility for the costs of the further abandonment or other work.

Discontin-
uation and
abandonment
costs

28.4(1) In the case of a pipeline that is discontinued or abandoned under section 28.2,

(a) the Board may determine the discontinuation costs or abandonment costs and may prescribe a time for payment of those costs, and

(2) No syndicate or association of persons other than those listed in subsection (1) shall acquire or hold a permit or licence in the name of the syndicate or association unless it has been incorporated by or under an Act of Alberta and approved by the Board to acquire or hold a permit or licence.

(15) New provision requiring identification code.

(16) Section 28 presently reads:

28 If, at the commencement of this Act, a person was the holder of a permit or licence granted under a predecessor to this Act, the Board may, on such notice as the Board considers suitable, issue to him a permit or licence under this Act in substitution for the permit or licence so granted.

(17) New sections respecting discontinuation and abandonment of pipelines.

(b) the licensee of the pipeline shall pay the costs so determined.

(2) A licensee who fails to pay the costs as determined under subsection (1) within the period of time prescribed by the Board must pay, unless the Board directs otherwise, a penalty equal to 25% of those costs.

(3) Costs as determined under subsection (1), together with any penalty payable under subsection (2), constitute a debt payable to the Board.

(4) A certified copy of the order of the Board determining the costs and penalty under this section may be filed in the office of the clerk of the Court of Queen's Bench and, on being filed and on the payment of any fees prescribed by law, the order may be entered as a judgment of the Court and may be enforced according to the ordinary procedure for enforcement of judgments of the Court.

Sale of
material, etc.

28.5(1) When abandonment of a pipeline is conducted by the Board, a member of the Board or a person authorized by it, the Board may in a manner it sees fit sell or dispose of any installation or material found on the site or taken from the pipeline, but the Board shall not sell any installation or material that it knows is owned by someone other than the licensee of the pipeline.

(2) A person to whom any installation or material is sold pursuant to subsection (1) receives good title to the installation or material, free of any claim whatsoever.

(3) When the Board receives money on the sale or disposal of any installation or material under subsection (1), the Board shall

(a) apply the money

(i) first, to the payment of any unpaid costs and penalty determined by it under section 28.4, and

(ii) second, if any money remains after complying with subclause (i), to the payment of any other outstanding debt owing to the Board from the licensee,

and

- (b) if any money remains after complying with clause (a), forward the remainder to the Provincial Treasurer for payment out to persons who file a claim with the Provincial Treasurer within 6 months after the date of the sale and establish their entitlement to the money.

Entry on land

28.6(1) A person carrying out discontinuation or abandonment operations pursuant to section 28.1 or 28.2 is entitled to have access to and may enter on the land and any structures on the land concerned for the purposes of carrying out the discontinuation or abandonment operations.

(2) A person shall, before entering any land under subsection (1), give prior written notice of intention to enter to the landowner and to the occupant, if any, unless it is impractical under the circumstances to do so.

(3) If a person who enters any land under subsection (1) is prevented from entering, that person may apply to the Court of Queen's Bench by way of originating notice for an order permitting the person to enter the land for the purposes specified in the order, and an order so made may be enforced by the sheriff.

(4) A person who enters any land under subsection (1) shall compensate the landowner or the occupant, if any, for direct expenses and for any damage to the landowner's or occupant's land, crop or livestock arising directly from that entry.

(5) If a dispute arises as to the compensation payable pursuant to subsection (4), the compensation is to be determined by the Surface Rights Board.

(18) Section 29 is amended

- (a) in subsection (1) by striking out "permit or";
- (b) in subsection (1)(a)(i) by striking out "permit,";
- (b) in subsection (2) by striking out "permittee,".

(19) Section 30 is amended

- (a) in subsection (1) by striking out "29(1)(a)" and substituting "29(1)(a) or (b)" and by striking out "clear";

(18) Consequential to change from permits to licences.

(19) Section 30 presently reads:

30(1) Where an order is made under section 29(1)(a) for the suspension of the construction or operation of a pipeline or of a ground disturbance within a controlled area, the person to whom the order is directed 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.

(b) by repealing subsection (2).

(20) Section 31.1 is amended

(a) by striking out “permittee or” wherever it occurs;

(b) in subsection (2) by striking out “permittee and a”.

(21) Sections 32 and 33 are repealed.

(22) Section 36 is amended

(a) in subsections (1), (1.1)(a) and (b) and (1.2) by striking out “permittee or” wherever it occurs;

(b) in subsection (4) by striking out “permittee or licensee, as the case may be,” and substituting “licensee”.

(23) Section 37(1)(a) is amended by striking out “Department of Environmental Protection” and substituting “Department of Environment”.

(24) Section 39(1), (3) and (4) are amended by striking out “Minister of Transportation and Utilities” and substituting “Minister of Infrastructure”.

(2) Where the construction or operation of a pipeline, or a ground disturbance within a controlled area, is suspended under section 29(1)(b), the Board shall hold an inquiry to investigate the circumstances leading to the suspension within 5 clear days, exclusive of holidays, after the suspension.

(20) Consequential to change from permits to licences.

(21) Sections 32 and 33 presently read:

32 A licensee shall not

- (a) suspend the normal operation of a pipeline, except in an emergency or for repairs or maintenance or in the ordinary course of operating the pipeline,*
- (b) discontinue the operation of a pipeline, or*
- (c) resume the operation of a pipeline previously discontinued,*

without the consent in writing of the Board or in accordance with an order of the Board.

33(1) Except in the ordinary course of making repairs or of maintenance, no pipeline or part of a pipeline may be taken up, removed or abandoned without the consent of the Board and the consent of the Board may be given subject to any terms and conditions the Board prescribes.

(2) The Board may cancel the licence or amend the licence because of the taking up, removal or abandonment of the pipeline or any part of the pipeline.

(22) Consequential to change from permits to licences.

(23) Housekeeping change.

(24) Housekeeping change.

(25) Section 45 is amended by striking out “permittee or the licensee, as the case may be,” and substituting “licensee”.

(26) Section 47(b) is repealed.

(27) Section 48 is amended

- (a) in subsection (1) by striking out “an operator” and substituting “a licensee”;**
- (b) in subsection (2) by striking out “permit” and substituting “licence” and by striking out “operator” and substituting “licensee”;**
- (c) in subsection (3) by striking out “Minister of Transportation and Utilities” and substituting “Minister of Infrastructure” and by striking out “permit” wherever it occurs and substituting “licence”.**

(28) Section 49 is amended

- (a) by striking out “an operator” wherever it occurs and substituting “a licensee”;**
- (b) by striking out “the operator” wherever it occurs and substituting “the licensee”.**

(25) Consequential to change from permits to licences.

(26) Section 47 presently reads:

47 In sections 48 to 50,

(a) "land" means land other than mines or minerals;

(b) "operator" means a permittee or licensee.

(27) Section 48 presently reads:

48(1) When an operator requires an interest in land for the purposes of his pipeline, the interest may be acquired in land owned by the Crown or by any other person

(a) by negotiation with the owner,

(b) by proceedings under the Surface Rights Act, or

(c) in respect of patented land as defined in the Metis Settlements Act, by proceedings under Part 4 of the Metis Settlements Act.

(2) Notwithstanding subsection (1), when a permit for a pipeline contains a stipulation in accordance with section 11(2) and the operator requires an interest in land for the purposes of that pipeline, he shall not acquire the interest otherwise than by negotiation with the owner.

(3) When it appears to the Minister of Transportation and Utilities that an interest in land for the purposes of a pipeline of a rural gas utility cannot be acquired in accordance with subsection (2), then, notwithstanding the stipulation contained in the permit, he may direct that the interest be acquired by proceedings under the Surface Rights Act or Part 4 of the Metis Settlements Act under any terms and conditions he prescribes and in that case the operation shall not by reason only of proceeding in that manner, be in contravention of the stipulation contained in the permit.

(28) Section 49 presently reads:

49 If an operator obtains a certificate of approval under the Expropriation Act for the purposes of his pipeline pursuant to proceedings commenced before January 1, 1977,

(a) the certificate of approval, unless otherwise provided, vests in the operator an exclusive interest in the land described in the certificate for the purposes named in it, with such annexed rights in or over other land as may be

(29) Section 50 is amended by striking out “permit” and substituting “licence” and by striking out “operator” and substituting “licensee”.

(30) The following is added before section 51:

Actions re
principals

51.1(1) Where a licensee

- (a) contravenes or fails to comply with an order of the Board, or
- (b) has an outstanding debt to the Board, or to the Board to the account of the orphan fund under the *Oil and Gas Conservation Act*, in respect of discontinuation, abandonment or reclamation costs,

and the Board considers it in the public interest to do so, the Board may make a declaration setting out the nature of the contravention, failure to comply or debt and naming one or more directors, officers, agents or other persons who in the Board’s opinion were directly or indirectly in control of the licensee at the time of the contravention, failure to comply or failure to pay.

(2) The Board may not make a declaration under subsection (1) unless it first gives written notice of its intention to do so to the affected directors, officers, agents or other persons and gives them at least 10 days to show cause as to why the declaration should not be made.

(3) Where the Board makes a declaration under subsection (1), the Board may, subject to any terms and conditions it considers appropriate,

- (a) suspend any operations of a licensee under this Act or the *Oil and Gas Conservation Act* or of an

specified in the certificate, but the certificate of approval does not give an operator

(i) any right or entitlement to a certificate of title under the Land Titles Act for the interest in land acquired by the operator by the certificate of approval, or

(ii) the right to carry away sand, gravel, clay or marl from the land in respect of which the certificate of approval was granted,

and

(b) the certificate of approval shall be deemed to be an instrument referred to in section 72 of the Land Titles Act.

(29) Section 50 presently reads:

50 Subject to section 48(2), if the location of a right of way is precisely defined in the permit, the powers granted by this Part to the operator of the pipeline apply to land within that location.

(30) New section imposing sanctions where a responsible individual is associated with more than one company.

approval holder under the *Oil and Gas Conservation Act*,

- (b) refuse to consider any application for an identification code, licence or approval from an applicant under this Act or the *Oil and Gas Conservation Act*,
- (c) refuse to consider an application to transfer a licence under this Act or the *Oil and Gas Conservation Act* or an approval under the *Oil and Gas Conservation Act*,
- (d) require the submission of abandonment and reclamation deposits in an amount determined by the Board prior to granting any licence, approval or transfer to an applicant, transferor or transferee under the *Oil and Gas Conservation Act*, and
- (e) require the submission of abandonment and reclamation deposits in an amount determined by the Board for any wells or facilities of any licensee or approval holder under the *Oil and Gas Conservation Act*,

where the person named in the declaration is the licensee, approval holder, applicant, transferee or transferor referred to in clauses (a) to (e) or is a director, officer, agent or other person who, in the Board's opinion, is directly or indirectly in control of the licensee, approval holder, applicant, transferee or transferor referred to in clauses (a) to (e).

(4) This section applies in respect of a contravention, failure to comply or debt whether the contravention, failure to comply or debt arose before or after the coming into force of this section.

(31) Section 51(2)(a) and (c) are amended by striking out “, permit”.

(32) In the following provisions, “permit” is struck out wherever it occurs and “licence” is substituted:

section 7(1), (2);
section 11(1), (2);
section 12(1), (3);
section 13(3)(a), (b);
section 13.2(b), (c), (d), (e);
section 14;

(31) Consequential to change from permits to licences.

(32) Consequential to change from permit to licence.

section 15;
section 18.

(33) In the following provisions, “permittee” is struck out and “licensee” is substituted:

section 11(2);
section 12(1);
section 13.2.

(34) In the following provisions, “permit or” is struck out wherever it occurs:

section 26;
section 31(1)(c), (2);
section 51(2)(b).

(35) In the following provisions “permittee or” is struck out wherever it occurs:

section 13(1);
section 26;
section 34(1);
section 35(2);
section 42.1.

(36) The *Municipal Government Act* is amended by repealing section 284(1)(p)(i)(A) and substituting the following:

(A) the licensee, as defined in the *Pipeline Act*,

(37) This section comes into force on Proclamation.

(33) Consequential to change from permits to licences.

(34) Consequential to change from permits to licences.

(35) Consequential to change from permits to licences.

(36) Consequential changes resulting from change from permit to licence.

(37) Coming into force.