

2019 Bill 12

First Session, 30th Legislature, 68 Elizabeth II

THE LEGISLATIVE ASSEMBLY OF ALBERTA

BILL 12

ROYALTY GUARANTEE ACT

THE MINISTER OF ENERGY

First Reading

Second Reading

Committee of the Whole

Third Reading

Royal Assent

BILL 12

2019

ROYALTY GUARANTEE ACT

(Assented to _____, 2019)

Preamble

WHEREAS the Government of Alberta desires to create investment certainty for oil and gas investors and producers in Alberta;

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

Amends RSA 2000 cM-17

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

2 Section 34(1) is amended by striking out “The royalty” and substituting “Subject to section 34.1, the royalty”.

3 The following is added after section 34:

Royalty structures – legislative framework guarantee

34.1(1) In this section,

- (a) “fundamental restructuring” does not include adjustments or changes made
 - (i) to simplify or streamline cost calculations, processes, reporting or other similar requirements of an enactment or policy,
 - (ii) to address significant changes in technology and world markets,

Explanatory Notes

1 Amends chapter M-17 of the Revised Statutes of Alberta 2000.

2 Section 34(1) presently reads:

34(1) The royalty reserved to the Crown in right of Alberta on a mineral recovered pursuant to an agreement shall be the royalty prescribed from time to time by the Lieutenant Governor in Council.

3 Royalty structures — legislative framework guarantee.

(iii) in accordance with an enactment in force on the date this section comes into force, except as otherwise provided in this section, or in accordance with a relevant policy, including the planned transition to the Modernized Royalty Framework, 2017, or

(iv) where the Government of Alberta considers that the adjustments or changes are appropriate and consistent with this section;

(b) “hydrocarbon” does not include coal;

(c) “legislative framework” does not include the *Petroleum Marketing Act* and the regulations under that Act.

(2) For a period of 10 years after this section comes into force, no fundamental restructuring of the legislative framework generally applicable to hydrocarbon royalties reserved to the Crown in right of Alberta shall be implemented.

(3) Subject to the regulations, no fundamental restructuring of the legislative framework applicable to hydrocarbon royalties reserved to the Crown in right of Alberta in place on the date a well commences production shall be implemented with respect to that well for a period of 10 years after that date.

(4) For greater certainty, “the legislative framework applicable to hydrocarbon royalties reserved to the Crown in right of Alberta in place on the date a well commences production” in subsection (3) includes the planned transition to the Modernized Royalty Framework, 2017, which will apply to that well according to the terms in force on the date the well commences production.

4 Section 36(1) is amended by adding the following after clause (f):

(g) respecting the administration, implementation and operation of section 34.1 generally or with respect to a well or mine or a class of wells or mines;

(h) respecting the legislative framework with respect to a well or a class of wells under section 34.1(3);

4 Section 36(1)(f) presently reads:

36(1) The Lieutenant Governor in Council may make regulations

- (f) respecting the waiver or variation of all or part of the royalty on a mineral and the termination of any such waiver or variation before any date, or before the passing of any time period, specified in the regulations by which the waiver or variation is to expire.*

- (i) defining any word or expression used but not defined in clauses (g) and (h) and section 34.1;
- (j) further clarifying the definition of “fundamental restructuring”, “hydrocarbon” or “legislative framework” in section 34.1(1) for the purposes of section 34.1;
- (k) respecting any other matter relating to section 34.1.

