

Bill No. 69 of 1942

A BILL TO AMEND AND CONSOLIDATE THE OIL
AND GAS WELLS ACT, 1931.

NOTE.

This Bill is to re-enact with minor changes *The Oil and Gas Wells Act, 1931*, because some of the powers granted under that Act were affected by the amendment to the Natural Resources Agreement ratified by chapter 14 of the Statutes of Alberta, 1938. To remove any doubt as to the right of the Province to exercise these powers it is deemed advisable to re-enact the statute.

The Act is to come into force upon proclamation after the validation of an agreement between the Dominion and the Province dated March 16, 1942, further amending the Natural Resources Agreement.

W. S. GRAY,
Acting Legislative Counsel.

(This note does not form any part of the Bill but is offered in explanation of its provisions.)

BILL

No. 69 of 1942.

An Act to amend and consolidate the Oil and Gas Wells Act

(Assented to _____, 1942.)

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

1. This Act may be cited as "*The Oil and Gas Wells, Act, 1942.*"

2. This Act shall apply to all oil and gas wells, whether drilled before or after the coming into force of this Act, and notwithstanding the terms of any lease or grant from the Crown in the right of Canada, or from any other person to the contrary.

3.—(1) The Lieutenant Governor in Council may from time to time make regulations,—

- (a) forbidding any person to drill or to undertake to drill any oil well or gas well unless he is licensed so to do by the Minister of Lands and Mines;
- (b) prescribing the form and manner in which an application for a license is to be made to the Minister and the procedure governing the inquiries and investigations to be made by or on behalf of the Minister prior to the granting or refusal of such license;
- (c) forbidding the drilling of any oil well or gas well in any land whatsoever within a prescribed distance of the limits of such land or of the boundary of any road or road allowance;
- (d) requiring notice of intention to drill before drilling and of intention to abandon drilling before abandonment thereof;
- (e) as to the location of the points at which drilling for oil and gas may be done, including the distances between or off-setting of any such points;
- (f) prescribing the methods to be employed in any drilling operations, and making provision for shutting off water;
- (g) prescribing the measures to be adopted to confine any gas, oil or water encountered during drilling operations to the original strata for such periods

as may be deemed advisable, and to protect any of the contents of such strata from infiltration, inundation and migration;

- (*h*) as to the kind and nature of tools, casing and equipment which may be used for drilling, either generally or in any specified case, and regulating the construction, alteration or use of any works, machinery, plant or appliance in and for the development, production, transmission, supply, distribution, measurement, consumption or handling of any natural gas or oil;
- (*i*) providing for the registration of all persons having charge of any drilling operations and prohibiting the carrying on of any drilling operations unless the same are conducted under the continuous and personal supervision of a person or persons registered as having charge thereof;
- (*j*) prohibiting the drilling through oil, gas, water, coal or other minerals without taking adequate measures to confine any oil, gas or water to its own strata, and to protect any coal seam or any workings therein from injury, and to prescribe the nature and extent of such measures either generally or in any specified case;
- (*k*) requiring the provision of proper anchorage, casing and cementation of well casings;
- (*l*) requiring the keeping of accurate logs, and the taking of and keeping of geological samples and cores and samples of all oil, gas and water encountered, and the frequency of such taking by the persons responsible for or engaged in the drilling of oil and gas wells;
- (*m*) prescribing the measures to be taken before the commencement of drilling and during drilling with the object of conserving any gas, oil or water likely to be met with;
- (*n*) as to the methods of operation to be observed during drilling, and in the subsequent management and conduct of any oil well for the protection of life and property and for the avoidance, prevention and extinguishment of fires;
- (*o*) as to the records to be kept, the manner and form thereof, and the persons by whom and the place at which the same are to be kept;
- (*p*) as to the reports to be made, the persons to make the same, the authority or person to whom the same are to be made, the times of making the same, and the form, nature and extent thereof;
- (*q*) as to the tests to be made for any purpose, the nature thereof, and the times at which the same are to be made;

- (r) as to taking the closed-in pressure and open-flow capacity of gas wells and the times of taking the same;
- (s) as to the time and method of shooting wells, and as to the notices to be given of intention to shoot any well;
- (t) restricting the production of any wells producing any gas or oil, or both, to any prescribed percentage of the open flow capacity, and prescribing the percentage of permissible extraction as to any specified gas well, or the gas wells in any specified area or areas or all gas wells;
- (u) prescribing the proportion, or maximum amount of natural gas or oil, or both, which may be produced from any area or areas during any specified time or indefinitely;
- (v) as to the inspection of oil and gas wells, both during and after drilling, and providing for the taking over of any such wells as are a menace to oil, gas or water-bearing formations or to life or property if, upon inspection, the same are found to require remedial measures to be taken, and for the execution of such measures at the cost of the owners thereof;
- (w) providing for the capping of or otherwise closing in of wells for the purpose of preventing waste;
- (x) generally to conserve gas and oil, or to prevent waste or improvident disposition thereof, to prevent the production and disposal of natural gas or oil in any manner likely to threaten the common reservoirs thereof with premature exhaustion, or to compel the drilling for and the marketing of gas and oil in accordance with the most approved practices; to require the cleaning out or deepening, or both, of any wells; and to control the production, transmission, distribution, sale, disposal and consumption of all natural gas or oil produced in Alberta;
- (y) prescribing the maximum price at which fuel oil produced at any well shall be sold at the well to purchasers taking delivery thereof at the well, or that such price shall be the price as fixed from time to time by the Board of Public Utility Commissioners; and prescribing the terms and conditions of sale thereof;
- (z) respecting any other matter reasonably incidental to the development and drilling of any oil or gas wells, the operation and management thereof, and any production therefrom;
- (aa) requiring that no person shall commence to drill any well for the purpose of getting either oil or gas unless and until he has furnished to some person nominated for that purpose by the Lieutenant Governor in Council, a sufficient bond, either with or without sureties, in a sum not in excess of ten

thousand dollars in the case of a single well, or not in excess of fifty thousand dollars in the case of a number of wells which are being drilled or to be drilled by the principal named in the bond, in favour of the person nominated as aforesaid, to the use of the Province, to secure that the drilling operations at any or all of such wells shall be conducted in accordance with the regulations for the time being in force governing such drilling operations; and that the amount of the bond, subject as aforesaid, and its form, contents and sufficiency, shall be within the discretion of the person nominated as aforesaid.

(2) Every person who contravenes any regulation made pursuant to this Act shall be guilty of an offence, punishable upon summary conviction by a fine which, in the case of a corporation, shall not exceed one thousand dollars for a single offence, or one hundred dollars a day for a continuing offence, and in the case of a natural person, shall not exceed one hundred dollars for a single offence, or twenty dollars a day for a continuing offence, together with costs in every case.

(3) The Lieutenant Governor in Council may prescribe that the penalty for the breach of any specified regulation shall be any sum not in excess of the sums set out in subsection (2) of this section.

4. Every person having the ownership, operation, management or control of any well at which any fuel oil is produced shall sell and deliver any such fuel oil for cash to any person taking delivery thereof at the well at the price for the time being prescribed under the provisions of the last foregoing section, notwithstanding the terms of any contract or agreement whatsoever as to the disposal of the whole or any part of the production of the well, and every person having the ownership, operation, management or control of any well at which any fuel oil is produced who has any such fuel oil in his possession at the time and refuses to make delivery to a purchaser as required by this section, shall be guilty of an offence and liable on summary conviction to a fine of not more than two hundred and fifty dollars and costs.

5. The Lieutenant Governor in Council may from time to time appoint advisory committees or boards consisting of competent persons, who shall hold office upon such terms and conditions as to remuneration or otherwise and perform such duties as the Lieutenant Governor in Council may prescribe for the purpose of inquiring into any matter or thing of a technical or scientific nature in relation to any gas or oil resources, or the drilling for oil or gas, or the management and operation of any oil or gas well, or the conservation of any source of supply of gas or oil, and making recommendations with reference thereto for the guid-

ance of the Lieutenant Governor in Council in making such regulations as will be effective and impose no greater hardship on individuals than is necessitated by the prime importance of conserving oil and gas.

6.—(1) All regulations made pursuant to this Act shall be laid upon the table of the Legislative Assembly within fifteen days after the commencement of the Session next held after the making of such regulations.

(2) All such regulations when made, shall, unless and until disallowed by the Legislative Assembly at its Session next held after the making of the same, have the same force and effect as if they were set out at length in this Act.

7. All licenses granted and all acts or things done by, in the name of, or on behalf of The Petroleum and Natural Gas Conservation Board under *The Oil and Gas Wells Act, 1931*, being chapter 46 of the Statutes of Alberta, 1931, and regulations passed pursuant thereto, are hereby approved, confirmed, ratified and validated.

8. *The Oil and Gas Wells Act, 1931*, being chapter 46 of the Statutes of Alberta, 1931, is hereby repealed.

9. This Act shall come into force upon a day to be fixed by proclamation of the Lieutenant Governor in Council.

No. 69.

SECOND SESSION
NINTH LEGISLATURE
6 GEORGE VI
1942

BILL

An Act to amend and consolidate The
Oil and Gas Wells Act, 1931.

Received and read the

First time

Second time

Third time

HON. MR. TANNER.

EDMONTON:
A. Shntka, King's Printer
1942