

Bill No. 70 of 1942.

A BILL TO RATIFY A CERTAIN AGREEMENT BETWEEN THE GOVERNMENT OF THE DOMINION OF CANADA AND THE GOVERNMENT OF THE PROVINCE OF ALBERTA.

NOTE.

This Bill validates an agreement made on the sixteenth day of March, 1942, between the Government of Canada and the Government of Alberta. The agreement, which amends the Natural Resources Transfer Agreement, has to be validated by Parliament and by the Legislature of Alberta. It is appended as a schedule to this validating Act. The object of the agreement is to extend the jurisdiction of the Legislature over contracts to purchase or lease petroleum or natural gas, subject to certain conditions and restrictions as to the royalty to be collected which are set out in the 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. 70 of 1942.

An Act to ratify a certain Agreement between the Government of the Dominion of Canada and the Government of the Province of Alberta.

(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. An Agreement dated the sixteenth day of March, 1942, and made between the Government of the Dominion of Canada, represented therein by the Honourable Thomas Alexander Crerar, Minister of Mines and Resources, of the first part, and the Government of the Province of Alberta, represented therein by the Honourable Nathan Eldon Tanner, Minister of Lands and Mines, of the second part, and set forth in the Schedule to this Act, is hereby approved, ratified and confirmed.

2. This Act shall come into force on the day upon which it is assented to.

SCHEDULE.

MEMORANDUM of Agreement made this sixteenth day of March, A.D. 1942,—

BETWEEN:

The Government of the Dominion of Canada, represented herein by the Honourable Thomas Alexander Crerar, Minister of Mines and Resources, of the First Part;

and

The Government of the Province of Alberta, represented herein by the Honourable Nathan Eldon Tanner, Minister of Lands and Mines, of the Second Part.

Whereas the Agreement entered into between the parties hereto on the fourteenth day of December, A.D. 1929 (hereinafter referred to as the Natural Resources Transfer Agreement), was duly approved by the Parliament of Canada and the Legislature of the Province, and upon an address to His Majesty from the Senate and House of

Commons of Canada, was confirmed and declared to have the force of law by an Act of the Parliament of the United Kingdom of Great Britain and Northern Ireland entitled "The British North America Act, 1930" being chapter 26 of the Imperial Statutes, 20-21, George V;

And whereas by paragraph 24 of the said Natural Resources Transfer Agreement it was agreed that the provisions of the said Agreement might be varied by an Agreement confirmed by concurrent statutes of the Parliament of Canada and the Legislature of the Province;

And whereas the said Natural Resources Transfer Agreement came into force, in virtue of a further Agreement between the parties hereto, dated the twenty-ninth day of July, A.D. 1930, which was duly confirmed by concurrent statutes of the Parliament of Canada and the Legislature of the Province, on the first day of October, A.D. 1930;

And whereas the said Natural Resources Transfer Agreement provided for the transfer to the Province of the interest of the Crown in all Crown lands, mines and minerals (precious and base) and the royalties derived therefrom within the Province, and all sums due or payable for such lands, mines, minerals and royalties upon and subject to the terms and conditions therein set forth;

And whereas by paragraph 2 of the said Natural Resources Transfer Agreement the Province agreed that it would carry out, in accordance with the terms thereof, every contract to purchase or lease any Crown lands, mines or minerals and every other arrangement whereby any person had become entitled to any interest therein as against the Crown, and further agreed not to affect or alter any term of any such contract to purchase, lease or other arrangement by legislation or otherwise, except either with the consent of all the parties thereto, other than Canada, or in so far as any legislation may apply generally to all similar agreements relating to lands, mines or minerals in the Province or to interests therein, irrespective of who might be the parties thereto;

And whereas the said paragraph 2 was by Agreement dated the fifth day of March, A.D. 1938, and duly confirmed, varied by adding at the end thereof the following words: "or is legislation relating to the conservation of oil resources or gas resources or both by the control or regulation of the production of oil or gas or both, whether by restriction or prohibition and whether generally or with respect to any specified area or any specified well or wells or by repressuring of any oil field, gas field or oil-gas field, and, incidentally thereto, providing for the compulsory purchase of any well or wells."

And whereas it has been agreed between Canada and the said Province that the terms of said paragraph 2 as so varied should be modified as herein set out;

Now therefore this Agreement witnesseth that:

1. Paragraph 2 of the said Natural Resources Transfer Agreement as amended by Agreement dated the fifth day of March, A.D. 1938, and duly confirmed by the Parliament of Canada and the Legislature of the Province is amended by adding at the end thereof the following words:

“Provided, however, that the provisions of this paragraph shall not apply to any contract to purchase or lease petroleum or natural gas or to any other arrangement whereby any person prior to the first day of October, one thousand nine hundred and thirty, had become entitled to any interest in such petroleum or natural gas as against the Crown.”

2. The amendment to paragraph 2 of the Natural Resources Transfer Agreement provided for in the foregoing paragraph of this Agreement is subject to the following terms and conditions with respect to the royalty of the Crown in the right of the Province upon petroleum and natural gas, namely:

(a) Save as is provided by paragraph (b) hereof, the royalty to be computed, levied and collected on all products, other than natural gas for which provision is made in paragraphs (c) and (d) hereof, obtained by separation from every location acquired under the provisions of the regulations heretofore established by the Dominion of Canada or by the Province of Alberta for the Disposal of Petroleum and Natural Gas Rights in Provincial Lands and School Lands, shall from each well on the location be that per centum of the products obtained from such well equivalent to the square root of the average daily production for each day the well had been on production during the calendar month for which the return is made to the Department of Lands and Mines free and clear of any deductions whatsoever; provided that, where as the result of an order or a direction of the Minister of Lands and Mines, The Petroleum and Natural Gas Conservation Board or other competent authority, a well is operated intermittently and in consequence of such operation the royalty payable is in excess of the royalty which would be payable if the well had operated continuously, then the royalty to be computed, levied and collected shall not exceed the square root of the average daily production during the calendar month for which the return is made to the Department of Lands and Mines free and clear of any deductions whatsoever; provided further that until the thirty-first day of May, 1951, the royalty to be levied and collected on all such products obtained from every location acquired under the provisions of the regulations heretofore established by the Dominion of Canada or by the Province of Alberta for the Disposal of Petroleum and Natural Gas Rights in Provincial Lands and School Lands, shall from each well on the location not exceed a rate of fifteen per centum (15%) and shall not be less than five per centum (5%) of such products obtained from such well during the calendar month for which the

return is made to the Department of Lands and Mines, free and clear of any deductions whatsoever; provided further that the person responsible to the Crown for the payment of the royalty to be levied and collected on all such products obtained from every location acquired under the provisions of the regulations heretofore established by the Dominion of Canada or by the Province of Alberta for the Disposal of Petroleum and Natural Gas Rights in Provincial Lands and School Lands may elect to pay during the said period ending the thirty-first day of May, 1951, a royalty at the rate of twelve and one-half per centum ($12\frac{1}{2}\%$) of all such products obtained from the location during the calendar month for which a return is made to the Department of Lands and Mines, free and clear of any deductions whatsoever, and such election shall be determined by the first return filed with the said Department of Lands and Mines after the coming into force of this Agreement.

(b) The royalty to be computed, levied and collected on all products obtained by separation from the wells set out in the Schedule attached to this Agreement shall be ten per centum (10%) of the amount of all products obtained by separation from each such well, free and clear of any deductions whatsoever.

(c) The royalty to be computed, levied and collected on all products obtained through absorption plants or other process of a similar nature and not by gravity from every location acquired under the provisions of the regulations heretofore established by the Dominion of Canada or by the Province of Alberta for the Disposal of Petroleum and Natural Gas Rights in Provincial Lands and School Lands shall from each well on the location be fifteen per centum (15%) of the amount received by the lessee or grantee for such products, provided that where the lessee or grantee is also the operator of the absorption plant the royalty to be computed, levied and collected shall be fifteen per centum (15%) of the amount which would be paid to the lessee or grantee if the lessee or grantee and the operator of the absorption plant were not one and the same person.

(d) The royalty to be computed, levied and collected on natural gas obtained from every location, acquired under the provisions of the regulations heretofore established by the Dominion of Canada or by the Province of Alberta for the disposal of petroleum and natural gas in Provincial Lands and School Lands, consumed for some useful purpose off the location or sold shall be fifteen per centum (15%) of the selling price or fair value at the time and place of production, provided that for the purposes of this paragraph each sub-lease shall be deemed to be a location; provided further that in no event shall the royalty to be computed, levied and collected as herein provided be less than one-quarter of one cent ($\frac{1}{4}c$) per thousand cubic feet (mcf).

(e) The royalties provided for in sub-paragraphs (a), (b), (c) and (d) of this paragraph shall be due and payable as and from the thirty-first day of May, 1941.

3. Notwithstanding any of the terms and conditions of this Agreement, save paragraph 2 (b) the royalty to be payable to the Crown in the right of the Province of Alberta on and after the first day of June, 1951, with respect to petroleum and natural gas produced from locations acquired either under regulations heretofore established by the Dominion of Canada or by the Province of Alberta shall be such as may at any time or from time to time be prescribed by order of the Lieutenant Governor in Council.

4. This Agreement is made subject to its being approved by the Parliament of Canada and by the Legislature of the Province of Alberta, and shall take effect on the first day of the calendar month beginning next after its approval as aforesaid, whichever approval, that of the Parliament of Canada or that of the Legislature of the Province, shall be later in date.

In witness whereof the Honourable Thomas Alexander Crerar, Minister of Mines and Resources, has hereunto set his hand on behalf of the Dominion of Canada and the Honourable Nathan Eldon Tanner, Minister of Lands and Mines, has hereunto set his hand on behalf of the Province of Alberta.

Signed on behalf of the Government of Canada by the Honourable Thomas Alexander Crerar, Minister of Mines and Resources, in the presence of: } (Signed) T. A. CRERAR.
(Signed) C. W. JACKSON. }

Signed on behalf of the Government of Alberta by the Honourable Nathan Eldon Tanner, Minister of Lands and Mines, in the presence of: } (Signed) N. E. TANNER.
(Signed) T. C. RANKINE. }

SCHEDULE.

Township 18, Range 2, West *Well Name and Number*
Fifth Meridian—

Section 16.....	Brown No. 1. Brown No. 5. Firestone No. 1. Frontier No. 1. Okalta No. 7. Okalta No. 8. Royal Canadian No. 2.
Section 20.....	Brown No. 2. Deep Oils No. 1. Intercity No. 1. Monarch No. 1. Royal Canadian No. 1. Spyhill No. 1. Sunset No. 1. Sunset No. 2. United No. 5. York No. 1. York No. 2. York No. 3.
Section 28.....	B. & B. Royalties No. 1. Four Star No. 1. Model Spooner Reward No. 1. Three Point No. 1. Turner Valley Royalties No. 1.
Section 29.....	Command No. 1. Command No. 2. Commoil No. 1. Commoil No. 2. Commoil No. 3. Commoil No. 4. Davies No. 1. Globe No. 1. Granville No. 1. Model Spooner Reward No. 2. National No. 1. Royal Canadian No. 3. Royalite No. 31. Royalite No. 39. Share No. 1. Sunburst No. 1.

Township 18, Range 2, West *Well Name and Number*
Fifth Meridian (Cont.)—

Section 32 British Colonial No. 1.
Davies No. 4.
Harris No. 2.
Oil Ventures No. 1.
Pacific No. 1.
Pacific No. 2.
Pacific No. 3.
Pacific No. 4.
Royal Canadian No. 4.
Royal Crest No. 1.
Royalite No. 28.
Royalite No. 30.
Royalite No. 36.
Royalite No. 42.
Westflank No. 1.
Westflank No. 2.
Westflank No. 3.

Township 19, Range 2, West
Fifth Meridian—

Section 6 Allied Royalties No. 1.
East Crest No. 4.
East Crest No. 5.
Kamalta No. 1.

Section 18 Calmont Northwest No. 1.
Calmont Northwest No. 2.
Calmont Northwest No. 3.
Calmont Northwest No. 4.
Davies No. 5.
Okalta No. 9.
Okalta No. 10.

Township 19, Range 3, West
Fifth Meridian—

Section 12 United B. A. No. 1.

Section 24 Atlas No. 1.
British Alberta Brown No. 2.
Independent Royalties No. 1.
Okalta No. 11.
Regal No. 1.
Renown No. 1.

Section 35 Anglo-Phillips No. 2.

Township 20, Range 3, West *Well Name and Number*
Fifth Meridian—

Section 14.....	Royalite No. 56.
Section 15.....	Anglo-Phillips No. 1. Home-Millarville No. 8. Royalite No. 47.
Section 22.....	Model No. 1. Model No. 2. Royalite No. 43. Royalite No. 58. Royalite-Model No. 1.
Section 28.....	Home-Millarville No. 4. Home-Millarville No. 5. Home-Millarville No. 6.
Section 34.....	Alberta Oil Incomes No. 1. Major No. 1.

Township 21, Range 3, West
Fifth Meridian—

Section 4.....	Ace No. 1. Alberta Oil Incomes No. 2. Major No. 2. Miracle Royalties No. 1.
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SECOND SESSION
NINTH LEGISLATURE
6 GEORGE VI
1942

BILL

An Act to Ratify a certain Agreement between the Government of the Dominion of Canada and the Government of the Province of Alberta.

Received and read the

First time

Second time.....

Third time.....

HON. MR. TANNER.

EDMONTON:
A. Shnitka, King's Printer
1942