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TURNER VALLEY UNIT OPERATIONS ACT

Chapter T-9

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

Definitions

1 In this Act,

- (a) “Board” means the Energy Resources Conservation Board;
- (b) “gas” means natural gas both before and after it has been subjected to any processing, and includes all fluid hydrocarbons not defined as oil;
- (c) “oil” means crude oil and all other hydrocarbons, regardless of gravity, that are or can be recovered in liquid form from a pool through a well;
- (d) “owner” means the person or persons who have the right to produce oil or gas from the portion of the pool within a tract;
- (e) “pool” means the pool in the Turner Valley formation of the Rundle group within the Turner Valley Field, as that field is designated from time to time by the relevant subsisting order of the Board made pursuant to the *Oil and Gas Conservation Act*;
- (f) “tract” means a parcel of land in which
 - (i) a person, or
 - (ii) persons jointlyhave the right to produce oil or gas from the portion of the pool within the parcel of land;
- (g) “unit” means the portion of the pool vertically beneath the land described in an order made under this Act and being the portion of the pool subject to a unit operation;
- (h) “unit operation” means the combining of all interests in a unit so that
 - (i) the operations will be conducted as if there were only one operator and one tract, and
 - (ii) the costs of the operations and the oil or gas produced by them will be allocated to tracts according to a formula or a schedule;

- (i) “unit operation order” means an order under section 3;
- (j) “unit operator” means the person designated as unit operator in, or pursuant to, an order under this Act;
- (k) “unit tract” means a tract or any part of a tract within a unit;
- (l) “waste” and “well” have the meanings given to them in the *Oil and Gas Conservation Act*.

RSA 1980 cT-12 s1;1983 c37 s76

Binding of Crown

2 The Crown is bound by this Act.

RSA 1980 cT-12 s2

Application for unit operation

3(1) If the owners of tracts with respect to a part of the pool are unable to or do not agree to consolidate, merge or otherwise combine their interests for the purpose of accomplishing the more efficient and more economical development, production and recovery of the oil or gas in the part of the pool, any one or more of the owners may apply to the Board to have that part of the pool operated as a unit operation.

(2) The Board shall hear an application that is made by owners of tracts embracing over 50% of the land containing the part of the pool in respect of which the application is made, and may, in its discretion, hear an application made by owners of tracts embracing less than 50%.

(3) If the Board after a public hearing is satisfied that a unit operation would prevent waste, the Board may order that the part of the pool in respect of which the application is made, or as reduced or increased by the Board, be operated as a unit operation.

RSA 1980 cT-12 s3

Order for unit operation

4(1) A unit operation order may set out

- (a) the date on which it comes into force,
- (b) a description of the land containing the unit,
- (c) a description of each unit tract,
- (d) a general description of the operations to be conducted,

- (e) a formula or schedule providing for an allocation to each unit tract of its share of the oil and gas produced from the unit and not required or consumed in the unit operation or unavoidably lost,
- (f) a provision for the adjustment among the owners of unit tracts for their respective investments contributed to the unit operation,
- (g) a provision for the consideration of the net amount charged in accordance with clause (f) against the owner of each unit tract as an expense of the unit operation,
- (h) a provision for charging the expenses of the unit operation, including capital investments, to the unit tracts, and for determining by whom the expenses chargeable to a unit tract shall be paid,
- (i) a provision for the establishment of an operators' committee, unless the circumstances warrant the elimination of a requirement for an operators' committee,
- (j) a provision for determining the voting interest of each member of the operators' committee, if provision is made for a committee,
- (k) a provision determining the method of voting on any motion before the operators' committee, if provision is made for a committee, and the percentage of votes required to carry the motion,
- (l) a provision for the appointment from time to time of a person to be known as the unit operator who will
 - (i) be responsible for the management and conduct of the unit operation, and
 - (ii) if provision is made for an operators' committee, be under the direction and supervision of the committee,
- (m) a provision specifying that if the person responsible for paying the expenses chargeable to a unit tract fails to do so, the unit operator
 - (i) may appropriate and sell the production of oil and gas allocated to the unit tract to the extent necessary to recover the amount of those expenses, and
 - (ii) will have a first lien on the interest of the owner of the unit tract in the equipment of the unit operation

until payment is made of the amount of expenses charged to the unit tract,

- (n) a provision specifying the manner in which and the circumstances under which the unit operation will terminate, and
- (o) any further provisions, terms and conditions the Board determines as being necessary for the efficient performance of the unit operation.

(2) If the operators' committee, when provision is made for a committee, fails to appoint a unit operator before a date specified by the Board, the Board shall appoint the unit operator.

RSA 1980 cT-12 s4

Amendment of order

5 The Board may amend a unit operation order on its own motion or on the application of an interested person.

RSA 1980 cT-12 s5;1991 c36 s2

Amending order

6(1) On application by the unit operator or the owner to add a tract to an adjacent unit, the Board after a hearing may add the tract to the unit and amend the unit operation order accordingly if the tract is not included in an existing unit.

(2) An amending order made under subsection (1) must not vary the ratio of allocation of production between unit tracts established under the unit operation order.

RSA 1980 cT-12 s6;1984 c55 s43

Units previously established

7(1) A unit operation order may provide that a unit established under it include a unit established by a previous order.

(2) The order, in providing for allocation of production from the new unit, shall not vary the ratio of allocation of production between unit tracts established in the previous order.

RSA 1980 cT-12 s7

Property held as trustee

8(1) All property acquired by the unit operator for a unit operation shall be held by the unit operator as trustee and agent for and on behalf of the owners of the unit tracts.

(2) The unit operation order shall be construed as an operating arrangement and shall not be construed as affecting or transferring title to the unit operator or entitling an owner of a unit tract to an undivided interest in other unit tracts included in the unit.

RSA 1980 cT-12 s8;1984 c55 s43

Conduct and management

9(1) The unit operator for a unit operation shall exercise generally all the powers incidental to the proper conduct and management of the unit operation.

(2) The unit operator may contract and may sue and be sued in the unit operator's own name with respect to the duties, functions and powers imposed or conferred on the unit operator by or pursuant to this Act.

(3) The unit operator shall not be liable on the claim of an owner of a unit tract except for the oil or gas allocated to the unit tract or in a case of gross negligence or wilful misconduct.

RSA 1980 cT-12 s9

Effect of order

10(1) On and after the date on which a unit operation order comes into force and while the order remains in force, no person shall carry on any operation within the unit, except in accordance with the provisions of the order.

(2) No person having an interest in a unit tract shall assign, transfer, mortgage or otherwise dispose of less than the person's entire interest.

RSA 1980 cT-12 s10;1984 c55 s43

Owner unknown

11 When in the opinion of the Board the unit operator has made a reasonable and diligent search and has been unable to locate an owner of a unit tract or the owner's authorized agent, the unit operator shall

- (a) sell the production allocated to that unit tract,
- (b) pay out of the proceeds of sale the costs and expenses payable with respect to the unit tract, and
- (c) pay the balance of the proceeds to the Board to be held by the Board in trust for the owner
 - (i) until the owner or the owner's authorized agent is located, or

- (ii) pending the order of a judge.

RSA 2000 cT-9 s11;2006 c23 s79

Disputes

12 When a dispute arises as to the person entitled to receive the production allocated to a unit tract, the unit operator

- (a) shall sell the production with respect to which the dispute has arisen,
- (b) may pay out of the proceeds of sale the costs and expenses payable with respect to the unit tract, and
- (c) shall pay the balance of the proceeds to the Board to be held by the Board in trust pending an order of a judge or until a settlement has been reached by the parties.

RSA 2000 cT-9 s12;2006 c23 s79

Trust money

13 When money is paid to and held by the Board under section 11 or 12

- (a) the owner of the unit tract is not accordingly entitled to any interest or penalty, and
- (b) the payment of the money for the purposes of any contract or other arrangement is deemed to have been made when the money was paid to the Board.

RSA 2000 cT-9 s13;2006 c23 s79

Operations

14 When operations are carried on or conducted under and in accordance with a unit operation order

- (a) the operations are for all purposes except for the payment of any rent and royalty deemed to be operations carried on or conducted on each unit tract in the fulfilment of all obligations of the owner of the unit tract under each lease or contract applicable to the unit tract, and
- (b) the portion of the production allocated to each unit tract, and only that portion, is deemed to have been produced from the unit tract.

RSA 1980 cT-12 s14;1984 c55 s43

Liability of owner

15 The obligation or liability of an owner of a unit tract is at all times several and not joint, and in no event is the owner of a unit

tract chargeable with, obligated or liable, directly or indirectly, for more than the amount apportioned, assessed or otherwise charged to the unit tract pursuant to the unit operation.

RSA 1980 cT-12 s16

Filing of order

16(1) A unit operation order and any amending order may be filed against the title to the oil and gas in the unit

- (a) with the Registrar of Land Titles, or
- (b) if the unit contains oil and gas that are the property of the Crown, with the Minister of Resource Development.

(2) The Registrar of Land Titles or the Minister, on the filing and on payment of the proper fees, shall enter the order in any of the Registrar's or Minister's records and do any other things that are necessary to give effect to the filing of the order.

(3) When an order referred to in subsection (1) is filed

- (a) insofar as it affects oil and gas that are the property of the Crown, with the Minister, and
- (b) insofar as it affects other oil and gas, with the Registrar of Land Titles,

any interest in the oil and gas in each unit tract is subject to the order so long as it is in effect.

(4) When a unit operation order or an amending order is rescinded, the Board shall send copies of the rescinding order to the Minister and the Registrar of Land Titles, and, if the unit operation order or an amending order has been registered, the Minister or Registrar shall, without further fees, enter the rescinding order and do any other things necessary to give effect to the filing of it.

RSA 1980 cT-12 s17;1986 cD-18.1 s14;1996 c32 s5(49)

Oil and Gas Conservation Act

17 The Board may, for any period or periods that it decides, exempt a unit operator or a unit operation from any or all of the provisions of the *Oil and Gas Conservation Act*.

RSA 2000 cT-9 s17;2007 cA-37.2 s82(30)

18 Repealed 2007 cA-37.2 s82(30).

Order final

19 An order made under this Act is final and there is no appeal from it.

RSA 1980 cT-12 s20