



Province of Alberta

OIL AND GAS CONSERVATION ACT  
OIL SANDS CONSERVATION ACT  
RESPONSIBLE ENERGY DEVELOPMENT ACT

**CURTAILMENT RULES**

**Alberta Regulation 214/2018**

With amendments up to and including Alberta Regulation 258/2018

Current as of December 31, 2018

Office Consolidation

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### **Note**

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(Consolidated up to 268/2018)

**ALBERTA REGULATION 214/2018**

**Oil and Gas Conservation Act  
Oil Sands Conservation Act  
Responsible Energy Development Act**

**CURTAILMENT RULES**

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**Definitions**

- 1** In these Rules,
- (a) “crude bitumen” means crude bitumen as defined in the *Oil Sands Conservation Act*;
  - (b) “crude oil” means crude oil as defined in the *Oil and Gas Conservation Act*;
  - (c) “curtailment order” means an order of the Minister under section 5(1);
  - (d) “Minister” means the Minister of Energy;
  - (d.1) “oil sands project” means a Project as defined in the *Oil Sands Royalty Regulation, 2009* (AR 223/2008);
  - (e) “operator” means

- (i) in respect of crude bitumen, an operator as defined in the *Oil Sands Conservation Act*, and
- (ii) in respect of crude oil, a licensee or approval holder as defined in the *Oil and Gas Conservation Act*;
- (f) “processing plant” means a facility for obtaining oil sands products from oil sands, crude bitumen, de-asphalted bitumen or synthetic crude oil.

AR 214/2018 s1;268/2018

**Purpose**

**2** The purpose of these Rules is to

- (a) effect conservation and prevent wasteful operations,
- (b) prevent improvident disposition, and
- (c) ensure the economical development in the public interest of the crude bitumen and crude oil resources of Alberta.

**Application**

**3(1)** These Rules apply notwithstanding any production rates or limits set out in

- (a) any approvals, directives or orders issued by the Alberta Energy Regulator, or
- (b) any agreements or approvals under the *Mines and Minerals Act* that require or permit production at a rate greater than is permitted under a curtailment order.

**(2)** Where an operator does not begin producing crude oil or crude bitumen until after August 31, 2018, these Rules do not apply to the operator until the end of the 3-month period commencing when the operator begins to produce crude oil or crude bitumen.

**Combined provincial production allocation**

**4** Commencing for January 2019, the Minister may, by order, fix the combined provincial production allocation for a calendar month for crude oil and crude bitumen produced in Alberta.

**Curtailment order**

**5(1)** Subject to section 8, the Minister may, by order, in accordance with the Schedule, pro-rate the combined provincial production allocation for crude oil and crude bitumen for a calendar month among operators by fixing the combined amount of

crude oil and crude bitumen that may be produced by each operator.

(2) An operator shall not produce more than the combined amount of crude oil and crude bitumen that the operator is permitted to produce under a curtailment order.

(3) A copy of the orders made under subsection (1) and section 4 must be provided to the Alberta Energy Regulator, who shall on receipt provide the information to each operator to whom a curtailment order applies.

#### **Amendment of January 2019 curtailment order**

**5.1(1)** This section applies to a curtailment order that fixes the combined amount of crude oil and crude bitumen that an operator may produce in January 2019 to an amount less than 84% of the combined amount of crude oil and crude bitumen the operator produced in October 2018.

(2) The Minister shall, by order, amend a curtailment order to which this section applies by fixing the combined amount of crude oil and crude bitumen that the operator may produce in January 2019 to an amount that is 84% of the combined amount of crude oil and crude bitumen the operator produced in October 2018.

(3) This section applies notwithstanding that the effect of an order under subsection (2) is to cause the combined provincial production allocation for crude oil and crude bitumen for January 2019 to be exceeded.

AR 255/2018 s2

#### **Amendment of curtailment order to ensure safe operation**

**5.2(1)** This section applies in respect of the months of January, February and March of 2019.

(2) The Minister may amend an operator's curtailment order to increase the combined amount of crude oil and crude bitumen that may be produced by the operator in any month to which this section applies to an amount that the Minister considers sufficient for safe operation if the operator demonstrates to the satisfaction of the Minister that both of the following apply:

- (a) the operator is the operator of no more than one oil sands project that is producing crude bitumen;
- (b) the oil sands project or a processing plant that relies principally on oil sands products from the oil sands project cannot be operated safely in the month to which

the curtailment order applies if the operator complies with the curtailment order.

(3) An order under subsection (2) applies notwithstanding that the effect of the order is to cause the combined provincial production allocation for crude oil and crude bitumen for a month to be exceeded.

AR 268/2018 s3

#### **Joint ventures and partnerships**

6 Where an operator to whom a curtailment order applies comprises 2 or more persons carrying on business as a joint venture or partnership, the persons may enter into an agreement respecting the allocation of the combined production of crude oil and crude bitumen among themselves to comply with the curtailment order.

#### **Consolidation and transfer of allocations**

7(1) Two or more operators to whom curtailment orders apply may apply to the Minister for an order permitting the consolidation of the maximum amounts imposed under those curtailment orders.

(2) Where an order has been issued under subsection (1), the operators subject to the order may collectively produce an amount of crude oil and crude bitumen not greater than the consolidated maximum amount.

(3) The operators who are subject to an order under subsection (1) shall not collectively produce a combined amount of crude oil and crude bitumen greater than the consolidated maximum amount permitted under subsection (2).

(4) Two or more operators to whom curtailment orders apply may apply to the Minister for an order amending those curtailment orders to redistribute among those operators the amounts fixed under those curtailment orders.

(5) A copy of an order made under subsection (1) or (4) must be provided to the Alberta Energy Regulator, who shall on receipt provide the information to the operators to whom the order applies.

(6) An order made under subsection (1) or (4) may be subject to any terms or conditions imposed by the Minister, which must be complied with by the operators who are subject to the order.

#### **Exemptions**

8 The Minister shall not make a curtailment order in respect of an operator whose adjusted baseline production, as determined by the Minister in accordance with the Schedule, is not greater than zero.

**Amends AR 90/2013**

**9(1)** The *Responsible Energy Development Act General Regulation* (AR 90/2013) is amended by this section.

**(2)** Section 8.1 is amended by adding the following after clause (j):

(k) sections 5(2) and 7(3) and (6) of the *Curtailment Rules*.

**(3)** Section 8.1(k) is repealed on December 31, 2022.

**Repeal**

**10** These Rules are repealed on December 31, 2019.

**Schedule****Baseline production and adjusted  
baseline production**

**1(1)** For every operator, the Minister shall determine the following for every calendar month during which an order made under section 4 of these Rules applies:

(a) the baseline production;

(b) the adjusted baseline production.

**(2)** Subject to subsection (5), the baseline production for an operator is the number of barrels of crude oil and crude bitumen produced by the operator in the calendar month during which the operator's production was greatest in the one-year period commencing November 1, 2017.

**(3)** and **(4)** Repealed AR 268/2018 s4.

**(5)** The baseline production for an operator who did not, in any month, produce crude oil and crude bitumen at an average combined rate in excess of 10 000 barrels per day until a month commencing after October 2018 is the number of barrels of crude oil and crude bitumen produced by the operator during the month in which the operator first exceeded that average combined rate.

**(6)** The adjusted baseline production for an operator is the amount determined in accordance with the following formula:

$$A - (B \times C)$$

where

A is the baseline production for the operator;

B is 10 000 barrels of combined production of crude oil and crude bitumen per day;

C is the number of days in the month.

**Percentage of the aggregate adjusted baseline production allowable**

**2** For every calendar month during which an order made under section 4 of these Rules applies, the Minister shall determine the percentage of the adjusted baseline production allowable in accordance with the following formula:

$D / E$

where

D is the combined provincial production allocation determined by the Minister under section 4 of these Rules for the month;

E is the aggregate of the adjusted baseline production for all operators.

**Amount specified in a curtailment order**

**3** For every operator, the Minister shall determine the combined amount of crude oil and crude bitumen that may be produced by the operator in accordance with the following formula for every calendar month during which an order under section 4 of these Rules applies:

$(F \times G) + (H \times I)$

where

F is the adjusted baseline production for the operator as determined in section 1(6);

G is the percentage of the adjusted baseline production allowable as determined under section 2;

H is 10 000 barrels of combined production of crude oil and crude bitumen per day;

I is the number of days in the month.

AR 214/2018 Sched;255/2018;268/2018









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