



Province of Alberta

LIABILITIES MANAGEMENT STATUTES AMENDMENT ACT, 2020

Statutes of Alberta, 2020
Chapter 4

Assented to April 2, 2020

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Bill 12

LIABILITIES MANAGEMENT STATUTES AMENDMENT ACT, 2020

Chapter 4

(Assented to April 2, 2020)

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

Oil and Gas Conservation Act

Amends RSA 2000 cO-6

1(1) The *Oil and Gas Conservation Act* is amended by this section.

(2) Section 1(1) is amended

(a) by adding the following after clause (aa):

(aa.001) “impairment or damage” means impairment or damage that results in or could reasonably be expected to result in harm to the integrity of a well or facility or harm to the environment, human health or safety or property;

(b) in clause (cc) by striking out “trustee or receiver-manager” and substituting “receiver, receiver-manager, trustee or liquidator”;

(c) in clause (vv) by striking out “well or facility” and substituting “well, facility, well site or facility site”;

(d) by adding the following after clause (vv.1):

(vv.11) “remediation” means remediation within the meaning of the *Environmental Protection and Enhancement Act*;

(vv.12) “remediation costs” means the reasonable costs actually incurred in the remediation in respect of a well, facility, well site or facility site, and, whether or not an

application for a remediation certificate is made, includes such costs associated with assessment for the purpose of applying for a remediation certificate under the *Environmental Protection and Enhancement Act*;

(3) Section 4 is amended by repealing clause (c) and substituting the following:

- (c) to provide for the economic, orderly, efficient and responsible development in the public interest of the oil and gas resources of Alberta;
- (c.1) to provide for the responsible management of a well, facility, well site or facility site throughout its life cycle;

(4) Section 7 is amended by adding “subject to section 77,” after “The Regulator,”.

(5) Section 10 is amended

(a) in subsection (1)

(i) by adding the following after clause (p):

- (p.1) respecting reasonable care and measures to prevent impairment or damage in respect of a well, facility, well site or facility site;

(ii) by repealing clause (r) and substituting the following:

- (r) respecting costs of providing reasonable care and measures to prevent impairment or damage, suspension costs, abandonment costs, remediation costs and reclamation costs in respect of wells, facilities, well sites and facility sites;

(b) in subsection (2) by striking out “Sustainable Resource Development” and substituting “Parks”.

(6) Section 11 is amended

(a) in subsection (2)

(i) by striking out “or” at the end of clause (a);

(ii) by adding the following after clause (a):

- (a.1) on the direction or with the consent of the Regulator, a delegated authority under Part 11 may continue producing or injecting operations where it takes over

the management and control of a well under section 105, or

(b) by adding the following after subsection (2):

(2.1) Where a delegated authority takes over management and control of a well and is not the owner or holder of the mineral rights associated with the well, the delegated authority shall not undertake any production without the consent of the owner or holder of the mineral rights and the person who has the right to win, work and recover the minerals.

(7) Section 12 is amended

(a) in subsection (2)

(i) by striking out “or” at the end of clause (a);

(ii) by adding the following after clause (a):

(a.1) on the direction or with the consent of the Regulator, a delegated authority under Part 11 may continue operations referred to in subsection (1) where it takes over the management and control of a facility under section 105, or

(b) by adding the following after subsection (2):

(2.1) Where a delegated authority takes over management and control of a facility and is not the owner or holder of the mineral rights associated with the facility, the delegated authority shall not undertake any production without the consent of the owner or holder of the mineral rights and the person who has the right to win, work and recover the minerals.

(8) The following is added after section 26.1:

Reasonable care, measures to prevent impairment or damage

26.2(1) A licensee or approval holder shall provide reasonable care and measures to prevent impairment or damage in respect of a well, facility, well site or facility site.

(2) If, in the opinion of the Regulator, a licensee or approval holder has failed or is unable to provide reasonable care and measures to prevent impairment or damage in respect of a well, facility, well site or facility site, the working interest participants in the well, facility, well site or facility site shall provide reasonable care and measures to prevent impairment or damage in respect of the well, facility, well site or facility site.

(3) If reasonable care and measures to prevent impairment or damage in respect of a well, facility, well site or facility site are not being provided in a manner satisfactory to the Regulator, the Regulator may order the licensee, a working interest participant or a delegated authority under Part 11 to provide reasonable care and measures to prevent impairment or damage in respect of the well, facility, well site or facility site and may impose any terms or conditions that the Regulator determines are necessary in the order.

(4) The provision of reasonable care and measures to prevent impairment or damage in respect of a well, facility, well site or facility site must be carried out in accordance with the rules and any terms or conditions imposed by the Regulator.

(9) Section 30 is amended

(a) by repealing subsections (1) and (2) and substituting the following:

Costs

30(1) Subject to subsection (2), the suspension costs, abandonment costs, remediation costs and reclamation costs for a well and well site or facility and facility site must be paid by each working interest participant in accordance with their proportionate share in the well or facility.

(1.1) Subject to subsection (2), the costs paid by a person who is subject to an order under section 26.2(3) in providing reasonable care and measures to prevent impairment or damage in respect of a well, facility, well site or facility site must be paid by each working interest participant in accordance with their proportionate share in the well or facility.

(2) The Regulator may determine the costs referred to in subsection (1) or (1.1)

- (a) on the application of the person who provided the reasonable care and measures to prevent impairment or damage in respect of a well, facility, well site or facility site, or conducted the suspension, abandonment, remediation or reclamation, in the case of a well or facility that was operated, suspended, abandoned, remediated or reclaimed by a licensee, approval holder, working interest participant or agent, or
- (b) on the Regulator's own motion, in the case of a well or facility suspended, abandoned, remediated or reclaimed by a person authorized by the Regulator,

and the Regulator shall allocate those costs to each working interest participant in accordance with their proportionate share in the well or facility and shall prescribe a time for payment.

(b) in subsection (4)

- (i) by striking out** “well or facility” **and substituting** “well, facility, well site or facility site”;
- (ii) by striking out** “abandoned or reclaimed” **and substituting** “abandoned, remediated or reclaimed”;
- (iii) by striking out** “abandonment or reclamation” **and substituting** “abandonment, remediation or reclamation”;

(c) in subsection (5)

- (i) by striking out** “well or facility” **and substituting** “well, facility, well site or facility site”;
- (ii) by striking out** “or abandoned” **and substituting** “, abandoned, remediated or reclaimed”.

(10) Section 31(1)(c) is amended by striking out “suspension, abandonment or reclamation costs” **and substituting** “suspension costs, abandonment costs, remediation costs or reclamation costs”.

(11) Section 31.1(c) is amended by striking out “suspension, abandonment and reclamation costs” **and substituting** “suspension costs, abandonment costs, remediation costs and reclamation costs”.

(12) Section 32 is repealed and the following is substituted:

Extended obligation

32 Where a provision of this Act or the regulations or rules or an order of the Regulator imposes a responsibility, obligation or liability on a licensee, approval holder or working interest participant in respect of the reasonable care and measures to prevent impairment or damage or the operation, suspension, abandonment, remediation or reclamation in respect of a well, facility, well site or facility site or in respect of any matter arising out of the reasonable care and measures to prevent impairment or damage or the operation, suspension, abandonment, remediation or reclamation in respect of a well, facility, well site or facility site, the responsibility, obligation or liability extends also to associated equipment and non-licensed facilities that are located on the site or used in connection with

the reasonable care and measures to prevent impairment or damage or the operation, suspension, abandonment, remediation or reclamation in respect of the well, facility, well site or facility site, unless such equipment or facilities are exempted from the application of the provision by the regulations or rules.

(13) Section 70 is amended

(a) by repealing subsection (1) and substituting the following:

Use of fund

70(1) The orphan fund may be used

- (a) for the purpose of paying the costs of providing reasonable care and measures to prevent impairment or damage in respect of a well, facility, well site or facility site, and paying for the costs of providing reasonable care and measures to prevent impairment or damage, suspension costs, abandonment costs, remediation costs and reclamation costs in respect of orphan wells, facilities, well sites and facility sites, where the work is carried out
 - (i) by the Regulator, or
 - (ii) by a person ordered, directed or authorized by the Regulator;
- (b) for the purpose of repaying the principal and paying interest and any other borrowing costs under a loan agreement entered into by a delegated authority established or designated under this Part for the purposes of providing reasonable care and measures to prevent impairment or damage in respect of wells, facilities, well sites and facility sites, and for the purposes of suspension, abandonment, remediation and reclamation in respect of orphan wells, facilities, well sites and facility sites;
- (c) for the purpose of monitoring the behaviour and condition of orphan wells, facilities, well sites and facility sites;
- (d) for the purpose of paying for costs incurred in pursuing reimbursement for the costs referred to in clause (a) or (c) from the person responsible for paying them;

- (e) for the purpose of paying for costs incurred in providing reasonable care and measures to prevent impairment or damage in respect of a well, facility, well site or facility site and the costs of a delegated authority ordered to do so under section 26.2;
- (f) for the purpose of making payments associated with taking over the management and control of wells or facilities in accordance with the regulations;
- (g) except in respect of a large facility, for the purpose of paying for a defaulting working interest participant's share of the costs of providing reasonable care and measures to prevent impairment or damage, suspension costs, abandonment costs, remediation costs and reclamation costs incurred by a working interest participant if the person who carried out the work has taken all reasonable steps necessary to collect that share and has been unable to do so;
- (h) in respect of a large facility, for the purpose of paying for a defaulting licensee's share of the costs of providing reasonable care and measures to prevent impairment or damage, suspension costs, abandonment costs, remediation costs and reclamation costs incurred by a working interest participant or a person referred to in clause (a) and a defaulting licensee's proportionate share of any subsequently defaulting working interest participant's share of the costs of providing reasonable care and measures to prevent impairment or damage, suspension costs, abandonment costs, remediation costs and reclamation costs;
- (i) for the purpose of paying for any other costs directly related to the operations of the Regulator in respect of the orphan fund;
- (j) for the purpose of paying the costs of administering the orphan fund, including for
 - (i) hiring and retaining staff, experts and professionals that, in the opinion of the Regulator, are necessary for the purposes of conducting, analysing and responding to monitoring under this Part, or
 - (ii) hiring and retaining staff and experts that, in the opinion of the Regulator, are necessary for the

prudent management of accounting, investment and risk management activities in respect of the orphan fund;

- (k) for the purpose of paying the costs of a receiver, receiver-manager, trustee or liquidator appointed on an application under section 106.1;
- (l) for any other purpose prescribed by the regulations.

(b) in subsection (2)

(i) by repealing clause (a) and substituting the following:

- (a) designate wells, facilities, well sites and facility sites to be orphan wells, facilities, well sites or facility sites for the purposes of this Part;

(ii) by repealing clause (b)(i) and substituting the following:

- (i) has an obligation under this Act to contribute toward the costs of providing reasonable care and measures to prevent impairment or damage, suspension costs, abandonment costs, remediation costs and reclamation costs,

(iii) in clause (b.1)(i) by striking out “or related reclamation costs” and substituting “, remediation costs or reclamation costs”.

(14) Section 71(1) and (2) are amended by striking out “or reclamation costs” and substituting “, remediation costs or reclamation costs”.

(15) Section 73(3) and (4) are amended by striking out “70(1)(c.1)” and substituting “70(1)(h)”.

(16) Section 77 is amended

(a) in subsection (1)

- (i) **in clause (b) by striking out “in respect of suspension, abandonment and reclamation of orphan wells, facilities, facility sites and well sites” and substituting “in respect of providing reasonable care and measures to prevent impairment or damage in respect of wells, facilities, well sites and facility sites, suspension, abandonment,**

remediation and reclamation of orphan wells, facilities, well sites and facility sites”;

(ii) by repealing clauses (e) and (f);

(iii) by adding the following after clause (h):

- (i) respecting the payments associated with management and operation of wells or facilities.

(b) by adding the following after subsection (1):

(1.1) The Lieutenant Governor in Council may make regulations necessary to carry out the provisions of this Part according to their intent or to meet cases that arise and for which no provision is made by this Part, including regulations

- (a) respecting the administration of the orphan fund;
- (b) limiting, regulating and controlling the exercise of the Regulator’s discretion with respect to the orphan fund;
- (c) respecting the purposes for which the orphan fund may be used;
- (d) authorizing the Regulator to pay any or all of the money in the orphan fund from time to time to a delegated authority for the purpose of the delegated authority’s carrying out of the powers, duties and functions in respect of the orphan fund that are delegated to it or that it carries out under an order or directions of the Regulator;
- (e) respecting all matters related to the making of payments referred to in clause (d) to the delegated authority, including, without limitation, the power to enter into agreements in respect of the payments, the imposition of terms and conditions, the times at which and the manner in which payments are to be made and the repayment of unused or improperly used money;
- (f) respecting the determination and allocation of costs under section 30.

(c) in subsection (2) by striking out “subsection (1)(e)” and substituting “subsection (1.1)(d)”.

(17) Section 101 is amended by repealing subsection (1) and substituting the following:

Entry on land

101(1) A person ordered, directed or authorized to provide reasonable care and measures to prevent impairment or damage in respect of wells, facilities, well sites and facility sites, or to carry out suspension, abandonment, remediation or reclamation under section 26.2, 27 or 28, is entitled to have access to and may enter on the land and any structures on the land concerned for the purposes of providing the reasonable care and measures to prevent impairment or damage or carrying out the suspension, abandonment, remediation or reclamation.

(18) Section 103(1)(a) is amended by adding “, deposit or other form of security” after “penalty”.

(19) Section 106 is amended

- (a) in subsection (1)(b) by striking out “abandonment or reclamation” and substituting “abandonment, remediation or reclamation”;**
- (b) in subsection (3)(d) and (e) by striking out “abandonment and reclamation deposits” and substituting “deposits or other forms of security for the purposes of abandonment, remediation and reclamation”.**

(20) The following is added after section 106:

**Appointment of receiver, receiver-manager,
trustee, liquidator**

106.1 The Regulator may, subject to the regulations, apply to the Court of Queen’s Bench for the appointment of a receiver, receiver-manager, trustee or liquidator of the property of a licensee.

(21) The following is added after section 110:

Regulations**Regulations**

110.1 The Lieutenant Governor in Council may make regulations

- (a) respecting an application by the Regulator or a delegated authority under Part 11 to the Court of Queen’s Bench for the appointment of a receiver, receiver-manager, trustee or liquidator of the property of a licensee;**
- (b) defining any term that is used but not defined in this Act.**

Pipeline Act

Amends RSA 2000 cP-15

2(1) The *Pipeline Act* is amended by this section.

(2) Section 1(1) is amended

(a) by adding the following after clause (k):

(k.1) “impairment or damage” means impairment or damage that results in or could reasonably be expected to result in harm to the integrity of a pipeline, well or facility or harm to the environment, human health or safety or property;

(b) in clause (w) by striking out “incurred in the reclamation of a pipeline” and substituting “incurred in respect of the reclamation of a pipeline”;

(c) by adding the following after clause (x.1):

(x.2) “remediation” means remediation within the meaning of the *Environmental Protection and Enhancement Act*;

(x.3) “remediation costs” means the reasonable costs actually incurred in the remediation in respect of a pipeline, and whether or not an application for a remediation certificate is made, includes such costs associated with assessment for the purpose of applying for a remediation certificate under the *Environmental Protection and Enhancement Act*;

(3) Section 3(1)

(a) is amended by adding the following after clause (l):

(l.1) respecting reasonable care and measures to prevent impairment or damage in respect of a pipeline;

(b) in clause (m) by striking out “and reclamation costs” and substituting “, the costs of providing reasonable care and measures to prevent impairment or damage, remediation costs and reclamation costs”.

(4) Section 16 is amended by adding the following after subsection (2):

(3) Despite subsection (1), on the direction or with the consent of the Regulator, a person other than the licensee may operate a pipeline to maintain the pipeline when ordered under section 22.1 to provide reasonable care and measures to prevent

impairment or damage in respect of the pipeline, or when taking over management and control of a well or facility under section 105 of the *Oil and Gas Conservation Act*.

(5) The following is added after section 22:

Reasonable care, measures to prevent impairment or damage

22.1(1) A licensee shall provide reasonable care and measures to prevent impairment or damage in respect of a pipeline in accordance with the rules.

(2) If reasonable care and measures to prevent impairment or damage in respect of a pipeline are not being provided in a manner satisfactory to the Regulator, the Regulator may order a licensee or a delegated authority under Part 11 of the *Oil and Gas Conservation Act* to provide reasonable care and measures to prevent impairment or damage in respect of the pipeline on any terms or conditions that the Regulator considers appropriate.

(3) Reasonable care and measures to prevent impairment or damage in respect of a pipeline shall be provided in accordance with the rules.

(6) Section 28 is amended

(a) by renumbering subsection (1) as subsection (1.1);

(b) by adding the following before subsection (1.1):

Entry on land

28(1) A person ordered, directed or authorized to provide reasonable care and measures to prevent impairment or damage in respect of a pipeline is entitled to have access to and may enter on the land and any structures on the land concerned for the purposes of providing reasonable care and measures to prevent impairment or damage.

(c) in subsections (2), (3) and (4) by adding “or (1.1)” after “subsection (1)”.

Coming into Force

Coming into force

3 This Act comes into force on Proclamation.

