

**August 30, 1996**

**Subject: Petroleum and Natural Gas Tenure Review**

Over the past year we have circulated several sets of proposals through industry, dealing with proposed changes to the Lease Continuation business rules and other aspects of the land tenure system (Rights Management) in Alberta.

We thank those of you who took the time to send us your comments on the proposals. We amended them to address your concerns and to reflect our discussions with CAPP, CAPL, CAPLA and SEPAC, and issued the final documents with previous Information Bulletins.

We were able to effect a number of the changes by policy, and the implementation of these changes was announced on May 7, 1996 in Information Letter 96-14.

The next step is to make the necessary amendments to the Mines and Minerals Act. The attached document shows each proposed amendment to the Act, the current wording of the provision, and the reasons for changing it.

We are proposing to remove administrative detail from the Act and transfer it to the regulations. We have also identified some provisions (such as the proposed amendments to Section 31) where relatively minor conceptual changes will enable us to take advantage of the efficiencies of automation.

As with the draft proposals, we invite you to submit your comments and suggestions, which may be sent to the Department through your association, or directly to the address on the next page.

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All comments should be received by September 30, 1996. The names of the contributors will be kept confidential, but all comments will be shared with the industry associations.

We had initially hoped that the legislative changes to the Mines and Minerals Act could be introduced in the Fall 1996 session of the Legislature. However, the schedule for the fall session precluded the introduction of the draft Bill, and we now look forward to presenting it in the Spring of 1997.

Our next step is to begin drafting the new regulations, and we will circulate them in draft form for your input towards the end of the year.

If you require further explanation or information, please call Julie Miles at 422-9374, Paul Batke at 422-9389 or me at 422-9430.

F David Coombs  
Branch Head  
Minerals Tenure Branch

**PLEASE CLICK ON SECTIONS 1, 2, 3 AND 4 IN THE TABLE OF CONTENTS, TO VIEW THE PROPOSED AMENDMENTS TO THE MINES AND MINERALS ACT.**

[Section 1](#), [Section 2](#), [Section 3](#), [Section 4](#)

**Mines and Minerals Amendment Act, 1997 Proposed Amendments to the Mines and Minerals Act**

<b>Proposed Amendment</b>	<b>The provision presently reads . . .</b>	<b>Reason for change</b>
Section 1(1)(u) is repealed.	1(1)(u) "spacing unit" means (i) repealed 1994 c22 s2, (ii) in relation to a well drilled or being drilled in Alberta, the drilling spacing unit for the well prescribed by or pursuant to the regulations under the Oil and Gas Conservation Act, (iii) the area in Alberta that would be the drilling spacing unit prescribed for a well by or pursuant to the regulations under the Oil and Gas Conservation Act if the well were drilled, or (iv) in relation to a well outside Alberta, the area allocated to the well for the purpose of drilling for or producing petroleum or natural gas;	The provisions that refer to spacing units are being moved to theregulations, which can contain their own definition of spacing unit. Consequently, there will be no further reference to spacing units that will necessitate retaining the definition in the Act.
Section 1(1)(u.4) is repealed and the following is substituted: 1(1)(u.4)"transfer", in relation to an agreement, means (i) a transfer of the agreement, a part of the location of the agreement or a specified undivided interest in the agreement made by the lessee of the agreement or the interest, as the case may be, (ii) a transfer of the agreement, or a specified undivided interest in the agreement made by the	1(1)(u.4)"transfer" means, in relation to an agreement, a specified undivided interest in an agreement or part of the location contained in an agreement, a transfer in the prescribed form and capable of registration under Division 1 of Part 8;	The definition is expanded to include transfers that are initiated by the Minister. This will ensure that the provisions of the Act governing transfers apply to transfers that the Minister is permitted to make under the Act, as well as to those submitted by lessees.

Minister pursuant to section 24(3), or (iii) a transfer of the agreement, a part of the location of the agreement or a specified undivided interest in the agreement made by the Minister pursuant to a judgement or order of a court;		
Section 1(1)(v.2) is repealed.	1(1)(v.2) "unit operation" means an operation authorized by a unit agreement or by a unit operation order.	All provisions dealing with unit operations are being transferred to the regulations, so this definition is no longer required in the Act.
Section 5(1)(f)(iv) is repealed and the following is substituted: 5(1)(f)(iv) the circumstances under which, and the persons to whom, the deposits or security may be refunded or returned, and	5(1)(f)(The Lieutenant Governor in council may make regulations) respecting deposits or forms of security to the Government furnished or to be furnished under this Act and providing for (iv) the circumstances under which the deposits or security may be returned or refunded, and	This amendment will allow Section 137, which currently addresses this topic, to be repealed and the subject matter dealt with in a regulation.
Section 5(1)(g) is amended by striking out "cancellation, expiry or forfeiture" and substituting "cancellation or expiry";	5(1)(g) (The Lieutenant Governor in council may make regulations) providing for any matter relating to the duration and extension of the terms of agreements, renewals of agreements, the size, shape and boundaries of the locations of agreements, the amendment of agreements by the Minister and the grouping, surrender, cancellation, expiry or forfeiture of agreements;	There are no longer any provisions in the Act for the forfeiture of agreements.
Sections 5(1)(g.1), (m) and (m.1) are repealed.	5(1)(The Lieutenant Governor in council may make regulations) (g.1) respecting the exercise of the Minister's powers under	This allows Section 5 to be shortened and eliminates unnecessary repetition between clauses of Section 5 and other sections of the Act.

	<p>section 27.2;  (m)respecting the determination of compensation on the surrender of, cancellation of or refusal to renew an agreement pursuant to section 8(1)(c);  (m.1)respecting the determination of compensation for the purposes of section 27.1;</p>	
<p>Section 5(1)(o) is repealed and the following is substituted:  5(1)(o) respecting transfers, surrenders of agreements or parts of the locations of agreements and divisions or consolidations of agreements;</p>	<p>5(1)(o)(The Lieutenant Governor in council may make regulations) respecting the matters provided for in section 27;</p>	<p>Section 27 is to be repealed and its content transferred to the regulations.</p>
<p>Section 5(1) is amended by adding the following after clause (o):  5(1)(o.1)respecting reviews of decisions of the Minister under this Act or an agreement;</p>		<p>This amendment will provide for a regulatory framework within which lessees may ask for decisions to be reviewed at a higher level of authority.</p>
<p>Section 5(1)(p.1) is repealed.</p>	<p>5(1)(p.1)(The Lieutenant Governor in council may make regulations) prescribing or authorizing the Minister to prescribe persons who may make a request under section 39 and persons who may make an objection under section 39.01;</p>	<p>These provisions allow Section 5 to be shortened and eliminate unnecessary repetition between clauses of Section 5 and other sections of the Act.</p>
<p>Section 5(1) is amended by adding the following after clause (t):  5(1)(u) respecting any matter related to a provision of this Act where the provision (i)is expressed to be subject to the regulations or to</p>		<p>These provisions allow Section 5 to be shortened and eliminate unnecessary repetition between clauses of Section 5 and other sections of the Act.</p>

exceptions provided for by regulations, or (ii) contemplates the making of regulations for purposes related to that provision.		
Section 8(1)(e) is amended by striking out "surrendered, cancelled or forfeited" and substituting "surrendered or cancelled";	8(1)(e) (The Minister may) reinstate an agreement, a part of the location of an agreement or a zone in the location of an agreement, that has been surrendered, cancelled or forfeited, if	There are no longer any provisions in the Act for the forfeiture of agreements.
Section 8(1)(e)(i) is repealed and the following is substituted: 8(1)(e)(i) an application for reinstatement is received in the Department within 60 days after the prescribed effective date of the surrender or cancellation,	8(1)(e)(i) an application for reinstatement is received in the Department within 90 days after the date of the surrender, cancellation or forfeiture,	The 90-day period is being amended to 60 days to reduce the likelihood that a request for reinstatement could conflict with a posting request.
Section 8(1)(g) is amended by adding "or permits" after "requires";	8(1)(g) (The Minister may) if any provision of this Act, the regulations or an agreement requires the doing of any act within a fixed period or at a fixed time, extend that period or fix another time by or at which that act is to be done, whether the period within which or the time by or at which the act ought to be done has or has not expired or arrived, as the case may be;	This section has always been interpreted and applied to acts permitted to be done, but clarification would be desirable.
Section 8(1)(h) is amended by striking out "not exceeding 10 years in the aggregate" and substituting ", whether or not the term has expired when the extension is agreed to";	8(1)(h) (The Minister may) if he is satisfied that it is in the public interest to do so, agree from time to time with the lessee to extend the term of the lessee's agreement for an additional period or periods not exceeding 10 years in the aggregate;	Removal of the 10-year limit will accommodate circumstances that remain in effect for longer than 10 years (eg: native land claims).

<p>Section 8(1)(i) is repealed and the following is substituted: 8(1)(i) determine the medium and the form of any document used in connection with the administration of this Act, and adopt a variation of the form or the medium of any document so determined in any special case;</p>	<p>8(1)(i) (The Minister may) determine the form of any document to be used in connection with the administration of this Act, or adopt a variation of any form so determined that he considers applicable to any special case;</p>	<p>Providing that the Minister may determine the medium of a document as well as its form will position the Department eventually to take advantage of the efficiencies associated with using electronic lease documents.</p>
<p>Section 8(4) is amended by striking out "a petroleum and natural gas lease, petroleum lease or natural gas lease" and substituting "a lease granting rights to petroleum or natural gas or both".</p>	<p>8(4) For the purpose of applying subsection (1)(h) to a petroleum and natural gas lease, petroleum lease or natural gas lease, the expression "term" in that clause includes the period during which the lease is continued under Part 5.</p>	<p>Provides more flexibility when referring to leases.</p>
<p>Section 8(1)(e) of the Mines and Minerals Act, as amended by subsection (1)(a) of this section, applies only to applications for reinstatement received in the Department of Energy after the coming into force of subsection (1)(a) of this section.</p>		<p>This is a transitional provision that will appear in the Bill, but not in the consolidation of the Mines and Minerals Act. It ensures the amendment to Section 8(1)(e) does not have retroactive impact.</p>
<p>Section 18(2) is amended by adding "or the Alberta Energy and Utilities Board" after "the Crown in right of Alberta".</p>	<p>18(2) Without restricting the generality of subsection (1)(a), the Minister may refuse to issue an agreement to a person who is indebted to the Crown in right of Alberta.</p>	<p>Providing that the Minister may refuse to issue an agreement to a person who is indebted to the Energy and Utilities Board will enhance the ability to recover debts owed to the EUB, which is partially funded by the Crown.</p>
<p>Section 20(1) is repealed and the following substituted: 20(1) An agreement shall be issued in the manner and in the medium provided for in the regulations.</p>	<p>20(1) An agreement shall be issued in accordance with the regulations.</p>	<p>This change is required to be consistent with the amendment to Section 8(1)(i).</p>

<p>Section 20(2) is repealed and the following substituted: 20(2) An agreement issued in accordance with subsection (1) is binding on the Crown in right of Alberta and the lessee.</p>	<p>20(2) An agreement shall bear the date on which it is issued.</p>	<p>This will eliminate a redundant and confusing element of administration, which may have a serious impact on interpretation of deadlines.</p>
<p>Section 20(3) is repealed and the following substituted: 20(3) The date of commencement of the term of an agreement shall, subject to the regulations, be the date specified by the Minister</p>	<p>20(3) The date of commencement of the term of an agreement shall be its date of issue unless otherwise specified by the Minister.</p>	<p>This will eliminate a redundant and confusing element of administration, which may have a serious impact on interpretation of deadlines.</p>
<p>Section 20(4)(a) is amended by striking out "the date of issue" and substituting "the term commencement date"</p>	<p>20(4) When an agreement that is required to be executed by the holder is issued, the person in whose favour it is made (a) subject to subsection (5), is deemed to be the holder of it as against the Crown and all other persons as of the date of issue, and (b) is bound by the agreement as if it were fully executed.</p>	<p>This will eliminate a redundant and confusing element of administration, which may have a serious impact on interpretation of deadlines.</p>
<p>Section 20(5) is amended by adding "that is required to be executed by the holder" before "is issued", and by striking out "the date of issue" and substituting "the prescribed date".</p>	<p>20(5) When an agreement is issued and the holder does not execute the agreement and return it to the Minister within 90 days from the date of issue, (a) the Minister may cancel the agreement in the records of the Department, and (b) the holder is deemed to have been the holder of the agreement only as to any liability incurred under it by him.</p>	<p>Not all agreements need to be executed by the holder. This will correct an apparent drafting error in the current version of the Act.</p>
<p>Section 22 is amended by striking out "For" and substituting "Except as otherwise provided by the regulations, for".</p>	<p>22 For the purposes of an agreement, a section, quarter-section and legal subdivision of land are deemed to contain 256 hectares, 64 hectares and</p>	<p>Not all sections, quarter-sections and legal subdivisions contain those deemed areas. This will enable the Department to use</p>



	16 hectares respectively.	"real" areas in situations where using the deemed areas would be too imprecise or would result in an inequity.
Section 24(1) is repealed and the following substituted: 24(1) Subject to the regulations, an individual under the age of 18 years is ineligible to be the lessee or one of the lessees of an agreement.	24(1) A person under the age of 18 years is ineligible to become the lessee or 1 of the lessees of an agreement by offer, application or transfer.	These amendments will simplify the ineligibility provisions.
Section 24(2) is amended by striking out all that portion of the subsection preceding clause (a) and substituting the following: 24(2) A corporation is ineligible to be the lessee or one of the lessees of an agreement unless the corporation is	24(2) A corporation is ineligible to become the lessee or 1 of the lessees of an agreement by offer, application or transfer unless the corporation is	These amendments will simplify the ineligibility provisions.
Section 24(3) is repealed and the following substituted: 24(3) If the lessee or one of the lessees of an agreement is a person who is ineligible under subsection (1) or (2), the Minister may, subject to subsections (4) and (4.1), (a) where the ineligible person is the sole lessee of the agreement or one of the lessees otherwise than as the holder of a specified undivided interest in the agreement, (i) cancel the agreement, or (ii) transfer the agreement to an eligible person who, in the opinion of the Minister, is entitled to it; (b) where the ineligible person is the holder of a specified	24(3) If a person who is ineligible under this section becomes the lessee or 1 of the lessees of an agreement, the Minister may, subject to subsection (4), (a) cancel the agreement, where the ineligible person is the sole lessee of the agreement or 1 of the lessees other than as the holder of a specified undivided interest in the agreement, or (b) if the ineligible person is the holder of a specified undivided interest in the agreement, cancel the interest and transfer it to any person, in any manner the Minister considers warranted in the circumstances.	This change will allow the Minister to transfer the interest of a sole lessee to some other party who can demonstrate their entitlement to it. Where there is more than one lessee, it also provides some detail as to how the interest of the ineligible lessee will be allocated.

<p>undivided interest in the agreement, transfer the interest to an eligible person who, in the opinion of the Minister, is entitled to it or, in the absence of such a person,</p> <p>(i) to the holder of the other specified undivided interest if that holder is then an eligible lessee, or</p> <p>(ii) proportionately to those eligible persons who are the holders of the other specified undivided interests in the agreement,</p> <p>as the case may be.</p>		
<p>Section 24(4) is repealed and the following substituted:</p> <p>24(4) The Minister may not exercise any of the powers under subsection (3) unless</p> <p>(a) the Minister gives a notice in accordance with subsection (4.1) to the ineligible person and to any persons or class of persons specified in the regulations,</p> <p>(b) if the ineligibility is the result of the dissolution of a corporation, the Minister gives a notice in accordance with subsection (4.1) and the regulations, and</p> <p>(c) the notice has not been complied with before the deadline specified in the notice.</p>	<p>24(4) The Minister may not cancel an agreement or an interest in any agreement pursuant to subsection (3) unless</p> <p>(a) he has given the lessee notice requiring</p> <p>(i) that the agreement or the interest be transferred to a person who is not ineligible under this section, and</p> <p>(ii) that the transfer be registered under Part 8, within the time specified in the notice, and</p> <p>(b) the notice is not complied with within the time specified.</p>	<p>Subsection (4), which deals with the giving of notice of action to be taken by the Minister under Subsection (3), is amended to conform with the amendments to Subsection (3).</p>
<p>24(4.1) A notice referred to in subsection (4)</p> <p>(a) must be given in the prescribed manner,</p> <p>(b) must describe the powers that may be exercised by the Minister under subsection (3) if the notice is not complied</p>		<p>The requirements of the notice, and the actions that may satisfy it, are set out in more detail than is presently the case.</p>

<p>with, and (c) must state that the Minister may exercise those powers unless, before the deadline specified in the notice, either (i) the agreement or the specified undivided interest in the agreement, as the case may be, is transferred to an eligible person and the transfer is registered under Division 1 of Part 8, or (ii) there is provided to the Minister proof satisfactory to the Minister that the lessee concerned has ceased to be ineligible under subsection (1) or (2), as the case may be.</p>		
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**Mines and Minerals Amendment Act, 1997 Proposed Amendments to the Mines and Minerals Act**

<b>Proposed Amendment</b>	<b>The provision presently reads . . .</b>	<b>Reason for change</b>
Section 25 is repealed.	25 The Minister may refuse to issue an agreement if any of the lessees would hold less than a 1% undivided interest under the agreement.	This provision is considered administrative and should be in the regulations.
Section 26 is repealed.	26(1) An agreement issued and executed under this Act is deemed to be executed under seal notwithstanding that a seal is not used. (2) An agreement entered into under this Act with a corporation is deemed to be sufficiently executed by that corporation if it is signed by 1 officer or 2 directors of the corporation, notwithstanding anything to the contrary contained in the corporation's instrument of incorporation, its by-laws or articles of association or legislation applicable to the corporation.	This will allow the Department to issue leases that do not require execution, and will position us for eventual movement towards electronic lease documents.
Section 27 is repealed.	27 Subject to the regulations, a lessee may (a) surrender an agreement; (b) transfer or dispose of an interest in an agreement; (c) with the consent of the Minister, (i) surrender any part of the location in an agreement; (ii) transfer any part of the location in an agreement; (iii) divide an agreement into 2 or more agreements;	This provision is considered administrative and will be transferred to the regulations.

	(iv) consolidate 2 or more agreements into 1 agreement.	
<p>Section 31 is repealed and the following is substituted:</p> <p><b>Representative of lessee</b></p> <p>30.1(1) Where an agreement is held by 2 or more lessees, those lessees shall, in accordance with the regulations,</p> <p>(a) designate one of their number or any other person as their representative for the purposes of this Act in relation to that agreement, and</p> <p>(b) file the designation with the Department.</p>		Provides for regulations governing the designation of a representative for agreements that have more than one lessee.
<p>30.1(2) Where an agreement is held by only one lessee, the lessee</p> <p>(a) may, in accordance with the regulations, designate another person as the lessee's representative for the purposes of this Act in relation to that agreement, and</p> <p>(b) on doing so shall, in accordance with the regulations, file the designation with the Department.</p>		Allows a person who is the sole lessee with respect to one or more agreements to use an agent to represent it with respect to its agreements.
<p>30.1(3) The lessee or lessees of an agreement are bound by the acts or omissions of their designated representative with respect to all matters arising under the agreement, or under this Act in relation to the agreement, while the designation is in effect.</p>		This amendment shifts the focus from an address for service to an actual person who is responsible for performing duties on behalf of the lessees.

<p>30.1(4) A designation of a representative under this section in relation to an agreement remains in effect until</p> <p>(a) it is replaced in accordance with the regulations by another designation under this section, or</p> <p>(b) in the case of a designation under subsection (2), it is revoked in accordance with the regulations without being replaced.</p>		<p>This amendment shifts the focus from an address for service to an actual person who is responsible for performing duties on behalf of the lessees.</p>
<p><b>Official service address</b></p> <p>31(1) Every person who</p> <p>(a) is designated as a representative pursuant to section 30.1, or</p> <p>(b) is the sole lessee of an agreement and has not designated a representative pursuant to section 30.1, shall, in accordance with the regulations, file with the Department a notice containing that person's official service address for the purposes of this Act.</p>	<p>31(1) When an offer or application is made for an agreement, the offeror or applicant shall file with the Department an official address for service for the agreement in the event it is issued.</p>	<p>Amends the provisions regarding official addresses for service to recognize the concept of a designated representative that is implemented through the addition of Section 30.1, discussed above.</p>
<p>31(2) The address shown in a notice filed by a person under this section continues to be that person's official service address for the purposes of this Act until it is replaced by another notice filed under subsection (1).</p>	<p>31(2) An official address for service filed under this section or section 136(2)(d) shall provide for only 1 address for service regardless of the number of persons holding the agreement.</p>	<p>Amends the provisions regarding official addresses for service to recognize the concept of a designated representative that is implemented through the addition of Section 30.1, discussed above.</p>
<p>31(3) The address shown in a notice filed by a person under this section does not cease to be that person's official service address for the</p>	<p>31(3) An official address for service filed under this section or section 136(2)(d) shall be signed by all of the holders of the agreement</p>	<p>Amends the provisions regarding official addresses for service to recognize the concept of a designated representative that is</p>

<p>purposes of this Act merely because that person subsequently ceases to be within either of the classes of persons described in subsection (1)(a) or (b)</p>	<p>either personally or by an authorized agent.</p>	<p>implemented through the addition of Section 30.1, discussed above.</p>
<p><b>31.1 Giving of Notices</b>  31.1(1) Except as otherwise provided by the regulations, any notice that the Minister is required or authorized to give to a lessee under this Act or the lessee's agreement may be given  (a) to the person who is the designated representative of the lessee or lessees in relation to that agreement according to the records of the Department at the time the notice is given, or  (b) to the person who is the lessee of the agreement, if that person is the sole lessee of the agreement and has not filed a designation of a representative in relation to the agreement at the time the notice is given.</p>	<p>31(4) A lessee who wishes to change the official address for service for the agreement shall file a notice of change of the official address for service in the prescribed form with the Department.</p>	<p>Provides for service of notices on designated representatives, and for regulations governing the serving of notices on the Minister and others.</p>
<p>31.1(2) Any notice that may be given to the Minister or any other person pursuant to this Act or an agreement may be given in any manner authorized by the regulations.</p>	<p>31(5) The giving of a notice under this Act or an agreement personally at or by mail to the official address for service for the agreement filed with the Department under this section or section 136(2)(d) is deemed to be service of the notice to the lessee or, if there is more than 1 holder of the agreement, to all of them.</p>	<p>Provides for service of notices on designated representatives, and for regulations governing the serving of notices on the Minister and others.</p>
<p>In subsections (3) to (5),  (a) "Act" means the Mines</p>		<p>These are transitional provisions dealing with the</p>

<p>and Minerals Act;</p> <p>(b) "initial representative", in relation to an agreement, means the person who is the representative of the lessee or lessees in relation to the agreement by reason of subsection (3);</p> <p>(c) "pre-existing address", in relation to an agreement, means the official address for service for the agreement according to the records of the Department immediately before the coming into force of this section;</p> <p>(d) any expression defined in the Act has the meaning given to it by the Act.</p>		<p>conversion of the currently filed addresses for service to designated representatives and service addresses. Because they are transitional, these provisions will appear in the Bill, but not in the consolidation of the Mines and Minerals Act.</p>
<p>31.1(3) The person whose address is shown in the records of the Department immediately before the coming into force of this section as the official address for service for an agreement shall be shown in the records of the Department as the lessee's representative in relation to the agreement when this section comes into force for the purposes of section 30.1 of the Act.</p>		<p>These are transitional provisions dealing with the conversion of the currently filed addresses for service to designated representatives and service addresses. Because they are transitional, these provisions will appear in the Bill, but not in the consolidation of the Mines and Minerals Act.</p>
<p>31.1(4) Subsection (3) does not apply in relation to an agreement held by a sole lessee whose address is shown in the records of the Department immediately before the coming into force of this section as the official address for service for the agreement.</p>		<p>These are transitional provisions dealing with the conversion of the currently filed addresses for service to designated representatives and service addresses. Because they are transitional, these provisions will appear in the Bill, but not in the consolidation of the Mines and Minerals Act.</p>



31.1(5) If on the coming into force of this section a person is the initial representative or the sole lessee in relation to one or more agreements, the following rules apply in determining that person's official service address for the purposes of section 31 of the Act on the coming into force of this section:

(a) if the person is the initial representative or the sole lessee in respect of one agreement only, the pre-existing address for the agreement is deemed to be filed under subsection (1) as that person's official service address;

(b) if the person is the initial representative in respect of two or more agreements and the pre-existing address for each of those agreements is the same, the pre-existing address is deemed to be filed under subsection (1) as that person's official service address;

(c) if the person is the sole lessee of two or more agreements and not also an initial representative in respect of any agreement, and the pre-existing address filed under subsection (1) for those agreements is the same, the pre-existing address is deemed to be filed under subsection (1) as that person's official service address;

(d) if the person is the initial representative or the sole lessee in respect of two or more agreements and the pre-

These are transitional provisions dealing with the conversion of the currently filed addresses for service to designated representatives and service addresses. Because they are transitional, these provisions will appear in the Bill, but not in the consolidation of the Mines and Minerals Act.

<p>existing address for each of those agreements is not the same,</p> <p>(i) the Minister may give a notice to that person in accordance with the regulations requiring that person to file with the Department under subsection (1), within the period specified in the notice, one of those addresses or some other address as that person's official service address, (ii) if the notice is not complied with, the pre-existing address chosen by the Minister shall be deemed to be filed under subsection (1) as that person's official service address, and (iii) the Minister shall notify the person of the address so chosen.</p>		
<p>Section 32 is repealed.</p>	<p>32(1) If</p> <p>(a) a corporation that is registered under the Companies Act ceases to be registered under that Act, or</p> <p>(b) a corporation that is registered, incorporated or continued under the Business Corporations Act ceases to be registered, incorporated or continued under that Act,</p> <p>and the corporation is at that time the sole lessee of an agreement, the Minister may cancel the agreement after giving 60 days' notice of his intention to do so in The Alberta Gazette, unless before the expiration of that 60-day period the corporation</p>	<p>These provisions are being incorporated into Section 24.</p>

	<p>(c) is restored to the register under the Companies Act, (d) has its registration reinstated or is revived under the Business Corporations Act, or (e) is registered under the Business Corporations Act pursuant to an application under section 266(2) of that Act.</p>	
	<p>32(2) If a corporation, other than a corporation registered under the Companies Act or registered, incorporated or continued under the Business Corporations Act, is wound up, dissolved or liquidated and dissolved and is at that time the sole lessee of an agreement, the Minister may cancel the agreement.</p>	<p>These provisions are being incorporated into Section 24.</p>
	<p>32(3) If a corporation (a) ceases to be registered under the Companies Act, or is wound up or dissolved, or (b) ceases to be registered, incorporated or continued under the Business Corporations Act, and the corporation is at that time a lessee having a specified undivided interest in an agreement according to the records of the Department, the Minister may cancel that interest and transfer it to any person, in any manner and on any conditions the Minister considers warranted.</p>	<p>These provisions are being incorporated into Section 24.</p>
<p>Section 33(1) is amended by striking out "When an</p>	<p>33(1) When an agreement expires or is surrendered,</p>	<p>To provide for regulations that will allow greater flexibility in</p>

<p>agreement expires or is surrendered, cancelled or forfeited" and substituting "Except as otherwise provided in the regulations, when an agreement expires or is surrendered or cancelled";</p>	<p>cancelled or forfeited, the ownership of  (a) any well in the location and the installations and equipment, including any casing, incidental to the well, and  (b) any mine or quarry in the location, vests in the Crown in right of Alberta free and clear of all interests, charges and liens.</p>	<p>addressing unusual situations.</p>
<p>Section 33(3) is repealed and the following substituted:  33(3) Subsection (1)(a) does not apply to a well if the well has evaluated a mineral the rights to which are granted by another agreement.</p>	<p>33(3) Subsection (1)(a) does not apply to a well when the spacing unit for the well or part of the spacing unit for the well continues under another agreement.</p>	<p>This section is being re-worded to accommodate the deletion of the reference to "spacing unit".</p>

**Mines and Minerals Amendment Act, 1997 Proposed Amendments to the Mines and Minerals Act**

<b>Proposed Amendment</b>	<b>The provision presently reads . . .</b>	<b>Reason for change</b>
<p>Section 42(1) is repealed and the following is substituted: 42(1) In this section, "debtor" means a person indebted to the Crown in right of Alberta for any amount owing under this Act or any other enactment under the administration of the Minister.</p>	<p>42(1) In this section, "debtor" means a person indebted to the Crown in right of Alberta for amounts owing on account of a money royalty or royalty compensation or in respect of the disposal of the Crown's royalty share of a mineral by an agent.</p>	<p>Expanding the provision to refer to any amount owed to the Department or the Energy and Utilities Board will enhance the Crown's ability to recover debts.</p>
<p>Section 44(1)(a) is amended by adding at the end of the clause "if the breach by its nature is not capable of being remedied,".</p>	<p>44(1) The Minister may cancel an agreement if (a) there is a breach of any condition contained in the agreement,</p>	<p>Ensure that the Crown must issue a default notice providing time for rectification of a breach of a condition of an agreement, where the breach is of a kind that is inherently capable of being remedied.</p>
<p>Section 44(1)(c) is amended by striking out "or" at the end of subclause (i), by adding "or" at the end of subclause (ii) and by adding the following after subclause (ii): 44(1)(c)(iii) a condition contained in the agreement, if the default in complying with the condition is by its nature capable of being remedied.</p>	<p>44(1)(c) subject to subsection (2), the lessee has not complied with (i) this Act or the regulations in relation to the agreement, or (ii) a covenant under the agreement.</p>	<p>Ensure that the Crown must issue a default notice providing time for rectification of a breach of a condition of an agreement, where the breach is of a kind that is inherently capable of being remedied.</p>
<p>Section 45 is amended by adding the following after subsection (3): 45(4) Where any amount is owing by any person to the Crown in right of Alberta under this Act or any other</p>	<p>Section 45 provides for certain remedies of the Crown under the Act.</p>	<p>Eliminate situations where the Department is required to refund money to a lessee, even though that same lessee has defaulted on a debt to the Department or to another agency under the jurisdiction</p>

<p>enactment under the administration of the Minister, the Minister may recover that amount by way of set-off against any amount owing to that person by the Crown in right of Alberta, pursuant to this Act or any other enactment under the administration of the Minister.</p>		<p>of the Minister of Energy.</p>
<p>Section 51 is repealed.</p>	<p>51 Any notice that may be given by the Minister pursuant to this Act or an agreement may be given by mail.</p>	<p>Service of notices is being addressed more fully in the amendments relating to the current Section 31.</p>
<p>Sections 90 to 98 and headings preceding sections 90, 92 and 93 are repealed and the following is substituted: Interpretation 90(1) In this Part, (a) "lease" means a lease of rights to petroleum or natural gas or both issued under this Act or the former Act; (b) "term", in relation to a lease, means the period of years stated in the lease as its term.</p>	<p>Sections 90 to 98 are not quoted here because of their length. Please refer to the Act itself for the text.</p>	<p>Definitions associated with provisions that will be transferred to the Regulation are being eliminated; only those that are still referred to in the Act are retained.</p>
<p>90(2) In this Part and in an agreement granting rights to petroleum or natural gas or both, (a) "natural gas" means the production from any well that, in the opinion of the Minister, initially produces gas either alone or with oil at a gas-oil ratio of 1800:1 or higher, but does not include any production that may be obtained from any well that, in the opinion of the Minister, initially produces gas with oil</p>		<p>Only the essential framework of the lease continuation process is retained in Part 5; the bulk of the provisions are being transferred to the regulations, since they are largely administrative in nature.</p>

<p>at a lower gas-oil ratio;  (b) "petroleum" means the production from any well that, in the opinion of the Minister, initially produces oil either alone or with gas at a gas-oil ratio of less than 1800:1, but does not include any production that may be obtained from any well that, in the opinion of the Minister, initially produces oil with gas at a higher gas-oil ratio.</p>		
<p>90(3) Subsection (2) does not apply for any purpose related to royalties.</p>		
<p><b>Petroleum and Natural Gas Leases</b>  Duration of Leases  91(1) The term of a petroleum and natural gas lease issued under this Act after July 1, 1976 shall be five years.</p>		
<p>91(2) Subsection (1) does not apply to a petroleum and natural gas lease having a term of 10 or 21 years and issued after July 1, 1976  (a) as a result of a division of a lease or the registration of a transfer of part of the location of a lease, or  (b) pursuant to a reservation or permit of petroleum and natural gas rights issued before July 1, 1976.</p>		
<p>91(3) When the term of a lease expires, the lease continues beyond that term only to the extent that it is approved for continuation by the Minister under the regulations.</p>		

<p>91(4) A decision by the Minister under the regulations respecting the approval for the continuation of a lease is final and is effective as of the expiration of the term of the lease and, subject to the regulations, the lease after the expiration of its term ceases to include any part of the location or any zone or subsurface areas underlying all or part of the location not approved for continuation by reason of the decision.</p>		
<p>91(5) Where a lease is approved for continuation pursuant to subsection (3), the Minister may, subject to the regulations and after the giving of a notice to the lessee in accordance with the regulations,</p> <p>(a) cancel the lease if the whole of the location has ceased to qualify for continuation under the lease in accordance with the regulations, or</p> <p>(b) cancel the lease as to</p> <p>(i) any part of the location of the lease, or</p> <p>(ii) any zone or any subsurface area underlying the location or part of the location of the lease,</p> <p>that has ceased to qualify for continuation under the lease in accordance with the regulations.</p>		<p>Only the essential framework of the lease continuation process is retained in Part 5; the bulk of the provisions are being transferred to the regulations, since they are largely administrative in nature.</p>
<p>Section 99 and the heading preceding Section 99 are repealed and the following is substituted:</p>	<p>99 The Lieutenant Governor in Council may make regulations</p> <p>(a) respecting applications to</p>	<p>This will enable regulations to be made covering the provisions that are being transferred out</p>



<p><b>Regulations respecting leases</b></p> <p>92 The Lieutenant Governor in Council may make regulations</p> <p>(a) respecting applications for approval of continuation of a lease, the Minister's powers and duties in relation to those applications and the Minister's powers and duties in relation to an approval or refusal of continuation where an application is not made within the prescribed time;</p> <p>(b) respecting the circumstances in which and the extent to which</p> <p>(i) the location of the lease,</p> <p>(ii) any part of the location of the lease, or</p> <p>(iii) any zone or any subsurface area underlying the location or part of the location of the lease,</p> <p>may be approved or refused for continuation beyond the term of the lease;</p> <p>(c) respecting the fees payable in connection with the granting of approvals for the continuation of leases;</p> <p>(d) respecting the circumstances in which and the conditions on which the Minister may exercise powers of cancellation under section 91(5) and respecting the notices required to be given to lessees under that subsection;</p> <p>(e) respecting the obligations of lessees and the powers of the Minister in cases where petroleum or natural gas is being produced from a freehold well in a spacing unit laterally adjoining a spacing unit containing the location or</p>	<p>the Minister and the making of decisions by the Minister under this Part;</p> <p>(b) respecting the obligations of lessees in cases where petroleum or natural gas is being produced from a freehold well in a spacing unit laterally adjoining a spacing unit containing the location or part of the location of a lease;</p> <p>(c) respecting well drilling requirements applicable to lessees of petroleum and natural gas leases having a term of 10 or 21 years and to natural gas leases having a term of 21 years;</p> <p>(d) prescribing the penalties payable to the Minister on the granting of extensions respecting the fulfilment of the requirements prescribed pursuant to clause (c);</p> <p>(e) respecting the amendment of leases by the Minister under this Part.</p>	
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part of the location of a lease; (f) defining "freehold well" and "spacing unit" for the purposes of regulations under clause (e).		
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**Mines and Minerals Amendment Act, 1997 Proposed Amendments to the Mines and Minerals Act**

<b>Proposed Amendment</b>	<b>The provision presently reads . . .</b>	<b>Reason for change</b>
Section 116 is amended by striking out "Energy Resources Conservation Board" wherever it occurs and substituting "Alberta Energy and Utilities Board".	116(3) If there is an inconsistency between (a) a regulation made under subsection (1) or (2), and (b) an order of the Energy Resources Conservation Board made under the Oil and Gas Conservation Act, in so far as it is inconsistent, the regulation under subsection (1) or (2), as the case may be, prevails.	Updates the reference to the Energy and Utilities Board.
	116(4) In this section, (c) "pool" means a pool designated by the Energy Resources Conservation Board under the Oil and Gas Conservation Act.	Updates the reference to the Energy and Utilities Board.
Section 121 is repealed.	121 This Part applies to oil sands that are the property of the Crown in right of Alberta.	This concept is covered more thoroughly in Section 2 of the Act.
Section 124(1) is repealed.	124(1) The Minister may prohibit the conduct of any operation to recover oil sands that would, in his opinion, preclude or render more difficult the recovery of other oil sands recoverable by practical and reasonable operations.	This type of issue is better addressed by the EUB under the Oil Sands Conservation Act.
Section 136(1) is amended by adding "if the regulations respecting registration of the transfer are complied with	136(1) A transfer with respect to an agreement that the lessee is not prohibited from transferring or agreeing to	The provisions being repealed are considered administrative and are being transferred to the regulations.

<p>and" after "registered by the Minister";</p>	<p>transfer by any provision of this Act or any regulation or by the terms of the agreement, may be registered by the Minister if the transfer conveys</p> <ul style="list-style-type: none"> <li>(a) the whole of the agreement,</li> <li>(b) a specified undivided interest in the agreement, or</li> <li>(c) a part of the location contained in the agreement.</li> </ul>	<p>The provisions being added will ensure that transfers made under the Act by the Minister will receive the same treatment as those submitted by lessees.</p>
<p>Section 136(2) is repealed and the following substituted:  136(2) A transfer made by the Minister pursuant to section 24(3) or a judgement or order of a court</p> <ul style="list-style-type: none"> <li>(a) shall be registered by the Minister, and</li> <li>(b) is as effective as if it were a valid transfer registered under subsection (1).</li> </ul>	<p>136(2) The Minister may in his discretion refuse to register a transfer submitted for registration if</p> <ul style="list-style-type: none"> <li>(a) it is not executed by the transferor and the transferee in a manner and accompanied by proof of execution satisfactory to the Minister,</li> <li>(b) an undivided interest conveyed is less than a 1% undivided interest in the agreement,</li> <li>(c) the prescribed fee is not paid, or</li> <li>(d) the transferee does not submit for filing with the Department an official address for service for the agreement or a notice of change of the official address for service for the agreement in the prescribed form.</li> </ul>	<p>The provisions being repealed are considered administrative and are being transferred to the regulations. The provisions being added will ensure that transfers made under the Act by the Minister will receive the same treatment as those submitted by lessees.</p>
<p>136(2.1) The Minister may cancel any registration made under this Division if the registration was made in error.</p>		<p>This new provision will allow the Minister to cancel a registration where the Department has made an error.</p>
<p>Section 136.1(1) is repealed and the following substituted:  136.1(1) If in a proceeding before a court a claim is made for an order or judgement directing the Minister to</p>	<p>136.1(1) If, in a proceeding, a claim is made for a judgment or order of the court</p> <ul style="list-style-type: none"> <li>(a) directing the Minister to transfer an agreement or any interest in an agreement, or</li> </ul>	<p>To ensure that the Minister is not required to make a transfer that is called for by a court order but that is not normally contemplated or capable of being handled by</p>

<p>transfer an agreement, any interest in an agreement or part of the location of an agreement, the Minister is not bound by an order or judgement of the court made as a result of the claim unless</p> <p>(a) the Minister received written notice of the claim at least 14 days before the date on which the claim was heard by the court, and</p> <p>(b) where the order or judgement directs the Minister to make a transfer in relation to the agreement, the transfer</p> <p>(i) is of a kind that the lessee is not prohibited from making or agreeing to make by this Act, the regulations or the agreement, and</p> <p>(ii) conveys the whole of the agreement, a specified undivided interest in the agreement or a part of the location of the agreement.</p>	<p>(b) vesting an agreement or any interest in an agreement in a person,</p> <p>no judgment or order may be made unless 14 days' written notice of the proceeding has been given to the Minister.</p>	<p>the current system (eg: of a single zone in a lease).</p>
<p>Section 136.1(2) is repealed and the following substituted:</p> <p>136.1(2) A notice referred to in subsection (1)(a) shall give reasonable particulars of the claim and the arguments for and against it.</p>	<p>136.1(2) The notice shall give reasonable particulars of the proposed argument.</p>	<p>To ensure that the Minister is not required to make a transfer that is called for by a court order but that is not normally contemplated or capable of being handled by the current system (eg: of a single zone in a lease).</p>
<p>Section 137 is repealed.</p>	<p>137 If a deposit or security is deposited with or furnished to the Minister or the Provincial Treasurer under this Act, on the registration of the transfer of the agreement or of a specified undivided interest in the agreement, the transferee becomes entitled to the transferor's right to the deposit or security.</p>	<p>This provision is considered administrative, and is being transferred to the regulations - see comments under Section 5(1)(f)(iv).</p>

<p>Section 140(4)(b) is amended by adding "under Division 1" after "that transfer is registered".</p>	<p>140(4) A security interest in respect of which a security notice is registered has priority (b) over any transfer acquired before the registration of that security notice unless that transfer is registered before the registration of that security notice.</p>	<p>Correction of omission.</p>
<p>Section 140 is amended by adding the following after subsection (5):  140(5.1) An operator's lien, in relation to an agreement or an interest in an agreement, shall, without registration of any document evidencing the operator's lien, have priority over and be valid against any security interest, in relation to that agreement or interest, in respect of which a security notice may be registered, whether a security notice in respect of that security interest was registered before or after the acquisition of the operator's lien or the operator's lien was acquired before or after that security interest, unless the operator's lien is postponed with respect to the security interest by the registration of a postponement in respect of the operator's lien and a discharge in respect of that postponement has not been registered.</p>		<p>This new provisions emphasizes the priority of operators' liens over other interests, but provides a mechanism for them to be voluntarily postponed by the lien holder.</p>
<p>Section 140 is amended by adding the following after subsection (10):  140(10.1) If a security notice is registered against an</p>		<p>This new provision ensures that the interests of secured parties are protected when an agreement is transferred, divided or consolidated.</p>

<p>agreement and</p> <p>(a) a transfer is registered under Division 1 that results in the issuance of a new agreement and the security interest in respect of which the security notice is registered relates to an interest in the new agreement,</p> <p>(b) the agreement is divided into two or more agreements and the security interest in respect of which the security notice is registered relates to an interest in the new agreement or in all or any of the new agreements issued as a consequence of the division, or</p> <p>(c) the agreement and one or more other agreements are consolidated into one agreement,</p> <p>the registration of the security notice shall be continued in respect of the new agreement or agreements or the consolidated agreement, as the case may be, as though the security notice referred to it or them and as though the issuance of the agreement or the agreements or the consolidation had occurred prior to the registration of the security notice.</p>		
<p>Section 140(11) is amended by striking out "surrendered, cancelled or forfeited" wherever it occurs and substituting "surrendered or cancelled".</p>	<p>140(11) When an agreement is reinstated pursuant to section 8(1)(e), the agreement is subject to all the security notices registered against the agreement when it was surrendered, cancelled or forfeited, as though the agreement had not been surrendered, cancelled or</p>	<p>There are no longer any provisions in the Act for the forfeiture of agreements.</p>

	forfeited.	
<p>Section 140 is amended by adding the following after subsection (11):</p> <p>140(12) When the term of an agreement is extended pursuant to section 8(1)(h) after the expiration of the term, the agreement is subject to all security notices registered against the agreement immediately before the expiration of the term so extended as though the term had not expired.</p>		<p>Ensures that the interests of secured parties are protected when the term of an agreement is extended after the term has expired.</p>
<p>Section 141(1) is amended by striking out "or" at the end of clause (a), by adding "or" at the end of clause (b) and by adding the following after clause (b):</p> <p>141(1)(c) a notice of the postponement of a security notice or an operator's lien.</p>	<p>141(1) There may be submitted to the Minister for registration (a) a notice of the discharge or partial discharge of the security interest that is the subject of a registered security notice, or (b) a notice of the assignment of all or part of the security interest that is the subject of a registered security notice.</p>	<p>This new provision allows for the registration of a postponement of a security notice or an operator's lien.</p>
<p>Section 142(9)(b) is repealed and the following is submitted:</p> <p>142(9)(b) make a further order directing the Minister to cancel the registration of the security notice of the secured party in its entirety or in relation to the agreement or agreements specified in the order.</p>	<p>142(9) If a secured party fails to comply with an order of the Court under subsection (8), the Court may, on the application of the person who obtained the order,</p> <p>(b) make a further order directing the Minister to cancel the registration of the security notice of the secured party.</p>	<p>Enables the Minister to cancel the security notice either in its entirety or with respect only to specific agreements. This will provide greater flexibility and ensure that the rights of the secured party are not impacted more than is contemplated by the court order.</p>
<p>Section 143 is amended by repealing subsection (2) and substituting the following:</p> <p>143(2) A person within any of the classes enumerated in subsection (3) may (a) serve on the secured party under a registered security notice a</p>	<p>143(2) A person within any of the classes enumerated in subsection (3) may (a) serve on the person named in a registered security notice as the secured party a notice to take proceedings directing that person to commence an</p>	<p>The amendments provide for the partial cancellation of a security notice with respect to specified agreements, and correct a drafting error in Section 143(2)(a).</p>



<p>notice to take proceedings directing that person to commence an application by originating notice in the Court of Queen's Bench returnable within 60 days after the date on which the notice is served, for an order substantiating the security interest that is the subject of the registered security notice either in its entirety or in relation to any specified agreement or agreements to which it applies, or</p> <p>(b) apply to the Court of Queen's Bench by originating notice requiring the secured party under a registered security notice to show cause why the registration of the security notice should not be cancelled or why the registration of the security notice against any specified agreement or agreements should not be cancelled.</p>	<p>application by originating notice in the Court of Queen's Bench returnable within 60 days after the date on which the notice is served, for an order substantiating the security interest that is the subject of the registered security notice, or</p> <p>(b) apply to the Court of Queen's Bench by originating notice requiring the secured party under a registered security notice to show cause why the registration of the security notice should not be cancelled.</p>	
<p>Section 143(3)(c) is amended by striking out "named in" and substituting "under";</p>	<p>143(3) A person may serve a notice to take proceedings or apply under subsection (2)(b) if he is</p> <p>(c) the secured party named in another security notice registered against the same agreement that is the subject of the notice to take proceedings or the show-cause notice;</p>	<p>The amendments provide for the partial cancellation of a security notice with respect to specified agreements, and correct a drafting error in Section 143(2)(a).</p>
<p>Section 143(8) is repealed and the following is substituted:</p> <p>143(8) If the Minister is provided with an affidavit satisfactory to the Minister showing</p> <p>(a) that a notice to take proceedings was served in</p>	<p>143(8) The Minister shall cancel the registration of a security notice if he is provided with an affidavit satisfactory to him showing</p> <p>(a) that a notice to take proceedings was served in accordance with this section on</p>	<p>Required in conjunction with the amendments that provide for the partial cancellation of a security notice with respect to specified agreements.</p>

<p>accordance with this section on the secured party under a registered security notice, and (b) that no application was commenced in accordance with the notice to take proceedings or that an application so commenced was dismissed or discontinued, the Minister shall cancel the registration of the security notice in its entirety or in relation to the agreement or agreements specified in the notice to take proceedings, as the case may be.</p>	<p>the secured party under the security notice, and (b) that no application was commenced in accordance with the notice or that an application so commenced was dismissed or discontinued.</p>	
<p>Section 143(9) is repealed and the following is substituted:  143(9) If the registration of a security notice is cancelled pursuant to subsection (8) in its entirety or in relation to any specified agreement or agreements, the person who was named as the secured party under the security notice as it was originally registered may not submit for registration (a) another security notice relating to the same security interest, or (b) another security notice relating to the same security interest in relation to the specified agreement or agreements as the case may be, except with leave of the Court of Queen's Bench.</p>	<p>143(9) If the registration of a security notice is cancelled pursuant to subsection (8), the person who was named as the secured party under the security notice as it was originally registered may not submit for registration another security notice relating to the same security interest except with leave of the Court of Queen's Bench.</p>	
<p>Section 143.1(1)(a) is amended by adding "in its entirety or in relation to any specified agreement or agreements against which it is registered" after "the</p>	<p>143.1(1) The Minister shall (a) cancel the registration of a security notice if there is submitted to him for registration a certified copy of an order or judgment of the</p>	<p>Required in conjunction with the amendments that provide for the partial cancellation of a security notice with respect to specified agreements.</p>

registration of a security notice".	Court of Queen's Bench directing him to do so whether as a consequence of proceedings under section 142 or 143 or otherwise, or	
Section 144(d)(ii) is repealed and the following is substituted: 144(d)(ii) the cancellation pursuant to section 143(8) of the registration of a security notice in its entirety or in relation to any specified agreement or agreements, and	144 The Lieutenant Governor in Council may make regulations (d) prescribing fees payable to the Minister for (ii) cancellation of registration of a security notice pursuant to section 143 (8), and	Required in conjunction with the amendments that provide for the partial cancellation of a security notice with respect to specified agreements.
Section 146(3)(a) is repealed and the following is substituted: 146(3)(a) for the appointment of a person as the unit operator,	146(3) Notwithstanding this Act or an agreement but subject to section 37(5), a unit agreement may provide (a) for the designation of a person to conduct the unit operation,	To delete the reference to unit operation, which will no longer be defined in the Act - see the comments under Section 1(1)(v2).
Section 147 is amended by striking out "a unit operation" and substituting "a unit agreement or unit operation order".	147 Notwithstanding this Act or an agreement, the Lieutenant Governor in Council may authorize the Minister to enter into a contract respecting the royalty on the mineral produced under a unit operation in respect of any tract that is subject to a royalty to the Crown in right of Alberta.	To delete the reference to unit operation, which will no longer be defined in the Act - see the comments under Section 1(1)(v2).
Section 148 is repealed.	148 When a location is partly within and partly outside an area that is subject to a unit operation, the Minister may, notwithstanding anything in this Act or the regulations, require the location to be divided so that each location resulting from the division will be as nearly as possible either within or outside that area.	This is an obsolete provision and is no longer required.

<p>The Builders' Lien Act is amended by this section. Section 26.1(2) is repealed and the following is substituted:  26.1(2) In subsections (3) to (6),  (a) "agreement", "lease" and "location" have the meanings given to them by the Mines and Minerals Act;  (b) "Minister" means the Minister of Energy.</p>	<p>26.1(2) When  (a) the estate or interest in a mineral on which a lien attaches arises under an agreement issued in respect of the mineral under the Mines and Minerals Act,  (b) the agreement is surrendered, cancelled or forfeited after the lien attaches, and  (c) the agreement is subsequently reinstated under section 8(1)(e) of the Mines and Minerals Act,  the agreement is, for the purposes of the lien, deemed not to have been surrendered, cancelled or forfeited.</p>	<p>The meanings of words used in the Builders' Lien Act is clarified.</p>
<p>Section 26.1 of the Builders' Lien Act is amended by adding the following after subsection (2):  26.1(3) If a lien is registered against an agreement and the Minister, as a consequence of a right of lease selection conferred on the lessee of the agreement, issues one or more leases for all or part of the location of the agreement, the registration of the lien shall be continued in respect of the lease or leases as though the lien referred to them and as though they had been issued prior to the registration of the lien.</p>		<p>The expansion of the wording to include lease selections ensures that holders of liens are protected when such transactions occur.</p>
<p>26.1(4) If a lien is registered against an agreement and  (a) a transfer is registered under Division 1 of Part 8 of the Mines and Minerals Act that results in the issuance of a</p>		<p>The expansion of the wording to include transfers, divisions and consolidations ensures that holders of liens are protected when such transactions occur.</p>

<p>new agreement and the lien attaches to all or part of the new agreement,</p> <p>(b) the agreement is divided by the Minister into two or more agreements pursuant to that Act and the lien attaches to all or part of the location of the new agreement or of all or any of the new agreements issued as a consequence of the division, or</p> <p>(c) the agreement and one or more other agreements are consolidated by the Minister into one agreement pursuant to the Act,</p> <p>the registration of the lien shall be continued in respect of the new agreement or agreements or the consolidated agreement, as the case may be, as though the lien referred to it or them and as though the issuance of the agreement or agreements or the consolidation had occurred prior to the registration of the lien.</p>		
<p>26.1(5) When an agreement is reinstated pursuant to section 8(1)(e) of the Mines and Minerals Act, the agreement is subject to all the liens registered against the agreement when it was surrendered or cancelled as though the agreement had not been surrendered or cancelled.</p>		<p>The expansion of the wording to include reinstatements ensures that holders of liens are protected when such transactions occur.</p>
<p>26.1(6) When the term of an agreement is extended pursuant to section 8(1)(h) of the Mines and Minerals Act after the expiration of the term, the agreement is subject to all liens registered against</p>		<p>The expansion of the wording to include term extensions ensures that holders of liens are protected when such transactions occur.</p>

the agreement immediately before the expiration of the term so extended as though the term had not expired.		
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