

1980

## c 377 Petroleum Resources Act

Ontario

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## CHAPTER 377

## Petroleum Resources Act

## 1. In this Act,

Interpre-  
tation

1. "Board" means the Ontario Energy Board;
2. "gas" means natural gas;
3. "inspector" means an inspector appointed for the purposes of this Act and the regulations, and includes a chief inspector;
4. "licence" means a licence issued under this Act;
5. "Minister" means the Minister of Natural Resources;
6. "Ministry" means the Ministry of Natural Resources;
7. "oil" means crude oil, and includes any hydrocarbon that can be recovered in liquid form from a pool through a well;
8. "operator",
  - i. when used in respect of any operations carried on for the purpose of drilling or plugging a well, means a person who has the right as lessee, sub-lessee, assignee or owner to carry on the drilling or plugging operations, and the person who has the control or management of such operations, and
  - ii. when used in respect of a well, means a person who has the right as lessee, sub-lessee, assignee or owner to the production from the well, and the person who has the control and management thereof, provided that such person either drilled or produced the well;

9. "permit" means a permit issued under this Act;
10. "pool" means an underground accumulation of oil or gas or both, separated or appearing to be separated from any other such underground accumulation;
11. "prescribed" means prescribed by a regulation;
12. "regulation" means a regulation made under this Act;
13. "spacing unit" means a surface area established by a regulation for the purpose of drilling for, or the production of, oil or gas, and includes the subsurface specified by the regulation;
14. "well" means a hole drilled into a geological formation of Cambrian or more recent age, except a hole where no oil or gas is encountered that is drilled for the production of fresh water;
15. "work" means a pipe line or a well and every part thereof and adjunct thereto that is used in the drilling for or the production or storage of oil or gas. 1971, c. 94, s. 1; 1972, c. 4, s. 12.

Appointment  
of inspectors  
R.S.O. 1980,  
c. 418

**2.**—(1) One or more chief inspectors and inspectors may be appointed under the *Public Service Act* for the purpose of this Act and the regulations.

Certificate of  
appointment  
and identifi-  
cation

(2) The Minister shall issue to every inspector a certificate of his appointment and identification.

Validity of  
certificate

(3) A certificate purporting to bear the signature of the Minister shall be deemed to have been signed by the Minister.

Production of  
certificate

(4) Every inspector, in the execution of any of his duties under this Act and the regulations, shall produce his certificate of appointment upon request. 1971, c. 94, s. 2.

Powers of  
inspector

**3.**—(1) An inspector may, for the purpose of carrying out his duties under this Act and the regulations,

- (a) subject to subsection (2), enter in or upon any premises at any time without warrant;

- (b) take up or use at any time any work or part thereof;
- (c) require the production of any drawing or specification of a work or any part thereof or any licence, permit, record or report and may inspect, and make copies of, the same and may require information from any person concerning any matter related to a work or part thereof or the handling or use thereof;
- (d) be accompanied by any person at the request of the inspector who has special or expert knowledge of any matter in relation to a work or a part thereof or the handling or use thereof;
- (e) alone, or in conjunction with such other persons possessing special or expert knowledge, make such examinations, tests or inquiries as may be necessary to ascertain whether this Act and the regulations are being complied with and for such purpose take or remove any material or substance subject to the operator or user being notified thereof.

(2) An inspector shall not enter any room or place <sup>Warrant</sup> actually being used as a dwelling where the occupier refuses entry except under the authority of a search warrant issued under section 142 of the *Provincial Offences Act*. 1971, <sup>R.S.O. 1980,</sup> c. 94, s. 3. <sup>c. 400</sup>

4.—(1) No person shall hinder, obstruct, molest or interfere <sup>Obstruction of inspector</sup> with or attempt to hinder, obstruct, molest or interfere with an inspector in the exercise of a power or the performance of a duty under this Act and the regulations.

(2) Every person shall furnish all necessary means in his <sup>Assistance of inspector</sup> power to facilitate any entry, inspection, examination or inquiry by an inspector in the exercise of his powers and duties under this Act and the regulations.

(3) No person shall neglect or refuse to produce a licence, <sup>Refusal to produce</sup> permit, drawing, specification, record or report as required by an inspector under clause 3 (1) (c).

(4) No person shall furnish an inspector with false information <sup>False information</sup> or neglect or refuse to furnish information required by an inspector in the exercise of his duties under this Act and the regulations. 1971, c. 94, s. 4.

5.—(1) An inspector shall not publish, disclose or communicate to any person any information, record, report or statement <sup>Information confidential</sup> acquired, furnished, obtained, made or received under the

powers conferred under this Act and the regulations except for the purposes of carrying out his duties under this Act and the regulations.

**Compellability in civil suit**

(2) An inspector is not a compellable witness in a civil suit or proceeding respecting any information, record, report, statement, or test acquired, furnished, obtained, made or received under the powers conferred under this Act and the regulations.

**Exception**

(3) The Minister may disclose or publish information, material, statements or result of a test acquired, furnished, obtained or made under the powers conferred under this Act and the regulations. 1971, c. 94, s. 5.

**Liability of inspector**

**6.**—(1) No action or other proceeding for damages lies or shall be instituted against an inspector for an act or omission by him in good faith in the execution or intended execution of any power or duty under this Act or the regulations.

**Liability of Crown**  
R.S.O. 1980,  
c. 393

(2) Subsection (1) does not, by reasons of subsections 5 (2) and (4) of the *Proceedings Against the Crown Act* relieve the Crown of liability in respect of a tort committed by an inspector to which it would otherwise be subject and the Crown is liable under that Act for any such tort in like manner as if subsection (1) had not been enacted. 1971, c. 94, s. 6.

**Directions by inspectors where non-compliance**

**7.**—(1) Where an inspector finds that any provision of this Act or the regulations is being contravened, he may give to the person whom he believes to be the contravener, his supervisor or foreman or any of them an order in writing directing compliance with such provision and may require the order to be carried out forthwith or within such time as he specifies.

**Idem**

(2) Where an inspector gives an order under this section, the order shall contain sufficient information to specify the nature of the contravention.

**Affixing tags**

(3) Where an inspector gives an order under this section, he,

(a) may order that the work shall not be used until the order is complied with;

(b) may affix a tag in the prescribed form to the work and no person, except the inspector, shall remove the tag; and

(c) shall notify in writing the operator, owner or person in charge of the work of the affixing of the tag.

(4) No person shall knowingly remove oil or gas from or supply oil or gas to a work to which a tag is attached. Use of tagged work

(5) No person shall use a work to which a tag is attached. Idem

(6) Any person who considers himself aggrieved by a decision or order of an inspector made under this section may appeal to a chief inspector who shall hear and dispose of the appeal as promptly as is practicable but the bringing of such appeal does not affect the operation of the order appealed from pending disposition of the appeal. Appeal from inspector

(7) An appeal to a chief inspector may be made in writing or orally by telephone, but the chief inspector so notified may require the grounds for appeal to be in writing before the appeal is heard. Oral or written

(8) On appeal under this section, the chief inspector notified may substitute his findings or opinion for those of the inspector who made the decision or order appealed from and may rescind or affirm the decision or order or make a new decision or order in substitution therefor and the decision or order of the chief inspector shall stand in place of and have the like effect under this Act as the decision or order of the inspector. 1971, c. 94, s. 7. Powers of chief inspector

- 8.**—(1) No person shall, No exploring, leasing or producing without licence
- (a) conduct geophysical or geochemical exploration for oil or gas; or
  - (b) lease oil or gas rights except from the Crown; or
  - (c) produce oil or gas for sale,

unless he is the holder of a licence for such purpose.

(2) Failure to comply with subsection (1) does not affect the validity of any contract. 1971, c. 94, s. 8. Contracts not affected

**9.** No person shall operate a machine for boring, drilling, deepening or plugging wells unless the machine is licensed. 1971, c. 94, s. 9. No machine to be operated without licence

**10.** No person shall bore, drill or deepen a well unless he is the holder of a permit for such purpose. 1971, c. 94, s. 10. No well to be bored, etc., without permit

**11.**—(1) No person shall repressure, maintain pressure in or flood any geological formation by the injection of oil, gas, water or other substance unless he is the holder of a permit for such purpose. Permit required to inject gas, etc.

## Exception

(2) Subsection (1) does not apply to a person who injects gas for storage in a designated gas storage area. 1971, c. 94, s. 11(1, 2).

## Referral of application for permits to Board

(3) The Minister may refer to the Board for a report any application for a permit under subsection (1) if in his opinion the circumstances so require, but he shall so refer it if the point of injection is within 1.6 kilometres of a designated gas storage area. 1971, c. 94, s. 11(3); 1978, c. 87, s. 28.

## Hearing

(4) Where an application is referred to the Board under this section, the Board shall hold a hearing before reporting to the Minister,

(a) if the point of injection is within 1.6 kilometres of a designated gas storage area; or

(b) if, in the opinion of the Board, the circumstances of the case so require. 1971, c. 94, s. 11(4); 1978, c. 87, s. 28.

## Responsibility for compliance with Act

**12.** Every operator shall take every precaution reasonable in the circumstances to ensure that his employees and agents comply with this Act and the regulations. 1971, c. 94, s. 12.

Grant of licence, etc.  
R.S.O. 1980,  
c. 332

**13.—**(1) Subject to section 23 of the *Ontario Energy Board Act*, the Minister may, in his discretion, with or without an examination of the applicant, grant a licence or permit, and he may, in so doing, impose such terms and conditions, whether of a pecuniary nature or otherwise, and such duties and liabilities as he in his discretion considers proper, but before granting a licence or permit he may, and if requested by the applicant, he shall refer the matter to the Board, in which case the Board shall hold a hearing and report to him thereon.

## Renewal of licence, etc.

(2) The Minister may grant a renewal of a licence or permit in whole or in part, and he may, in granting a renewal of a licence or permit, impose such terms and conditions, whether of a pecuniary nature or otherwise, and such duties and liabilities as he in his discretion considers proper, but if, in refusing to grant, or in granting such a renewal, he imposes any term or condition that was not previously imposed, he shall, if requested by the applicant, refer the matter to the Board, in which case the Board shall hold a hearing and report to him thereon. 1971, c. 94, s. 13.

## Renewal, suspension of licence, etc.

**14.—**(1) Where a person contravenes any provision of section 19, the Minister may refuse to grant a licence or permit, the renewal of any of them, or suspend or cancel a licence or permit or may, in granting or renewing a licence or permit, impose such terms and conditions as he considers proper but before doing so he may refer the matter to the Board, in which case the Board shall report to him thereon.

(2) Where the Minister does not refer the matter to the Board, any person aggrieved thereby may apply to the Board for a hearing, in which case the Board shall hold a hearing and report thereon to the Minister. 1971, c. 94, s. 14.

Appeal  
to Board

**15.** Where a hearing is held pursuant to section 13 or 14, the Board shall send to each of the parties a copy of its report to the Minister within ten days after submitting it to the Minister. 1971, c. 94, s. 15.

Copy of  
report to  
be sent  
to parties

**16.** Where, following a hearing and report by the Board pursuant to section 13 or 14, the Minister refuses to grant or renew a licence or permit, or imposes terms and conditions on a licence or permit, upon the petition of any party or person interested, filed with the Clerk of the Executive Council within sixty days after the date of the Minister's decision, the Lieutenant Governor in Council may,

Lieutenant  
Governor in  
Council may  
confirm, vary  
or rescind  
decision of  
Minister

(a) confirm, vary or rescind the whole or any part of such decision; or

(b) require the Board to hold a new hearing on the matter and report to the Minister thereon,

and the decision of the Minister after the hearing and report ordered under clause (b) is not subject to petition under this section. 1971, c. 94, s. 16.

**17.—**(1) The Lieutenant Governor in Council may make regulations,

Drilling and  
production  
regulations

(a) for the conservation of oil or gas;

(b) prescribing areas where drilling for oil or gas is prohibited;

(c) prescribing the terms and conditions of oil and gas production leases and gas storage leases or any part thereof, excluding those relating to Crown lands, and providing for the making of statements or reports thereon;

(d) regulating the location and spacing of wells;

(e) providing for the establishment and designation of spacing units and regulating the location of wells in spacing units and requiring the joining of the various interests within a spacing unit or pool;

(f) prescribing the methods, equipment and materials to be used in boring, drilling, completing, servicing, plugging or operating wells;



- (g) requiring operators to preserve and furnish to the Ministry drilling and production samples and cores;
- (h) requiring operators to furnish to the Ministry reports, returns and other information;
- (i) requiring dry or unplugged wells to be plugged or replugged, and prescribing the methods, equipment and materials to be used in plugging or replugging wells;
- (j) regulating the use of wells and the use of the subsurface for the disposal of brine produced in association with oil and gas drilling and production operations. 1971, c. 94, s. 17 (1); 1972, c. 1, s. 1.

General  
regulations

(2) The Lieutenant Governor in Council may make regulations,

- (a) providing for the issue of licences and permits;
- (b) prescribing classes of licences and permits, and prescribing standard terms and conditions upon which licences and permits may be issued;
- (c) prescribing the fee payable for any licence or permit;
- (d) prescribing forms and tags and providing for their use;
- (e) requiring and providing for the bonding or insuring of holders of licences or permits;
- (f) requiring and providing for guarantees or other security by bond or other means that works commenced under licence or permit will be completed in accordance with this Act and the regulations;
- (g) respecting the completion, correction or removal of works by an operator, or by the Minister upon the operator's default, and respecting the recovery of costs thereby incurred;
- (h) providing for the Minister to take possession of a work not complying with this Act and the regulations and to take such measures as are necessary to make the work comply with this Act and the regulations, and to recover any resulting expenses by action in a court of competent jurisdiction or by the sale of all or part of the work or by providing that such expenses are a lien and charge upon the estate or interest

of the operator in the land upon which the work is situate, and that the amount thereof shall be entered by the clerk of the municipality upon the collector's roll and be collected in the same way, as nearly as may be, as municipal taxes are collected;

- (i) requiring and providing for the keeping of records and the making of returns, statements or reports on the exploration, leasing, drilling for or production of oil or gas or the storage of oil or gas;
- (j) regulating safety standards and requiring and providing for the keeping of safety records and the making of safety returns, statements or reports in the drilling for, production, storage and measurement, of oil or gas;
- (k) for any matter provided in this Act to be done by regulation.

(3) Any regulation may be general or particular in its application. 1971, c. 94, s. 17 (2, 3). Scope of regulations

**18.**—(1) In the event of conflict between this Act and any other general or special Act, this Act, subject only to the *Ontario Energy Board Act*, prevails. Conflict with other Acts  
R.S.O. 1980, c. 332

(2) This Act and the regulations prevail over any municipal by-law. 1971, c. 94, s. 18. Idem, with by-laws

**19.** Every person who,

- (a) contravenes or fails to comply with any provision of this Act or a regulation; Offences and penalties
- (b) knowingly makes a false statement in any document prescribed by a regulation;
- (c) fails to carry out the instructions of any inspector;
- (d) unlawfully tampers or interferes with any work or portion thereof;
- (e) wastes or causes to be wasted or permits loss or disposes of any oil or gas in any manner which results in a hazard to public health or safety, or results in air, land or water pollution; or
- (f) wilfully delays or obstructs an inspector in the execution of his duties under this Act,

is guilty of an offence and on conviction is liable to a fine of not more than \$10,000 or to imprisonment for a term of not more than one year, or to both. 1971, c. 94, s. 19.

Act  
supersedes  
R.S.O. 1980,  
c. 139

**20.** This Act applies notwithstanding the *Energy Act*. 1971,  
c. 94, s. 21.