

Alberta Petroleum Marketing Commission

History from Alberta Culture Website

The *Petroleum Marketing Act* (S.A. 1973, c. 96), which came into effect on January 15, 1974, established the Alberta Petroleum Marketing Commission.

The Alberta Petroleum Marketing Commission submitted its first annual report to the Premier and the Minister of Energy and Natural Resources in 1974, and continued to do so until 1986, when its annual reports were submitted to the Minister of Energy. Beginning in 1995, the commission's report was included in the Alberta Ministry of Energy's annual report and, from 1999–2001, in the annual reports of Resource Development.

The Alberta Petroleum Marketing Commission was created to manage the marketing of the Crown's royalty share and lessees' royalty share of petroleum, both from Crown and freehold lands. The Alberta Petroleum Marketing Commission was an agent of the Crown with the right to acquire, sell, and exchange petroleum in Alberta. It was also directed to accept delivery of the Crown's royalty petroleum, to sell it within Alberta, and to pay the proceeds to the Provincial Treasurer. As well, the commission was the exclusive agent to sell Crown lessees' share of petroleum, paying the proceeds to the owners. The commission was authorized to collect all oil royalty revenues effective March 1, 1974. The commission issued a monthly *Selling Price Bulletin*, the first being issued on March 1, 1974, whereby the commission prescribed selling prices for petroleum produced from Crown leases. The commission also represented the Alberta government at regulatory proceedings in Canada and the United States, as well as undertaking special studies that investigated various aspects of supplying, marketing, and producing petroleum.

In November 1975, the *Natural Gas Pricing Agreement Act* came into effect; this *Act* implemented the federal-Alberta agreement on natural gas pricing. Through a ministerial order in December of that year, the Alberta Petroleum Marketing Commission was given the responsibility to administer this *Act*; the commission's responsibilities included purchasing and selling the gas, and administering the *Natural Gas Pricing Agreement Act* Fund.

In a 1977 amendment to the *Petroleum Marketing Act*, the Alberta Petroleum Marketing Commission was given responsibility for the pricing and marketing of pentanes plus, a natural-gas extract, but could not begin this until supporting regulations were passed under the *Mines and Minerals Act*. The marketing of pentanes plus began on January 1, 1982. On October 31, 1980, the federal-Alberta agreement on natural gas pricing expired and the *Natural Gas Price Administration Act*, governing natural gas transactions in Alberta, was proclaimed. A new federal-Alberta agreement came into effect on November 1, 1981 and the commission reverted to the *Natural Gas Pricing Agreement Act* to implement the agreement. The new agreement extended until January 31, 1987.

While petroleum derived from oil sands was not initially under the legislated jurisdiction of the Alberta Petroleum Marketing Commission, the commission was involved in the Syncrude

Canada Ltd. Project, including the marketing of the province's share of synthetic oil. The chair and, subsequently, any member of the commission, served as the Alberta royalty negotiator for synthetic oil produced by the project. The Department of Energy handled this beginning in June 1985.

The Western Accord deregulated the petroleum industry on June 1, 1985. Following the deregulation, the commission, as an agent, continued to sell the Crown's royalty share of Alberta's crude oil production and its share of synthetic crude oil production from the Syncrude Canada Ltd. project. As well, the commission marketed crude oil on behalf of producers on a contract basis. This crude oil production was purchased according to normal business practices. As well, the governments of Canada and the producing provinces signed the Agreement on Natural Gas Markets and Prices, which replaced the former federal-provincial pricing arrangements with market-sensitive pricing of domestic natural gas after an initial twelve-month transition period. In 1986, the commission was assigned responsibilities under the *Take-or-Pay Costs Sharing Act* and *Natural Gas Marketing Act*.

In the early 1990s, the Alberta Petroleum Commission was acquiring and marketing crude oil, taken as royalty-in-kind from Crown leases; it also marketed the province's equity share of synthetic oils from Syncrude Canada Ltd. The commission's functions were dramatically altered in 1994. The February 1994 Speech from the Throne announced that all commission responsibilities, except those directly related to the marketing of crude oil, were to be transferred to the Department of Energy effective April 1, 1995. The commission's position as the government's representative at regulatory proceedings, along with the services provided under the *Natural Gas Marketing Act*, were transferred to the Department of Energy. The Minister of Energy also conducted an investigation into the role of the commission, and whether it would be more cost-efficient to replace the marketing function with either a cash royalty, or with a privatization mechanism. The conclusion was that, based on financial considerations, the department should keep the marketing function.

The privatization option was explored again in the fall of 1995, and was deemed more cost-efficient than a cash royalty. In April 1996, Gulf Canada Resources Ltd., PanCanadian Petroleum Ltd., and CANPET Energy Group Inc. were named as the companies to act as the Crown's agents in marketing Alberta's crude oil for a period of five years. Also that year, the Department of Energy assumed responsibility for the administration of the commission. Following all these changes, the Alberta Petroleum Marketing Commission remains responsible for accepting delivery of, and marketing, the Crown's royalty share of crude oil.

The Alberta Petroleum Marketing Commission consists of three members appointed by the Lieutenant Governor in Council: a chair, a vice-chair, and another member. Three divisions initially supported the work of the commission: Administration and Finance, Operations, and Economics and Planning. These divisions were altered in 1979–1980 to reflect the management and administration of petroleum and natural gas; the divisions were Administration and Finance, and Petroleum and Natural Gas. A new division of Engineering and Planning was added in 1981.

Minor changes to the organization's structure in the following years resulted in the 1986 structure of the commission, involving a Finance and Administration Division, a Crude Oil

Division, a Natural Gas and Market Analysis Division, and an Information Services Division. The following year, a new section called Special Projects and Regulatory Affairs was established, becoming Market Analysis and Regulatory Affairs in 1988 when Market Analysis was transferred from the former Natural Gas and Market Analysis Division. Since 1996, Department of Energy staff have supported the commission.

Chairs of the Alberta Petroleum Marketing Commission

Douglas Wayne Minion 1974–1984

Dale Alfred Lucas 1984–1991

Gordon R. Scott (Acting) 1992

Norman E. MacMurchy 1992–1994

David J. Manning 1994–1996

Richard M. Hyndman 1996–1997

Robert J. King 1997–1998

Kenneth R. Smith 1998–2005

Dan McFayden 2006–2008

Peter Watson 2008-2012

Jim Ellis 2012-2013

Jennifer Steber 2013

Grant Sprague 2013-present