April 17, 2013

OIL SANDS INFORMATION BULLETIN 2013-08

Subject: Change of Operatorship or Ownership: Clarification of Responsibilities and Entitlements

This Information Bulletin is for all operators of oil sands royalty Projects, proposed Projects, non-Project mining operations and non-Project well events as defined in subsection 1(1)(v) of the Oil Sands Royalty Regulation, 2009 (OSRR’09).

The purpose of this Information Bulletin is to clarify the responsibilities and entitlements of the current operator and any previous operators, in the event there is a change in operatorship or ownership of a reporting entity, as defined in section 35 of the OSRR’09.

Responsibilities

In accordance with section 36 of the OSRR’09, there can only be one operator for a reporting entity at any given time. The current operator is responsible for the following items, even though the item may relate to a period of time prior to when the current operator became the operator:

- Submitting reports; OSRR’09 sections 37, 38, 38.1, and 39
- Submitting replacement reports; OSRR’09 section 41
- Making payments; OSRR’09 section 33 and 45
- Maintaining records; OSRR’09 section 42
- Providing or arranging access to records for the Department to conduct an audit or examination; Mines and Minerals Act (MMA) section 47
- Fulfilling any other obligation or liability that may arise under the MMA or its regulations.

The previous operator of a reporting entity is responsible for the following:

- Maintaining all records that were used to prepare any reports filed with the Department; MMA section 47, Mines and Minerals Administration Regulation (MMAR) section 25.
- Notifying the Department of the change in operatorship; OSRR’09 section 36.
- Fulfilling any other obligation or liability that may arise under the MMA or its regulations.
The Department will contact the current operator in respect of any outstanding obligations or liabilities of a reporting entity, and will expect the current operator to satisfy any outstanding obligations or liabilities relating to a reporting entity, regardless of the time period to which the obligation or liability relates. The Department reserves the ability to contact a previous operator if the Department is unable to contact the current operator, and the time period relates to a period of time when the previous operator was the operator of the reporting entity.

In any event, both the transferee and the transferor of a lease agreement are jointly responsible for any obligation or liability arising under the lease agreement that existed before the transfer was registered, as per section 91.1 of the MMA.

Entitlements

Only the current operator of a reporting entity is entitled to the following items, regardless of the time period to which the item relates:

- Receiving payments from the Crown (refund for overpayments); OSRR’09 sections 33 and 45
- Requesting a recalculation of royalties; MMA section 38
- Making an objection to a calculation or recalculation of royalties; OSRR’09 section 47

The Department will contact the current operator to satisfy any outstanding entitlements relating to a reporting entity, regardless of the time period to which the entitlement relates.

Questions regarding this Information Bulletin may be directed to:

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