

OFFER TO SUPPLY
N A T U R A L G . A S .

TO THE
T W O N O F A T H A B A S C A .
A l b e r t a

B Y

A . F . A . C O Y N E . A N D . C O M P A N Y .

P e t r o l e u m O p e r a t o r s .

W a r n e f o r d C o u r t . T h r o g m o r t o n S t
L o n d o n E n g l a n d .

C a n a d i a n O f f i c e s .
A t h a b a s c a A r b e r t a .

*Records of
Athabasca Archives*

*_____

DEPOSIT.

to be forfeited to the town if A F A Coyne
and Company do not, commence work in the
town laying gas pipes and connections and drilling
by the first day of August, or have not all
homes buildings supplied with Gas for their
use in full supply by the first day of
November 1920.

*Deposited
Nov 4 1920.*

*Property of
Athabasca Archives*

October 25th 1919

To the Mayor and Council of the
Town of Athabasca.
Athabasca
Alberta.
Canada.

GENTLEMEN.

Pursuant of my informal approach within your town, on the question of a supply of Natural Gas, I have much pleasure in submitting our draft agreement for your decision on the matter.

It is not within my scope to illuminate to you the advantages of having this cheap fuel power in the town, and I give your town a price for power Gas which cannot be competed with in any part of the world, A price that is lower many hundred per cent than I am sure any other competitor would ever dream of. The head quarters for Canada of our company being here, and the nature of our business, being directly attached to the production of the raw materials which we believe the town is adjacent to, directs our judgement that this place will become a great manufacturing centre, we honestly believe this, that is why we came here and located, therefore we are actuated from high business principles, the building up of the town to a city, from which we as well as all your inhabitants will benefit immeasurably, this being the case, the prime requisite is the cheapest power on earth. Natural Gas at the nominal price of one cent per thousand cubic feet, If you will compare this with the cheapest gas power yet given in Canada or I might say the world, Medicine Hat, where the gas is all produced by wells within the town limits, you will find that their power price is five cents. The price for domestic Gas is given by us at forty cents, this figure will cut the coal bills of any home in town down to one third of the present cost.

As the writer is sailing for London England on the 29th Nov, and leaving Athabasca in about a week's time, he wishes to request you to take up this matter immediately, place it before your burgesses, and give him the decision, so that his company may proceed immediately, This Spring our Gas Engineer Mr M Martin, measured up the town for pipe line and we are ready to commence immediately the frost leaves the ground this spring.

Enclosed please find a check for \$500 as a deposit of our good faith in the matter, May I have the pleasure of meeting the Town Council and answering any questions which might wish to be explained.

yours truly.

A F A Coyne & Company.

per

Executive.

ATHABASCA
ALBERTA.

A G R E E M E N T

MEMORANDUM OF AGREEMENT made and entered into this
day of A.D. 1919.

BETWEEN :-

THE TOWN OF ATHABASCA, in the Province of Alberta,
hereinafter called "The Town".

of the first part;

--AND--

A.F.A.COYNE & COMPANY, of the City of London
in the United Kingdom of Great Britain. Petroleum
operators hereinafter called the Party

of the second part.

WHEREAS the town is desirous of obtaining
a supply of Natural Gas for the town and the inhabitants thereof;

AND WHEREAS it is agreed between the town and
the party of the second part to supply natural Gas to the town and
the inhabitants thereof on the terms and conditions following.

NOW THEREFORE THIS AGREEMENT WITNESSETH: That the
parties hereto mutually covenant and agree each with the other as
follows:-

1. The Town hereby grants to the party of the second part, their heirs, executors, administrators and assigns, subject to the terms, conditions and provisions hereinafter contained, the full power right and liberty to put down, take up, and relay, connect disconnect, repair, maintain and operate their gas pipe lines along grounds bridges parks thoroughfares and other public places within the limits of the town, as the same may from time to time be extended as may be necessary or convenient for the purpose of supplying and conducting natural gas to the to the consumers thereof, and the party of the second part is to that end authorized to enter upon any and all of the said places and to break at his own expense the surface and to make any necessary excavation thereon when and where the same may be required for the aforesaid purposes, and to do all other things necessary or convenient for the supplying of natural gas to the inhabitants or corporations of the town, and laying down and taking up, repairing maintaining and operating

their Gas pipe lines as aforesaid, doing as little damage as may be necessary in the execution of the powers hereby granted, and causing as little obstruction as possible during the progress of the work, and at all other times restoring the streets, squares highways, lanes, alleys, grounds, thoroughfares parks and other public places within the limits of the town, in all other cases to their proper condition and maintain the same in such condition for a period of two years, ordinary wear and tear excepted, and if the party of the second part shall fail to commence the said work within forty eight hours after written notice to that effect from the engineer or such officer as may be appointed by the council of the town for that purpose, as to the particular places to be repaired, or shall fail to proceed therewith with all convenient speed, the said work may be done by the town, and the party of the second part shall be liable for the cost thereof, plus ten per cent for over head charges, and the party of the second part shall at all times if required while any street or pavement shall be broken up cause a light sufficient for the warning of all persons using such highway or other public place to be set up and maintained every night during which same shall be broken up and a proper guard during the day to the satisfaction of the town engineer, or such other officer as may be appointed by the council of the town for that purpose

The part of the second part shall pay the town for all damages to the works of the town and for all changes or alterations in the works of the town caused or necessitated by the works of the party of the second part.

(2)

A plan showing the proposed location of the said mains and pipes as aforesaid shall be first submitted to and approved of by the engineer or such officer as may be appointed by the council of the town for that purpose, and the said engineer or other officer shall have the right to direct the location of the said pipe lines in the said streets, alleys and other public places within the town, and the said pipe lines shall be located in the lanes and alleys rather than in the streets and main thoroughfares, when reasonably possible; and the party of the second part shall give notice in writing to the town engineer or other officer appointed as aforesaid, of his intention to open or break up the same not less than three clear days before the beginning of the work except in the case of an emergency arising from defects in or breaking of the the pipes or other works, when immediate notice shall suffice. In the event of any change by accident or otherwise in the level of any highways of the town constructing any works necessitating any alteration in the location of the party of the second parts pipe lines, the party of the second part shall make such alterations at his own cost.

(3)

The first well to be drilled by the party of the second part,

under the terms of this agreement shall be drilled within the corporate limits of the town if found desirable and expedient by the party of the second part, and the location of any further well or wells necessary for the average~~44~~ supply of natural gas hereinafter set forth, shall be decided by and at the discretion of the party of the second part.

(4)

This agreement is intended to operate as a consent by the town, to the exercise of the party of the second part to the powers, rights, liberties, and franchises herein contained, according to the terms hereof, and also to the exercise within the town of Athabasca, of the powers which may be exercised by a company under and by virtue of the "Ordinance respecting water, gas electric and telephone companies". being chapter 21 of 1901, or by any other ordinance or statute and amendments thereto.

(5)

The maximum net price to be charged for natural gas supplied by the party of the second part to consumers of the town during the exclusive term of the franchise hereby granted shall be forty cents per thousand cubic feet, Provided further that the maximum price for all natural gas used in the town for power or manufacturing purposes shall be five cents per thousand cubic feet.

Provided further that all bills not paid within thirty days after rendering same the maximum price may be increased ten cents per thousand cubic feet for power and manufacturing purposes only. There shall be no discrimination among consumers of the same class using similar quantities and the price of gas for manufacturing purposes shall at all times be uniform, and no rebates shall be allowed to consumers.

(6)

The party of the second part shall supply as much natural gas as may be required within the limits aforesaid at the property line when the places or buildings to be supplied with natural gas are situated on land lying along the line of any main line of the party of the second part, and the cost of the necessary connections from the main to the property line shall be borne by the party of the second part, and the party of the second part shall further shall furnish free of charge to the consumers a gas meter to accurately measure all natural gas consumed, and the property line shall be the place of delivery of all natural gas supplied to the town, and all expense and risk in utilizing such gas after delivery at the property line shall be born by the consumer, it is however agreed that all buildings within the town limits at present shall be supplied with a gas main from the main pipe lines of the party to the second part, up to and touching the nearest side of the said buildings to the main pipe lines of the party of the second part, and no charge shall be made to the owner of the property, this stipulation however to become void when applied to any buildings otherwise than at present in the town.

7. The natural gas ~~is~~ ^{com} to be distributed under this agreement and supplied in general shall ~~apply~~ ^{com} with the requirements described by "The Gas Inspection Act of Canada" and regulations made thereunder.

8. The party of the second part will make such reasonable extension as may from time to time be required by the council; provided, always, that any dispute as to the reasonableness of any such requirements shall be decided by an arbitration committee of three returned soldiers, one ~~to~~ to be appointed by the Town, the other by the party of the second part, and the two to appoint the third.

9. The party of the second part shall be liable for and shall indemnify the Town against any damages arising out of the construction and operation of this works, owing to the negligence of the party of the second part, their servants and employees, and the Town shall be liable for all damage to the plant of the party of the second part caused by the negligence of the Town, its workmen, employees or licences.

10. The Town shall have the right at the expiry of ten years (10) from the date hereof, and at the expiry of each successive term of ten (10) years thereafter on giving six months previous notice in writing to the party of the second part, to take over and purchase from the party of the second part all their assets, works and plant within the Town and such of his assets, works, plant, gas wells and gas leases outside of the Town as are used by the party of the second part in supplying natural gas to the Town and inhabitants thereof at the actual value thereof as a going concern plus ten per cent, not to include any value for franchise or value based on earnings or goodwill and making the Town due allowances for deterioration, wear and tear and all other proper allowances, such actual value to be ascertained by arbitration under the arbitration laws at the time in force in the Province of Alberta, the award of the arbitrator or arbitrators to be made within six months of the giving of the said notice, subject to any extension necessitated by any failure of the arbitration board to make its report within the required six months, and the Town shall pay the same within six months from the date of the award; provided, however, that the right hereby granted to the Town shall not be assignable and that the Town shall not be at liberty to take possession of or to receive transfers of the said property until the payment of the amount awarded and upon payment of the said purchase price all the rights hereunder shall absolutely cease and determine.

In case no notice in writing is given as aforesaid or in case the Town fails to proceed with the said arbitration, or in case the amount of the said award is not paid by the Town within six months from the date of the award, the right of the Town ~~is~~ herein provided to take over the said works and plant shall thereupon cease and determine for a period of ten ~~years~~, and all powers, rights, liberties and franchises hereby granted and all provisions of this agreement shall continue for a further ~~period~~ of ten years, except in so far as they are exclusive, and at the expiry of each term of ten years the right to purchase, and in the alternative the right of renewal of the party of the second part, shall again arise and be exercisable in the manner aforesaid, and so on from time to time at the expiry of each successive period of ten years.

11. In view of the large expenditure being incurred by the party of the second part in providing for a supply of natural gas for the Town and constructing pipe lines, distributing system and other works for supplying the natural gas to the Town and the inhabitants thereof, the Town hereby further covenants and agrees with the party of the second part that the franchise, and all the rights, powers, privileges and liberties hereby granted shall be exclusive for the supply of natural gas for all purposes for a period of ten (10) years from the execution hereof and during the said period the Town will not itself use, or permit any other person, firm or corporation to use, or consent to any other person, firm or corporation using the streets, squares, highways, lanes, alleys, grounds, parks, bridges, thoroughfares and other public places hereinbefore mentioned or any of them, for the purpose of laying gas pipes along through or under the same; provided, that if the party of the second part shall fail to supply natural gas in the Town to the extent of seventy-five per cent of the requirements therefore of the domestic consumers in the Town using natural gas for domestic purposes, not to include manufacturing or power purposes, for a period of three months next following the party of the second part beginning to supply natural gas for any cause and except accident, or any cause beyond the control of the party of the second part, other than lack of supplies, the privileges hereby granted shall cease and determine in so far as they are exclusive; and if the Town has not prior to the time when the party of the second part is again able to supply natural gas to the extent of the requirements herefore, entered into any contract, agreement or arrangement inconsistent herewith, the said exclusive privileges as respects natural gas as hereby granted shall be revived in full force and effect.

12. The party of the second part agrees to employ the same working conditions in regard to employees of the party of the second part as are established from time to time by the Town as a fair wage schedule for similar service employment, and in case of any employment not coming under the such fair wage schedule than the rates of wages and the hours per day shall be determined by the fair wage officer of the Department of Labour.

13. The party of the second part proposes to apply to the legislature of the Province of Alberta at its next session for an enactment by the legislature which will ratify and confirm by the granting of the powers, rights, privileges, liberties and franchise hereby granted, and the Town agrees to assist and support such application, it being understood that the expense of such application and of all other expenses in connection with the securing of the said legislation will be borne by the party of the second part.

14. The party of the second part within six months after this agreement has been properly and finally executed by the Town, or the proper officials thereof, in this behalf, will commence drilling operations and will continuously carry on such drilling operations until a well or wells have been completed capable of supplying the consumers in the Town, and immediately upon the completion of gas well or wells as aforesaid, or sooner at the option of the party of the second part, he will commence a pipe line from the said well or wells to the Town and will construct a distributing system within the Town for supplying natural gas to the inhabitants thereof, and will fully co

complete the said system within twelve months from the commencement thereof, and should the party of the second part, prior to the commencement of the said pipe line or distributing system fail to continuously carry on drilling operations for a period of three months for any cause save and except strikes, delays in obtaining material, acts of God, or the King's enemies or other cause or circumstances beyond the control of the party of the second part, the franchise hereby granted shall become null and void, and all rights and claims of the parties hereto cease and terminate, and the party of the second part shall pay to the Town all its costs, charges and expenses incurred in connection herewith, and should the party of the second part fail to complete the said pipe line and distributing system within the said twelve months after the commencement of the construction thereof for any cause save and except strikes, delays in obtaining material, acts of God, or the King's enemies, or other cause or circumstance beyond the control of the party of the second part, he shall pay the Town the sum of ten dollars (\$10) per day for each and every day after the expiration of twelve months after the party of the second part commences the construction of the said main pipe line from the well or wells of the party of the second part to the Town until the said pipe line and distributing system shall be fully completed, payable at the end of each and every month.

The party of the second part will have so far completed his pipe line and distributing system as to be ready to deliver gas to the consumers within the Town within one year from the final execution hereof on behalf of the Town. If he fails to do so the sum of ten dollars (\$10) a day shall be payable to the Town as liquidated damages for such additional time not exceeding six months as such failure continues, and if such failure continues for more than one year and six months from such final execution thereof unless such time has been extended by the council of the Town, all the exclusive rights and privileges hereby granted to the party of the second part may at the option of the Town cease and determine;

Provided that before the time for the commencement of the construction of the said pipe line the party of the second part may apply for, and the Town will support at the cost of the party of the second part his application and use its best efforts to obtain from the legislature of the Province of Alberta the right to construct his said pipe line along road allowances and the power to appropriate a right of way for the said pipe line across private property, and any delay occasioned by failure to obtain such rights shall not be included in the periods of limitation above mentioned, but such period of delay shall not extend beyond the next session of the legislature after which such application can be made.

15. In consideration of the exclusive privilege granted hereunder to the party of the second part, the party of the second part agrees to pay a fund to be divided equally between to and all returned soldiers or their widows or dependants living within a radius of fifty miles from the Town from year to year and as long as this franchise remains exclusive,

ten per centum of the net ^{profits} receipts of the party of the second part from the sale of natural gas within the Town for all purposes, provided that in view of the expence to be incurred by the party of the second part for the first year following the commencement of the actual supply of gas within the Town, this percentage shall not be payable by the party of the second part.

This agreement shall be binding upon and enure to the benefit of the successors and assigns of each of the parties hereto.

IN WITNESS WHEREOF the party of the first part has hereunto affixed its cooperate seal under the hands of its proper officers in that behalf, and the party of the second part has hereunto set his hand and seal.

The corporate seal of the Town of Athabasca was affixed this
day of A.D.1919, in the
presence of

Mayor.

Secretary

this

The party of the second part has hereunto set his hand and seal
day of A.D.1919, in the presence of.

Endorsed in agreement

16. It is hereby agreed that if, in the event of any well or wells being drilled within the Town limits of Athabasca, the company agree in the event of striking crude oil, to pay to the Town a Royalty of 20% of the proceeds derived from the well or wells, to pay off the Town debt, but this clause shall cease to be in force when such debts as the Town at present is indebted, and in addition, that the Company shall continue to pay the said royalty until it has paid \$100.000 (One hundred thousand dollars) over and above the said present indebtedness, at which time the above shall automatically become void.

17. The Company shall give Gas for street lighting purposes at 25¢ (Twenty five cents) per lamp per month, The Town to supply the lighting fixtures.

18) It is covenanted and agreed upon that all the terms and conditions of this agreements shall be binding upon any extension of the town limits of Athabasca during the life of this agreement.

*As additional
& agreement
As originally
understood & now
included*

Mayor's Office

Town of Athabasca

Athabasca, 191

Ten per centum of the net profits of the party of the second part from the sale of natural gas within the Town for all purposes provided that in view of the expense to be incurred by the party of the second part for the first year following the commencement of the actual supply within the Town this percentage shall not be payable by the party of the second part.

16. It is hereby agreed that if in the event of any well or wells being drilled within the Town limits of the Town of Athabasca the Company agrees in the event of striking crude oil to pay to the Town a royalty of twenty percent of the proceeds derived from the well or wells to pay off the Town debt but this clause shall cease to be in force when such debt as the Town at present is indebted and in addition that the Company shall continue to pay the said royalty until it has paid one hundred thousand (\$100000.00) Over and above the said present indebtedness at which time the above shall automatically become void.

17. The Company shall give gas for street lighting purposes at twentyfive cents (25c) per ~~ind~~ lamp per month the Town to supply the lighting fixtures.

18 It is covenanted and agreed upon that all the terms and conditions of this agreement shall be binding upon any extension of the Town limits of the Town of Athabasca during the life of this agreement.

This agreement shall be binding upon and enure to the benefit of the successors and assigns of each of the parties hereto.

In WITNESS WHEREOF the party of the first part has hereunto affixed its corporate seal under the hands of its proper officers in that behalf and the party of the second part has hereunto set his hand and seal,

The Corporate seal of the Town of Athabasca was affixed this
day of A.D. 1919

In the presence of

Mayor

Secretary Treasurer

The party of the second part has hereunto set his hand and seal
this day of A.D. 1919

In the presence of