

# BILL

No. 136

An Act to amend *The Oil and Gas Conservation Act* and to make related amendments to *The Mineral Resources Act, 1985*, *The Pipelines Act, 1998* and certain regulations

(Assented to \_\_\_\_\_)

HER MAJESTY, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts as follows:

## Short title

1 This Act may be cited as *The Oil and Gas Conservation Amendment Act, 2014*.

## R.S.S. 1978, c.O-2 amended

2 *The Oil and Gas Conservation Act* is amended in the manner set forth in this Act.

## Section 2 amended

3 **The following clause is added after clause 2(1)(p):**

“(q) ‘well levy’ means the well levy imposed pursuant to section 9.11”.

## Section 8.1 amended

4 **Section 8.1 is amended:**

- (a) **by adding “and” after clause (d);**
- (b) **by striking out “and” after clause (e); and**
- (c) **by repealing clause (f).**

## New sections 9.11 to 9.13

5 **The following sections are added after section 9.1:**

### “Well levy

9.11(1) A well levy is imposed on all wells licensed pursuant to this Act.

(2) The well levy imposed by this section is to be calculated in accordance with the regulations and any adjustment factors set by the Lieutenant Governor in Council pursuant to subsection 16(2).

(3) Every licensee shall pay the well levy imposed pursuant to this section in the prescribed manner and within the prescribed period.

### “Interest

9.12 If any amount with respect to the well levy is not remitted by a licensee to the minister as and when required by the regulations, the licensee shall pay interest on that amount to the minister at the prescribed rate from the day on which that amount should have been remitted to the day on which it is remitted.

**“Overpayment**

**9.13(1)** Subject to subsection (2), if a licensee has made an overpayment of a well levy, the minister:

- (a) shall refund the amount of the overpayment to the licensee; and
- (b) may pay interest at the prescribed rate.

(2) No refund is payable if the fact of the overpayment did not come to the knowledge of the minister within four years from the date on which the overpayment occurred.

(3) Notwithstanding *The Limitations Act*, no action may be brought to recover an overpayment after the expiration of four years from the date on which the overpayment occurred.

(4) The refund for an overpayment of a well levy is to be made in a manner approved by the minister”.

**Section 10 amended****6 Subsection 10(2) is amended:**

- (a) **by adding “and” after clause (a);**
- (b) **by striking out “and” after clause (b); and**
- (c) **by repealing clause (c).**

**Section 10.1 amended****7 Subsection 10.1(2.1) is amended:**

- (a) **by adding “and” after clause (d);**
- (b) **by striking out “and” after clause (e); and**
- (c) **by repealing clause (f).**

**Section 12 amended****8(1) The following clause is added after clause 12(2)(a):**

“(a.1) the licensee fails to pay the well levy within the prescribed period”.

**(2) Subsection 12(3) is amended by striking out “clause (2)(b)” and substituting “clause (2)(a.1), (b)”.**

**Section 16 amended****9 Section 16 is amended:**

- (a) **by renumbering it as subsection 16(1);**
- (b) **in subsection (1):**
  - (i) **in clause (c) by striking out “and fees for licences”; and**
  - (ii) **by adding the following clauses after clause (e):**

“(e.1) for the purposes of section 9.11:

- (i) respecting the amount and payment of well levies;
- (ii) prescribing formulas to determine the well levies payable with respect to wells;

(iii) authorizing the minister to establish classes of services provided pursuant to this Act to be used in formulas to determine well levies;

(iv) prescribing the period within which the well levy must be paid or remitted;

(v) respecting the manner of payment of the well levy;

(vi) establishing classes of wells and classes of licences; and

(vii) exempting classes of wells and classes of licences from the payment of a well levy;

“(e.2) for the purposes of section 9.12, prescribing the rates of interest to be paid on amounts with respect to well levies;

“(e.3) for the purposes of section 9.13, prescribing the rates of interest to be paid on overpayments”; **and**

**(c) by adding the following subsection after subsection (1):**

“(2) The Lieutenant Governor in Council may, by order, set any adjustment factors that the Lieutenant Governor in Council considers appropriate to be applied to the calculation of the well levy”.

**Section 18 amended**

**10 Clause 18(h) is amended by striking out “and prescribing fees for those permits and licences”.**

**New section 53.11**

**11 The following section is added after section 53.1:**

**“Debt due to Crown**

**53.11** All amounts required by or pursuant to this Act to be paid or remitted to the minister are a debt due to the Crown and may be recovered in any manner provided in this Act or the regulations, in any manner authorized by *The Financial Administration Act, 1993* or in any other manner authorized by law”.

**Section 53.2 amended**

**12 Subsection 53.2(1) is amended by striking out “and section 53.5”.**

**Section 53.5 repealed**

**13 Section 53.5 is repealed.**

**S.S. 1984-85-86, c.M-16.1, section 9 amended**

**14 The following clause is added after clause 9(2)(d) of *The Mineral Resources Act, 1985*:**

“(d.1) exempting, on any terms and conditions, any person, category of persons, application or category of applications from the requirements of this Act and the regulations with respect to the payment of fees”.

**S.S. 1998, c.P-12.1 amended**

15(1) *The Pipelines Act, 1998* is amended in the manner set forth in this section.

**(2) Section 7 is amended:**

- (a) by adding “and” after clause (a);
- (b) by striking out “and” after clause (b); and
- (c) by repealing clause (c).

**(3) Clause 25(1)(q) is repealed.****R.R.S. c.M-16.1 Reg 2, section 5 amended**

16 Section 5 of *The Seismic Exploration Regulations, 1999* is amended:

- (a) by renumbering it as subsection 5(1);
- (b) in clause (1)(b) by adding “subject to subsection (2),” before “pay”; and
- (c) by adding the following subsection after subsection (1):

“(2) No fee is required in the case of an application for an exploration licence with respect to oil and gas exploration”.

**R.R.S. c.O-2 Reg 6 amended**

17(1) *The Oil and Gas Conservation Regulations, 2012* are amended in the manner set forth in this section.

**(2) Subsection 13(2) is amended:**

- (a) by adding “and” after clause (d);
- (b) by striking out “and” after clause (e); and
- (c) by repealing clause (f).

**(3) Section 16 is repealed and the following substituted:****“Orphan fund fee**

16 A first-time applicant shall pay a fee of \$10,000 to the minister for deposit into the orphan fund”.

**(4) Section 21 is repealed and the following substituted:****“Licence to deepen or respuad an abandoned well**

21 A person who intends to commence operations for re-entering and re-drilling an abandoned well or drilling a well with a different depth, length or configuration than previously licensed shall submit to the minister a new application for a licence”.

**(5) The following Part is added after Part III:****“PART III.1****Well Levy****“Interpretation of Part**

24.1 In this Part:

- (a) ‘**annual adjustment factor**’ means the adjustment factor set for a year by the Lieutenant Governor in Council pursuant to subsection 16(2) of the Act;

- (b) **'base year'** means the calendar year preceding the year during which a well levy is calculated and assessed pursuant to this Part;
- (c) **'service well'** means a well licensed as an injection, disposal or storage well;
- (d) **'well levy production volume'** means the sum of:
  - (i) the annual base year production volume of oil from the well in cubic metres; and
  - (ii) the annual base year production volume of gas from the well in thousand cubic metres adjusted by a 1:1 conversion ratio to make the gas produced comparable to oil.

**"Well classes**

**24.2** The classes of wells to be used in the calculation of the well levy are the following:

- (a) Class 1 - service wells that reported any injection or disposal volume during the base year;
- (b) Class 2 - wells having well levy production volumes during the base year of up to 300 cubic metres;
- (c) Class 3 - wells having well levy production volumes during the base year that are greater than 300 cubic metres and less than or equal to 600 cubic metres;
- (d) Class 4 - wells having well levy production volumes during the base year that are greater than 600 cubic metres and less than or equal to 1 200 cubic metres;
- (e) Class 5 - wells having well levy production volumes during the base year that are greater than 1 200 cubic metres and less than or equal to 2 000 cubic metres;
- (f) Class 6 - wells having well levy production volumes during the base year that are greater than 2 000 cubic metres and less than or equal to 4 000 cubic metres;
- (g) Class 7 - wells having well levy production volumes during the base year that are greater than 4 000 cubic metres and less than or equal to 6 000 cubic metres;
- (h) Class 8 - wells having well levy production volumes during the base year that are greater than 6 000 cubic metres.

**"Base well levy**

**24.3** The base well levy amounts for each class of well are the following:

- (a) Class 1 - \$100 per well;
- (b) Class 2 - \$100 per well;
- (c) Class 3 - \$125 per well;
- (d) Class 4 - \$312 per well;
- (e) Class 5 - \$750 per well;
- (f) Class 6 - \$1,250 per well;

(g) Class 7 - \$1,625 per well;

(h) Class 8 - \$1,875 per well.

**“Calculation of well levy**

**24.4** The well levy imposed pursuant to section 9.11 of the Act must be determined for each well licensed pursuant to the Act by multiplying the base well levy amount for that well as set out in section 24.3 by the annual adjustment factor.

**“Invoice of well levy**

**24.5** The minister shall, on an annual basis:

(a) determine the well levy imposed on a well in accordance with this Part; and

(b) provide to every licensee an invoice that sets out the well levy mentioned in clause (a) applicable to that licensee.

**“Payment of well levy**

**24.6(1)** For the purposes of section 9.11 of the Act, the well levy shall be paid on or before the 30th day after the date of the invoice mentioned in clause 24.5(b).

(2) For the purposes of section 9.11 of the Act and these regulations, a remittance of well levy is deemed to have been received by the minister on the date shown in the ministry’s records.

**“Interest rate**

**24.7(1)** For the purposes of section 9.12 of the Act, the prescribed annual rate of interest with respect to unpaid well levies is the rate equal to the sum of:

(a) the prime lending rate of the bank holding the general revenue fund as determined and adjusted in accordance with this section; and

(b) 3%.

(2) The interest rate prescribed by this section shall be determined on June 15 and December 15 in each year and:

(a) the interest rate as determined on June 15 applies to unpaid well levies that are owing on or after July 1; and

(b) the interest rate as determined on December 15 applies to unpaid well levies that are owing on or after January 1 of the following year.

**“Interest on overpayment**

**24.8(1)** For the purposes of section 9.13 of the Act, the prescribed annual rate of interest with respect to an overpayment of a well levy is the prime lending rate of the bank holding the general revenue fund as determined and adjusted in accordance with this section.

(2) The interest rate prescribed by this section shall be determined on June 15 and December 15 in each year and:

(a) the interest rate as determined on June 15 applies to a well levy that is overpaid on or after July 1; and

(b) the interest rate as determined on December 15 applies to a well levy that is overpaid on or after January 1 of the following year”.

**(6) Part 1 of the Appendix is amended:**

- (a) by striking out the heading “Tables”; and**
- (b) by repealing Table 2.**

**R.R.S. c.P-12.1 Reg 1 amended**

**18(1)** *The Pipelines Regulations, 2000* are amended in the manner set forth in this section.

**(2) Clause 3(1)(l) is repealed.**

**(3) Subsection 6(2) is amended by striking out “and on payment of an extension fee of \$250 for each extension”.**

**(4) Clause 7(c) is repealed.**

**Coming into force**

**19** This Act comes into force on assent but is retroactive and is deemed to have been in force on and from April 1, 2014.

THIRD SESSION

**Twenty-seventh  
Legislature**

SASKATCHEWAN

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Received and read the

First time

Second time

Third time

And passed

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Honourable Tim McMillan

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