

EXPLANATORY NOTES

BILL No. 147

An Act to amend *The Oil and Gas Conservation Act*.

Clause of Bill

1 *The Oil and Gas Conservation Amendment Act, 2018*

2 *The Oil and Gas Conservation Act*

3 **Existing Provision**

Interpretation

2(1) In this Act:

(a) **Repealed.** 1990-91, c.39, s.3.

(a.01) **“administrative levy”** means the administrative levy imposed pursuant to section 9.11;

(a.1) **“board”** means the Oil and Gas Conservation Board established pursuant to section 7;

(b) **Repealed.** 2011, c.11, s.3.

(c) **Repealed.** 1990-91, c.39, s.3.

(d) **“drainage unit”** means the area allocated to one or more wells for the purpose of drilling for and producing oil or gas, and includes subsurface areas bounded by the vertical planes in which the surface boundaries lie;

(d.1) **“electronic”** means created, recorded, transmitted or stored in digital or other intangible form by electronic, magnetic or optical means or by any other similar means;

(e) **“field”** means the general area underlaid by one or more pools;

(e.1) **“fund advisory committee”** means the fund advisory committee established pursuant to section 20.92;

(f) **“illegal gas”** means gas produced from any well in the province in violation of this Act or any regulation or order made under the authority thereof;

(g) **“illegal oil”** means oil produced from any well in the province in violation of this Act or any regulation or order made under the authority thereof;

(h) **“illegal product”** means a commodity derived in whole or in part from illegal oil or illegal gas;

(h.1) **“licence”** means:

(i) a licence issued pursuant to section 9 or 14; and

(ii) in sections 9.11, 9.12 and 9.13, subsection 12(2) and section 12.2, a licence issued pursuant to *The Pipelines Act, 1998*;

(h.2) **“licensee”** means a person who holds a licence and includes a trustee or receiver-manager of property of a licensee;

(i) **Repealed.** 1990-91, c.39, s.3.

(j) **“minister”** means the member of the Executive Council to whom for the time being the administration of this Act is assigned;

(j.01) **“ministry”** means the ministry over which the minister presides;

(j.1) **“non-oil-and-gas substance”** means any substance, other than oil and gas waste, from a prescribed industry;

(j.2) **“oil and gas waste”** means physical waste as that term is ordinarily understood in relation to the activities of the oil and gas industry, but does not include physical waste prescribed for the purposes of this clause;

(j.3) **“orphan fund”** means the Oil and Gas Orphan Fund continued pursuant to section 20.91;

(k) **“owner”** means a person who has the right to produce oil or gas from a pool and appropriate the oil or gas that person produces from the pool to the person, to other persons or to the person and other persons;

(l) **“pool”** means:

(i) an underground reservoir that:

(A) contains or appears to contain an accumulation of oil or gas; and

(B) is separated or appears to be separated from any other reservoir or accumulation in the general structure;

(ii) a portion of an underground reservoir described in subclause (i) that is determined by the minister to be a pool for reasons of development or administration; or

(iii) a group of underground reservoirs described in subclause (i) that is determined by the minister to be a pool for reasons of development or administration;

(l.1) **“prescribed”** means prescribed in the regulations;

(m) **“producer”** means the owner of a well that is capable of producing oil or gas;

(n) **“product”** means a commodity made from oil or gas and includes refined crude oil, crude tops, topped crude, processed crude, processed crude oil, residue from crude oil, cracking stock, uncracked fuel oil, fuel oil, treated crude oil, residuum, gas oil, casinghead gasoline, natural-gas gasoline, lubricating oil, blends or mixtures of oil with one or more liquid products or by-products derived from oil or gas and blends or mixtures of two or more liquid products or by-products derived from oil or gas, whether or not mentioned herein;

(n.1) **Repealed.** 2011, c.11, s.3.

(n.2) **Repealed.** 2011, c.11, s.3.

(n.3) **“registry”** means the petroleum registry established pursuant to section 66;

(o) **Repealed.** 1990-91, c.39, s.3.

(p) **“wasteful operations”** means:

(i) the inefficient, excessive or improper use of, or the dissipation of, reservoir energy;

(ii) the locating, spacing, drilling, equipping, completing or operating of or producing from a well in a manner that causes, or is likely to cause:

(A) a reduction in the quantity of oil or gas ultimately recoverable from a pool under prudent and proper operations and practices; or

(B) unnecessary or excessive surface loss or destruction of oil or gas;

(iii) the inefficient or improper storage of oil or gas, whether on the surface or in a subsurface formation; or

(iv) the escape or the flaring of gas, if in the opinion of the minister, having regard to prudent and proper operations and practices, the gas could be gathered, processed if necessary, and the gas or the products from it marketed, stored for future marketing or beneficially injected into a subsurface formation;

(q) **Repealed.** 2017, c 21, s.3.

(2) For the purposes of this Act, in the expressions “oil and gas” and “oil or gas” the word “and” includes “or” and the word “or” includes “and”.

R.S.S. 1965, c.360, s.2; R.S.S. 1978, c.O-2, s.2;
1982-83, c.1, s.6; 1983, c.54, s.3; 1988-89, c.31,
s.3; 1990-91, c.39, s.3; 2001, c.26, s.3; 2007, c.7,
s.3; 2011, c.11, s.3; 2014, c.21, s.3; 2017, c 21, s.3.

Explanation

Added/revised definitions for the following terms to provide additional clarity to the Act and support additional revisions proposed in the Act:

- (a.02) approved
- (c.1) drainage area
- (d) drainage unit
- (f) illegal gas
- (g) illegal oil

4

Existing Provision

Jurisdiction and authority of minister

6 For the purpose of effectuating the purposes of this Act, the minister has jurisdiction and authority over all persons and property, public and private, and may make or cause to be made inquiries and investigations into any matter or thing in relation to the drilling for, and the resources, occurrence, production, transportation, distribution, disposition and processing of, oil or gas or products derived therefrom in the province at such places and at such times and in such manner as he may deem advisable, and may make or issue orders and take any other action he deems necessary or expedient for or incidental to the performance, execution and carrying out of any duty, function or power imposed or conferred upon him by this Act.

R.S.S. 1965, c.360, s.6; R.S.S. 1978, c.O-2, s.6.

Explanation

Section 6 is repealed and substituted to provide greater clarity to the jurisdiction and authority of the minister

5 Existing Provision

Non-liability of board

7.9 No action lies or shall be instituted against the board, a member of the board or an officer, employee or agent of the board for any loss or damage suffered by a person by reason of anything in good faith done, caused, permitted or authorized to be done, attempted to be done or omitted to be done, by any of them, pursuant to or in the exercise of or supposed exercise of any power conferred by this Act or the regulations or in the carrying out or supposed carrying out of any order made pursuant to this Act or any duty imposed by this Act or the regulations.

1990-91, c.39, s.6.

Explanation

Section 7.9 is repealed and substituted. The new clause reflects current legislative language and to include an “inspector”.

6 Existing Provision

Issuance of licence

9(1) The minister may:

(a) issue a licence if the minister is satisfied that:

- (i) the applicant has complied with this Act and the regulations;
- (ii) the applicant meets the prescribed eligibility requirements; and
- (iii) it is in the public interest to do so; or

(b) refuse to issue the licence.

(2) The minister may include as a provision of the licence any terms and conditions that the minister considers appropriate.

(3) Where the minister refuses to issue a licence pursuant to clause (1)(b), the minister shall provide the applicant with written reasons for the refusal.

2001, c.26, s.5.

Explanation

Added reference to any orders made pursuant to this Act.

7 Existing Provision

Transfer of licence restricted

10(1) A licence may not be transferred without the written approval of the minister.

(2) A licensee who intends to transfer a licence to another person shall:

- (a) apply to the minister in a form and manner satisfactory to the minister; and
- (b) provide the minister with any other information or material that the minister may reasonably require;
- (c) **Repealed.** 2014, c.21, s.6.

(3) The minister may:

- (a) approve the transfer of the licence if the minister is satisfied that:
 - (i) the licensee and the person to whom the licence is to be transferred have complied with this Act and the regulations;
 - (ii) if required by the regulations, the licensee and the person to whom the licence is to be transferred have submitted the prescribed orphan fund fee;
 - (iii) if required pursuant to section 15, the licensee and the person to whom the licence is to be transferred have filed security with the minister in accordance with that section;
 - (iv) the person to whom the licence is to be transferred meets the prescribed eligibility requirements for an applicant for a licence; and
 - (v) it is in the public interest to do so; or
- (b) refuse to approve the transfer of the licence.

(4) If the minister approves the transfer of the licence, the minister may amend the licence to include any terms and conditions that the minister considers appropriate.

(5) If the minister refuses to approve the transfer of a licence pursuant to clause (3)(b), the minister shall provide the licensee with written reasons for the refusal.

(6) The minister shall not unreasonably withhold approval for the transfer of a licence.

2011, c.11, s.12; 2014, c.21, s.6.

Explanation

Added reference in 10 (3)(a)(i) to any orders made pursuant to this Act.

8 Existing Provision

Transfer of licence where licensee does not meet eligibility requirements

10.1(1) Where a licensee does not meet the prescribed eligibility requirements for an applicant for a licence, another person who meets the eligibility requirements may apply to the minister to have the licence transferred to that person.

(2) A licence may not be transferred pursuant to this section without the written approval of the minister.

(2.1) An applicant for the transfer of a licence pursuant to this section shall:

- (a) apply to the minister in a form and manner satisfactory to the minister;
- (b) provide the minister with any other information or material that the minister may reasonably require;
- (c) if required by the regulations, submit to the minister the prescribed orphan fund fee;
- (d) if required pursuant to section 15, file security with the minister in accordance with that section; and
- (e) provide evidence satisfactory to the minister that the applicant meets the prescribed eligibility requirements for an applicant for a licence;
- (f) **Repealed.** 2014, c.21, s.6.

(3) The minister may:

- (a) subject to subsection (4), approve the transfer of the licence if the minister is satisfied that:
 - (i) the person to whom the licence is to be transferred has complied with this Act and the regulations;
 - (ii) if required by the regulations, the licensee and the person to whom the licence is to be transferred have submitted the prescribed orphan fund fee;
 - (iii) if required pursuant to section 15, the licensee and the person to whom the licence is to be transferred have filed security with the minister in accordance with that section;
 - (iv) the person to whom the licence is to be transferred meets the prescribed eligibility requirements for an applicant for a licence; and
 - (v) it is in the public interest to do so; or

(b) refuse to approve the transfer of the licence.

(4) The minister shall not transfer the licence unless the minister has provided the licensee with not less than 30 days' notice in writing, directed to the licensee's address for service registered pursuant to section 53, of the minister's intention to transfer the licence.

(5) Where the minister approves the transfer of the licence, the minister may amend the licence to include as a provision of the licence any terms and conditions that the minister considers appropriate.

(6) Where the minister refuses to approve the transfer of a licence pursuant to clause (3)(b), the minister shall provide the applicant with written reasons for the refusal.

2001, c.26, s.5; 2007, c.7, s.4; 2011, c.11, s.13; 2014, c.21, s.7.

Explanation

Added reference in 10.1 (3)(a)(i) to any orders made pursuant to this Act.

9 Existing Provision

Security may be required

15(1) Subject to the regulations, the minister may require or accept from a person a letter of credit or any other form of security provided for in the regulations, in an amount determined by the minister, for the purpose of ensuring that the person's obligations pursuant to this Act, the regulations or a licence with respect to the suspension, abandonment, restoration, remediation or reclamation of wells, facilities and the sites of wells and facilities are satisfied:

(a) as a condition of a person becoming a licensee pursuant to section 9, 10, 10.1, 10.2 or 14;

(b) where a person who is a licensee fails a liability ratings test conducted in accordance with the regulations for the purpose of determining the risk posed by the licensee with respect to the suspension, abandonment, restoration, remediation or reclamation of the wells or facilities in relation to which the licensee holds a licence and the sites of those wells and facilities; or

(c) in any other prescribed circumstances.

(2) Where the minister requires a person to provide a letter of credit or other form of security provided for in the regulations, the minister shall, in accordance with the regulations, provide that person with notice of the requirement, specifying:

(a) the form of security to be provided;

(b) the amount of the security to be provided; and

(c) the date by which the security is to be provided.

(3) Where a person fails to provide the letter of credit or other form of security in the amount required or within the time required, the amount not provided is a debt owing to the minister and may be collected by the minister in any manner the minister considers appropriate, including in the manner provided in section 53.2.

2001, c.26, s.5; 2011, c.11, s.19.

Explanation

Added reference in 15(1) to any orders made pursuant to this Act.

10 Existing Provision

Powers of minister

17(1) Without limiting the generality of section 6, the minister may make orders, on the minister's own motion or on the application of an interested person:

(a) respecting the establishing of:

(i) fields, pools, spacing areas or zones;

(ii) drainage units;

(iii) set-back distances;

(iv) target areas;

(b) respecting and limiting the number and types of wells that may exist in a drainage unit;

(c) respecting the spacing of wells;

(d) regulating, limiting and allocating production from one or more wells, blocks or areas, including but not limited to:

(i) establishing:

(A) a maximum allowable rate of production from a well, block or area; or

(B) different:

(I) maximum allowable rates of production; or

(II) methods of determining maximum allowable rates of production; for a well, type of well, block or area; and

(ii) authorizing production according to good production practices for a well, type of well, block or area;

(e) limiting the amount of gas or water that may be produced with oil from a well or wells;

(f) limiting the production of oil from a well or wells that produce gas or water in excess of the amount of gas or water limited by an order pursuant to clause (e);

(g) respecting the drilling, plugging, producing and operating of wells and other operations related to the production of oil or gas;

(h) respecting operations to increase or improve recovery of oil, gas or products;

(i) respecting the completing, chemical treating and fracturing of wells;

(j) respecting the taking of cores, the making of logs and the submitting of core and log analyses to the minister;

(k) respecting the containment, storage, handling, transportation, treatment, processing, recovery, reuse, recycling, destruction and disposal of oil and gas waste anywhere in Saskatchewan and non-oil-and-gas substances at a licensed facility or well or associated site;

(l) classifying wells as oil or gas wells if the minister considers it necessary for the application and enforcement of this Act;

(m) respecting the conditions under which drilling and producing operations may be carried out in environmentally sensitive areas and any special measures to be taken in those operations;

(n) respecting the processing and storing of:

(i) oil, condensate and gas;

(ii) oil, condensate and gas products and by-products; and

(iii) non-oil-and-gas substances at a licensed facility or well or associated site;

(o) respecting any other matter that the minister considers necessary or incidental to the carrying out of the minister's duties or the exercising of the minister's powers pursuant to this Act or the regulations.

(2) Notwithstanding anything in this Act or the regulations, the minister may include in an order pursuant to subsection (1) any terms and conditions that the minister considers advisable.

Explanation

Added reference to drainage area where applicable. Repealed section 17(2) as authority is covered under section 6(4).

11 Existing Provision**Minister's orders for the protection of the environment**

17.01(1) Notwithstanding any licence, permit or approval, if, in the minister's opinion, it is necessary to do so for the purposes of public safety or the safety of any person, for the protection of property or the environment or for any other prescribed purpose, the minister may order any person to:

(a) suspend the operation of any well, structure test hole, oil shale core hole, flowline or facility in the manner and within the time specified in the order; and

(b) abandon, restore, remediate or reclaim any well, structure test hole, oil shale core hole, flowline or facility, or the site of any well, structure test hole, oil shale core hole, flowline, or facility, in the manner and within the time specified in the order.

(2) The minister may, in an order made pursuant to this section, specify:

(a) the manner in which the order is to be carried out and the method or procedures to be used; and

(b) the time within which anything required by the order is to begin and the time within which the order or any part of the order is to be complied with.

2001, c.26, s.7; 2011, c.11, s.22.

Explanation

Removes references to structure test hole and oil shale core hole as those terms are no longer used.

12 Existing Provision**Power to take immediate action**

17.04(1) Notwithstanding section 17.01, if the minister considers it in the public interest to take immediate action or is unable to readily identify or locate the person to whom an order pursuant to section 17.01 should be directed, the minister may, in any manner and by any method the minister considers appropriate:

(a) suspend the operation of any well, structure test hole, oil shale core hole, flowline or facility; and

(b) abandon, restore, remediate or reclaim any well, structure test hole, oil

shale core hole, flowline or facility, or the site of any well, structure test hole, oil shale core hole, flowline or facility.

(2) The amount of any costs and expenses incurred with respect to any action taken pursuant to subsection (1) is a debt due to and recoverable by the Crown in right of Saskatchewan from the person identified by the minister as the person to whom an order would have been directed if the minister had not acted pursuant to subsection (1).

2001, c.26, s.7; 2011, c.11, s.23.

Explanation

Removes references to structure test hole and oil shale core hole as those terms are no longer used.

13 Existing Provision

Inspections

17.05(1) In this section and in sections 17.051 and 17.052:

- (a) **“Act”** includes the regulations and any orders made pursuant to this Act;
- (b) **“property”** includes computer software;
- (c) **“record”** includes any information that is recorded or stored in any medium or by means of any device, including a computer or electronic media.

(2) The minister may make inquiries and conduct inspections and examinations respecting the business and activities of any person governed by this Act.

(3) Subject to subsection 17.051(4), the minister may do all or any of the following things in the course of making an inquiry or conducting an inspection or examination:

- (a) enter any land or any site where a well, structure test hole, oil shale core hole, flowline, or facility is or was located, or any lands affected by any well, structure test hole, oil shale core hole, flowline or facility, whether or not the land is included in a surface lease;
- (b) enter at any reasonable time premises containing any records or property required to be maintained pursuant to this Act or related to the administration of this Act and inspect those records or that property;
- (c) require the person and any agent, representative, partner, director, officer or employee of the person to:
 - (i) answer any questions that may be relevant to the inquiry, inspection or examination; and

(ii) provide the minister with all reasonable assistance, including using any computer hardware or software or any other data storage, processing or retrieval device or system to produce information;

(d) take any samples or carry out any tests or examinations that the minister considers necessary while at any of the places or premises mentioned in clause (a) or (b);

(e) use any machinery, equipment, appliances or things that the minister considers necessary while at any places or premises mentioned in clause (a) or (b);

(f) in order to produce information, use any computer hardware or software or any other data storage, processing or retrieval device or system that is used in connection with the business or activities of any person governed by this Act;

(g) remove for examination and copying anything that may be relevant to the inquiry, inspection or examination, including removing any computer hardware or software or any other data storage, processing or retrieval device or system in order to produce information.

(4) The minister may serve a written demand on any person requiring that person to produce any records or property:

(a) required to be maintained pursuant to this Act; or

(b) related to the administration of this Act.

(5) No person on whom a written demand is served pursuant to this section shall fail to produce the records or property mentioned in the written demand within the time specified in the written demand.

(6) If the minister demands any records or property pursuant to this section, the minister may examine the records or property and make copies of the records with reasonable dispatch and promptly return the originals of the records to the person who produced them.

(7) If the minister requires a person to answer questions, to produce a record or other property or to provide assistance in accordance with this section, the person shall do so in the manner and within the period specified by the minister.

(8) The minister shall:

(a) give a receipt for anything that the minister removes for examination and copying;

(b) promptly return anything removed pursuant to this section to the place from which it was removed or any other place agreed to by the minister and the person who furnished it; and

(c) take all reasonable steps to ensure that, if a record is taken, a copy of the record is left at the premises to allow business to be carried on.

2011, c.11, s.25.

Explanation

Subsection 17.05(1) to (4) are repealed and substituted.

Changes as outlined in 17.05 (2) would allow the minister to designate any person as an inspector for purposes of inspecting well and facility sites and conducting investigations of incidents. This clause aligns this provision with that in *The Pipelines Act, 1998*.

Section now refers to “the inspector”, where appropriate, instead of “the minister” given the authority bestowed by the changes in 17.05 (2).

Remove references to structure test hole and oil shale core hole as those terms are no longer used.

14 Existing Provision

Investigations

17.051(1) If a justice or a provincial court judge is satisfied by information under oath that there are reasonable grounds to believe that an offence against this Act has occurred and that evidence of that offence is likely to be found, the justice or the provincial court judge may issue a warrant to do all or any of the following:

- (a) enter and search any place or premises named in the warrant;
- (b) stop and search any vehicle described in the warrant;
- (c) seize and remove from any place, premises or vehicle searched anything that may be evidence of an offence against this Act.

(2) With a warrant issued pursuant to subsection (1), the minister may:

- (a) enter at any time and search any place or premises named in the warrant;
- (b) stop and search any vehicle described in the warrant;
- (c) open and examine the contents within any trunk, box, bag, parcel, closet, cupboard or other receptacle that the minister finds in the place, premises or vehicle;
- (d) require the production of and examine any records or property that the minister believes, on reasonable grounds, may contain information related to an offence against this Act;

(e) remove, for the purpose of making copies, any records examined pursuant to this section; and

(f) seize and remove from any place, premises or vehicle searched anything that may be evidence of an offence against this Act.

(3) Subject to subsection (4), the minister may exercise all or any of the powers mentioned in subsection (2) without a warrant issued pursuant to this section if:

(a) the conditions for obtaining a warrant exist; and

(b) the minister has reasonable grounds to believe that the delay necessary to obtain a warrant would result:

(i) in danger to human life or safety; or

(ii) in the loss, removal or destruction of evidence.

(4) The minister shall not enter any premises that are a private dwelling without the consent of the occupier or a warrant issued pursuant to this section.

2011, c.11, s.25.

Explanation

Section now refers to “the inspector”, where appropriate, instead of “the minister” given the authority bestowed by the changes in 17.05 (2).

15 Existing Provision

Power re certain plans

17.1(1) Notwithstanding anything in this Act or the regulations, the minister may make orders approving plans for:

(a) increasing or improving oil or gas recovery or operations, including, without limiting the generality of the foregoing, plans for:

(i) **Repealed.** 2011, c.11, s.27.

(ii) water flooding;

(iii) pressure maintenance;

(iv) steam injection;

(v) in situ combustion;

- (vi) introducing any substance or energy into the producing formation;
 - (b) drilling, producing from and operating horizontal wells; and
 - (c) injecting, storing or disposing of oil and gas wastes or non-oil-and-gas substances in subsurface formations
- (2) Notwithstanding anything in this Act or the regulations, the minister may include in an order pursuant to subsection (1) any terms and conditions that the minister considers advisable.
- (3) No person shall proceed with a plan described in subsection (1) before the plan has been submitted to the minister and an order approving the plan has been issued.
- (4) Any approvals that:
- (a) were made, before this section was assented to, by the minister pursuant to section 52, as that section existed before the coming into force of this section; and
 - (b) were existing on the day before this section was assented to; are deemed to be orders made pursuant to this section and may be dealt with as if they were orders made pursuant to this section.

1990-91, c.39, s.11; 2011, c.11, s.27.

Explanation

Section is no longer required and is repealed. Section 17(1) provides all the authorities required to streamline the approval of plans used for increasing or improving oil or gas recovery or operations and will allow for better align with current business practices.

16 Existing Provision

Paramountcy of orders

17.2 In the event of a conflict between an order made pursuant to section 17, 17.01 or 17.1 and a regulation made pursuant to section 16, 18 or 20.98, the order is to prevail.

2001, c.26, s.8.

Explanation

Update to section references given the repeal of section 17.1.

17 Existing Provision

Power of Lieutenant Governor in Council

18 The Lieutenant Governor in Council may make regulations deemed necessary to carry out the provisions of this Act according to their true intent and, without restricting the generality of the foregoing, the Lieutenant Governor in Council may make regulations:

(a) authorizing or requiring:

(i) the spacing of wells, the establishment of set-back distances, the establishment of target areas and the formation of drainage units generally;

(ii) the identification of ownership of wells, facilities, producing leases and pipelines;

(iii) the making and filing with the minister of well logs, directional surveys, tests, reports and analyses on well location, drilling, drilling tests, injection and production;

(iv) the conducting and filing of analyses or other information pertaining to oil, gas, water, products and other substances;

(v) the drilling, casing, cementing, operating and plugging of wells in accordance with good practices and in any manner as to prevent:

(A) the escape of oil or gas from one stratum into another;

(B) the harmful intrusion of water, oil and gas wastes and non-oil and- gas substances into an oil or gas stratum or the environment;

(C) the pollution of fresh water supplies by oil, gas, salt water, oil and gas wastes or non-oil-and-gas substances; and

(D) blowouts, cavings, seepages, gas migrations, casing vent flow and fires;

(vi) that the production from and injection into wells be separated into gaseous and liquid hydrocarbons and non-hydrocarbons, and that each of these be accurately measured by any means and according to any standards as may be determined by the minister;

(vii) certificates of clearance showing quantity and disposition with respect to the transportation or delivery of oil, gas or any product;

(viii) metering or measuring any of the following substances in pipelines, gathering systems or other places:

(A) oil or gas;

(B) products;

(C) water; or

(D) other substances;

(ix) every person who produces, injects, sells, purchases, acquires, stores, consumes, transports, refines or processes oil, gas, water, products or other substances to keep and maintain in Saskatchewan complete and accurate records of the quantities of them, requiring that those records are available for examination by the minister or any person authorized by the minister at all reasonable times, and requiring that person to file with the minister any reports, contracts or other information that may be required with respect to that oil or gas, water, or those products or substances;

(b) governing the suspension of operations and the abandonment and reconditioning of wells and facilities;

(c) requiring and respecting the taking and method of taking of cores and samples of any kind and their submission to the minister;

(d) prescribing the methods of operation to be observed during drilling and in the subsequent management and conduct of any well:

(i) for the protection of the environment, life and property;

(ii) for the prevention and extinguishment of fires;

(iii) for the prevention of the blowing out of control of wells; and

(iv) for the prevention of pollution of fresh water supplies;

(e) governing the testing of wells;

(f) providing for the inspection of wells, both during and after drilling, with respect to:

(i) matters pertaining to safe operations; and

(ii) matters pertaining to the general public interest, having regard to the protection of public or private property;

(g) providing for the taking over of any well, facility or related equipment or operation that is a menace to oil, gas or water-bearing formations or to the environment, life or property if:

(i) remedial measures are considered necessary; and

(ii) the owner of the well or facility fails to use the measures mentioned in subclause (i); (g.1) in the circumstances mentioned in clause (g), providing for the execution of the remedial measures mentioned in that clause at the expense of the owner of the well, facility or related equipment or operation;

(h) respecting the issuance of permits and licences authorizing the drilling of structure test holes and oil shale core holes;

(h.1) respecting the inspection and control of structure test holes and oil shale core holes and the making and submission to the minister of logs, log analyses, core analyses, and reports;

(h.2) respecting the abandonment and reclamation of structure test holes and oil shale core holes;

(i) generally governing operations to increase ultimate recovery, including the cycling of gas, the maintenance of pressure and the introduction of gas, water or other substances into producing formations;

(i.1) respecting the withdrawal of substances from a well for commercial, industrial or other uses;

(j) authorizing and governing the shutting in and sealing of wells and the shutting down of facilities and related equipment and operations, for infraction of this Act or any regulation or order;

(k) **Repealed.** 2001, c.26, s.9.

(l) governing the procedure with respect to inquiries and investigations;

(m) governing the procedure with respect to filing of agreements for unit operation;

(n) authorizing and governing:

(i) the construction and operation of any facility designed to process and dispose of oil and gas waste and related substances; and

(ii) the shutting down of the operation of any facility described in subclause

(i) for an infraction of this Act, any regulation made pursuant to this Act, any order issued pursuant to this Act or any term or condition of any ministerial approval issued pursuant to this Act with respect to the facility;

(n.1) requiring a person operating a waste processing facility to provide a letter of credit or other form of security, in an amount determined by the minister, for the purpose of ensuring that the person's obligations pursuant to this Act, the regulations or a ministerial approval are satisfied with respect to the suspension, abandonment, restoration, remediation or reclamation of a waste processing facility and the site of a waste processing facility;

(n.2) respecting letters of credit or other forms of security that may be required to be provided by a person operating a waste processing facility;

(n.3) where payment pursuant to a letter of credit or other form of security is made in favour of the minister respecting a waste processing facility, authorizing the minister to deposit the payment or a portion of the payment in the orphan fund;

(o) for the purposes of subclause (n)(i):

(i) providing for, requiring and prescribing the manner of issuing approvals for facilities described in that subclause;

(ii) authorizing the minister to impose any terms and conditions that the minister considers appropriate on those approvals; and

(iii) respecting the amendment, suspension or cancellation of those approvals;

(p) requiring the submission and prescribing the contents of reports and information with respect to facilities described in clause (n);

(q) respecting the drilling, production and operation of horizontal wells;

(r) prescribing and governing production penalties for off-target wells or wells that contravene set-back distances established in orders pursuant to clause 17(1)(a) or the regulations;

(r.1) respecting the completing, chemical treating and fracturing of wells;

(s) prohibiting or restricting drilling, specifying areas within which drilling is prohibited or restricted, specifying circumstances in which drilling is prohibited or restricted and generally governing the prohibition or restriction of drilling;

(t) prescribing and governing any measures or requirements that the Lieutenant Governor in Council considers necessary to protect the environment;

(u) respecting the filing of plans for, and the approval of, compressor stations and gas plants;

(v) respecting the confidentiality of, and access to, data, reports, documents, applications, returns, statements, estimates, analyses, declarations, plans, maps, surveys, records and other information acquired in the course of administering this Act, the regulations and orders made pursuant to this Act;

(w) respecting the matters that are to be included in an order made pursuant to subsection 35(1);

(x) requiring the submission of data, reports, documents, applications, returns, statements, estimates, analyses, declarations, plans, maps, surveys, records and other information;

(x.1) respecting the form and manner in which data, reports, documents, applications, returns, statements, estimates, analyses, declarations, plans, maps, surveys, records and other information are to be submitted;

(y) **Repealed.** 2001, c.26, s.9.

(z) requiring the payment of fees or charges for any thing done, any licence or other document issued or any approval or authorization granted pursuant to this Act or the regulations, prescribing the amounts of, and governing, those fees and charges;

(aa) respecting penalties for failure to comply with the requirements mentioned in clauses (c), (x) and (x.1), including providing for the manner in which those penalties are to be determined or assessed and authorizing the minister to determine or assess the penalties and to waive all or any portion of a penalty;

(bb) respecting the requirements and standards for the restoration, remediation and reclamation of any area that may have been damaged, contaminated or otherwise affected by oil or gas operations;

(cc) respecting the obligations of licensees and other persons to abandon, restore, remediate or reclaim:

(i) any well, structure test hole, oil shale core hole or facility; or

(ii) the site of any well, structure test hole, oil shale core hole or facility;

(dd) prescribing any other purpose for which the minister may make an order pursuant to section 17.01;

(ee) respecting the storage, handling, transportation, treatment, consumption and disposition of oil, gas, water, products and other substances;

(ff) respecting the containment, storage, handling, transportation, treatment, processing, recovery, reuse, recycling, destruction and disposal of oil and gas wastes and non-oil-and-gas substances at a well, pipeline, facility or site of a well or facility and the injection, disposal and storage of oil and gas wastes and non-oil-and-gas substances in subsurface formations;

(gg) respecting the venting, flaring, incineration, destruction, or conversion of gas, the burning of oil or gas or any air pollutant emission or noise pollutant emission resulting from the operation of a well, facility or related operation;

(gg.1) controlling, restricting or prohibiting any actions of any person for the purpose of abating noise or controlling noise levels;

(hh) restricting or prohibiting the production of gas from an oil well, and authorizing the minister to make orders restricting or prohibiting the production of gas from an oil well;

(ii) respecting the processing and storing of:

(i) oil, condensate and gas;

(ii) oil, condensate and gas products and by-products; and

(iii) non-oil-and-gas substances or any other substances at a licensed well or facility;

(jj) respecting the forfeiture of machinery, equipment and materials and oil, gas and products pursuant to section 17.06 and the payment of the proceeds, or any portion of the proceeds, from the sale of the machinery, equipment and materials and oil, gas and products to persons who have an interest in them;

(kk) for the purposes of subsection 19(1), prescribing the manner in which orders may be published and exempting orders from the requirement of publication;

(ll) prescribing industries for the purposes of clause 2(1)(j.1);

(mm) prescribing physical waste for the purposes of clause 2(1)(j.2) that is not to be included within the meaning of oil and gas waste;

(mm.1) for the purposes of section 53.01, prescribing:

(i) information that must be submitted to the minister to permit the minister to serve the person by electronic means; and

(ii) means and manner of service;

(mm.2) for the purposes of section 58.1, respecting administrative penalties, including:

(i) prescribing the amount of an administrative penalty and, for that purpose, prescribing different amounts for different contraventions; and

(ii) prescribing the contraventions of this Act, the regulations, or an order made pursuant to this Act for which a penalty may be assessed;

(mm.3) for the purposes of section 58.2, prescribing any other documents or material to be filed with the Court of Queen's Bench to appeal the minister's decision;

(nn) defining, enlarging or restricting the meaning of any word or expression used in this Act but not defined in this Act;

(oo) prescribing any matter or thing required or authorized by this Act to be prescribed in the regulations;

(pp) respecting any other matter or thing that the Lieutenant Governor in Council considers necessary to carry out the intent of this Act.

R.S.S. 1965, c.360, s.18; 1966, c.66, s.2; R.S.S. 1978, c.O-2, s.18; 1988-89, c.31, s.7; 1989-90, c.54, s.6; 1990-91, c.39, s.12; 1998, c.30, s.3; 2001, c.26, s.9; 2011, c.11, s.28; 2014, c.21, s.10

Explanation

Removes references to structure test hole and oil shale core hole as those terms are no longer used. This results in:

- (h) Repealed
- (h.1) Repealed
- (h.2) Repealed
- (cc) – revised wording

Adds reference to drainage areas to reflect current terminology. Added reference in 18(j) to any orders made pursuant to this Act.

18

Existing Provision

Pooling of interests in drainage unit

30(1) Where two or more separately owned tracts are embraced within a drainage unit, or where there are separately owned interests in all or part of a drainage unit, the owners of those tracts or interests may pool their interests for the development and operation of the unit.

(2) In the absence of voluntary pooling and on the application of any interested person, the minister may:

- (a) make an order that a hearing be held by the board; or
- (b) request the ministry to review the application.

(3) An application under subsection (2) shall be in writing and shall be accompanied by:

- (a) a proposed pooling plan containing the terms and provisions that the applicant desires to have included in a pooling order;
- (b) such number of copies of the plan as the minister may require; and
- (c) a statement setting forth the reasons why voluntary pooling cannot be effected.

(4) The applicant shall also furnish the minister with such further information and material as he may require.

(5) Upon the recommendation of the board or the ministry, as the case may be, the minister may make an order pooling all interests within the drainage unit for the development and operation of the unit.

R.S.S. 1965, c.360, s.30; R.S.S. 1978, c.O-2, s.30; 1988-89, c.31, s.11; 2011, c.11, s.37.

Explanation

Section 30 is repealed and substituted.

Section is modified so that a hearing by the Board is no longer required as the review process can effectively and efficiently be managed through internal review practices.

In addition, the proposed changes modify the section that drainage areas associated with horizontal wells can be pooled similar to drainage units. The word “drainage area” is added to section 30.

Existing Provision

Contents of pooling order

31 Every pooling order under section 30 shall provide for:

- (a) the drilling and operation of a well in the drainage unit or, where a well has been drilled in the drainage unit before the making of the order, the operation of that well;

(b) the payment by the owners of the actual cost of the drilling and operation of the well and the manner in which the payment shall be made, but, where the well has been drilled before the making of the order, the board or the ministry, as the case may be, shall determine the cost or value to be attributed to the well for the purpose of the pooling order;

(c) the payment, by an owner who fails within the time specified in the order to pay the portion of the cost of drilling and completing the well payable by the owner pursuant to the order, of the surcharge that may be determined by the board or the ministry, as the case may be, but not exceeding two times that amount; and

(d) the allocation to each owner of the owner's share of production from the drainage unit.

R.S.S. 1965, c.360, s.31; R.S.S. 1978, c.O-2, s.31; 1988-89, c.31, s.12; 1990-91, c.39, s.20; 2001, c.26, s.14; 2011, c.11, s.38.

Explanation

Sections 31 is repealed and substituted. The substituted section provides additional details as to the contents of the pooling order.

19 Existing Provision

Effect of pooling order

33 Where a drainage unit is covered by a pooling order:

(a) operations incidental to the drilling of a well in any portion of the unit shall for all purposes be deemed to be operations carried on or conducted by the several owners respectively upon their separately owned tracts in the unit;

(b) that portion of the production allocated to each tract shall be deemed to have been produced from the tract by a well drilled thereon.

R.S.S. 1978, c.O-2, s.33; 1990-91, c.39, s.21.

Explanation

Section 33 is modified to include reference to drainage areas being covered by a pooling order.

20 Existing Provision

None.

Explanation

New section 33.1 is added to provide for the ability to amend or modify a pooling order.

21 Existing Provision

Hearing by board and recommendation to minister

34(1) On his own motion or on the written application of any interested person, the minister may order that a hearing be held by the board to consider the need for the operation as a unit of an entire field or pool or a portion of a field or pool.

(2) An application under subsection (1) shall be in writing and shall be accompanied by:

(a) a proposed plan of unit operation containing the terms and provisions that the applicant desires to have included in a unit operation order; and

(b) such number of copies of the plan as the minister may require.

(3) The applicant shall also furnish the minister with such further information and material as he may require.

(4) Following a hearing, the board may recommend to the minister that the field or pool or a portion of the field or pool be operated as a unit.

R.S.S. 1965, c.360, s.34; R.S.S. 1978, c.O-2, s.34;
1988-89, c.31, s.13; 1990-91, c.39, s.22.

Explanation

Sections 34 is repealed and substituted.

Modify the unitization section of the Act so that a hearing of the Board is no longer required. The section outlines the procedure for applying for a unit operation and process involved in Minister review of the application. Section 35 is repealed and substituted to updated legislative language.

Existing Provision

Order of Lieutenant Governor in Council for unit operation

35(1) Upon the recommendation of the minister after the hearing, the Lieutenant Governor in Council may order that the field or pool or portion thereof be operated as a unit.

(2) An order made pursuant to subsection (1) is to contain any matters that are specified in the regulations.

(3) **Repealed.** 1990-91, c.39, s.23.

(4) **Repealed.** 1990-91, c.39, s.23.

R.S.S. 1978, c.O-2, s.35; 1990-91, c.39, s.23.

Explanation

Sections 35 is repealed and substituted to updated legislative language.

22 Existing Provision**Rehearing by board**

40(1) An order under section 35 may provide for a rehearing by the board upon the application of any interested party on or after a future date specified in the order.

(2) On the recommendation of the minister following:

- (a) a rehearing mentioned in subsection (1); or
- (b) an application by the operator with the approval of the unit operating committee;

the Lieutenant Governor in Council may:

- (c) amend or revise a unit operation order in order to supply any deficiency in the order or to meet changing conditions;
- (d) alter or revoke any provision in the unit operation order that the Lieutenant Governor in Council considers to be unfair or inequitable; and
- (e) add any area that the minister believes to be underlaid by the pool or one of the pools underlying the unit area to the unit area described in the unit operation order.

R.S.S. 1965, c.360, s.40; R.S.S. 1978, c.O-2, s.40;
1988-89, c.31, s.14.

Explanation

Section 40 is repealed and the following substituted to reflect review by the minister and not the board.

23 Existing Provision**Immunity**

53.1 Notwithstanding any other Act or law, no action lies or shall be instituted against the minister, the ministry, or any officer or employee of the ministry or any agent of the minister for any loss or damage suffered by a person by reason of anything in good faith done, caused, permitted or authorized to be done, attempted to be done or omitted to be done, by any of them, pursuant to or in exercise of or supposed exercise of any power conferred by this Act or the regulations or in the carrying out or supposed carrying out of any order made pursuant to this Act or any duty imposed by this Act or the regulations.

1990-91, c.39, s.27; 2011, c.11, s.40.

Explanation

Section is repealed as this is covered under Section 7.9.

24 Existing Provision

None.

Explanation

New Part VII.1 “Greenhouse Gas Emissions” (sections 53.61 through 53.68) is introduced to support implementation of greenhouse gas emissions regulations.

Section 53.61 - Defines ‘greenhouse gas’ and ‘green house emission regulation’.

Section 53.62 provides Lieutenant Governor in Council authority to designate a greenhouse gas emission regulation, proclaim a greenhouse gas emission regulation as they are required for implementation, and specify penalties for contravention of a greenhouse gas emission regulation.

Section 53.63 provides for the minister to prepare and issues reports on greenhouse gas emissions.

Section 53.64 enable the Minister, with Lieutenant Governor in Council approval, to enter into agreements on behalf of the Government of Saskatchewan with the Government of Canada.

Section 53.65 provides for the ability of any resident of Saskatchewan who is at least 18 years old to request an investigation if they are of the opinion that a contravention of a greenhouse gas emission regulation has occurred.

Section 53.66 enables the minister to order an investigation in response to application under 53.65.

Section 53.67 provides for the addressing of false statements leading to an investigation.

Section 53.68 provides for penalties to be directed to programs that support greenhouse gas emission reductions.

25 Existing Provision**Offences**

59(1) No person shall:

- (a) make or cause to be made a false statement or provide false information to the minister or any person acting on behalf of the minister in any report, document or other form of communication required pursuant to this Act, the regulations or an order made pursuant to this Act;

(b) omit or cause to be omitted full, true and correct information in any report, document or other form of communication required pursuant to this Act, the regulations or an order made pursuant to this Act;

(c) omit to state a fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made to the minister or any person acting on behalf of the minister;

(d) destroy, mutilate, alter, falsify or remove from Saskatchewan any report, document, records or other form of communication required by this Act, the regulations or an order made pursuant to this Act or cause any information to be destroyed, mutilated, altered, falsified or removed from Saskatchewan;

(e) obstruct or interfere with the minister or any person acting on behalf of the minister in the exercise of any of the powers conferred by this Act, the regulations or an order made pursuant to this Act; or

(f) fail to comply with this Act, the regulations or an order made pursuant to this Act.

(2) Every person who contravenes a provision of this Act, the regulations or an order made pursuant to this Act is guilty of an offence and liable on summary conviction to:

(a) a fine not exceeding \$500,000 for each day or part of a day during which the offence continues;

(b) imprisonment for a term not exceeding one year; or

(c) both that fine and imprisonment.

(3) If a person is convicted of an offence pursuant to this Act and the court is satisfied that as a result of the commission of the offence monetary benefits accrued to the offender, the court may order the offender to pay, in addition to a fine pursuant to subsection (2), a fine in an amount equal to the court's estimation of the amount of those monetary benefits.

(4) Every director, officer or agent of a corporation who directed, authorized, assented to, acquiesced in or participated in an act or omission of the corporation that would constitute an offence by the corporation is guilty of that offence and is liable on summary conviction to the penalties provided for that offence whether or not the corporation has been prosecuted or convicted.

2011, c.11, s.46.

Explanation

Subsection 59(2) is repealed and substituted. These proposed changes amend the penalty provisions of the OGCA to align with those currently found in *The Pipelines Act, 1998*.

26 Existing Provision

Vicarious liability

59.2 In any prosecution of a person for an offence pursuant to this Act, it is sufficient proof of the offence to establish, in the absence of any evidence that the offence was committed without the person's knowledge, that it was committed by an employee, helper or agent of the person, whether or not the employee, helper or agent:

(a) is identified; or

(b) has been prosecuted or convicted for the offence.

2011, c.11, s.46.

Explanation

Added reference to any orders made pursuant to this Act.

27 Existing Provision

Limitation on prosecutions

59.3 No prosecution for a contravention of this Act or the regulations is to be commenced more than three years after the facts on which the alleged contravention is based first came to the knowledge of the minister.

2011, c.11, s.46.

Explanation

Added reference in 15(1) to any orders made pursuant to this Act.

28 Existing Provision

Prosecution does not bar action for damages

62 A prosecution under this Act shall not deprive any person suffering damage or injury of any cause of action he may have.

R.S.S. 1965, c.360, s.61; R.S.S. 1978, c.O-2, s.62.

Explanation

Updates gender reference.

29 Existing Provision**Remedies for enforcement of regulation or order**

65 Where the minister has more than one remedy for the enforcement of any regulation or order or for the payment of any money payable pursuant to any regulation or order made under this Act, the minister may resort to any or all such remedies from time to time as he may deem proper, either concurrently or successively, until such time as the regulation or order has been complied with or the money payable thereunder together with all costs and expenses has been fully paid and satisfied.

R.S.S. 1965, c.360, s.64; R.S.S. 1978, c.O-2, s.65.

Explanation

Sections 65 is repealed and substituted to reflect updated legislative language.

30 Existing Provision

None

Explanation

This Act comes into force on proclamation.

Prepared by the Ministry of Energy and Resources