



Overview

The Oil and Gas Processing Investment Incentive (OGPII) offers transferable oil and gas royalty/freehold production tax credits for qualified greenfield or brownfield projects at a rate of 15 per cent of eligible program costs. OGPII is open to value-added projects across all segments of Saskatchewan's oil, gas, helium, and lithium sectors as well as chemical fertilizer facilities. Eligible projects include:

- Refineries/upgrading facilities (i.e. partial upgraders, asphalt production, and sulphur removal units);
- Petrochemical facilities (i.e. methanol, ammonia, polypropylene, olefins, and ethylene);
- Associated gas commercialization projects (i.e. processing facilities, waste-gas-to-power etc.);
 - Regional gas-gathering projects and projects with multiple phases may also be considered under a single project application;
- Helium processing or liquefaction facilities;
- Carbon capture, utilization, and storage for enhanced oil recovery;
- Commercialization of oil and gas production byproduct and waste products (i.e. lithium extraction from produced oilfield water);
- Chemical fertilizer facilities; and,
- Lithium processing facilities

Enabling infrastructure that is directly linked and dedicated to an eligible project may also be considered. Examples of this include:

- Gas-gathering pipeline systems
- Transmission pipeline
- Rail loading facilities and rail spur lines

Eligibility

1. Must be a value-added project in any segment of Saskatchewan's oil, gas, helium, lithium, or chemical fertilizer industry.
2. Must result in a significant increase to processing capacity (for brownfield projects).
3. Must include at least CAD\$10 million in eligible costs.
4. It has not become operational before the eligible project application is submitted.

Program Highlights

The credits are fully transferable; non-producers/non-royalty payers have the ability to transfer credits to oil and gas royalty/freehold production taxpayers. Also, OGPII encourages multi-company projects as costs can be incurred by a firm other than the principal applicant.

OGPII has a project-specific awarded credit cap of CAD\$75 million (i.e. a CAD\$500 million project) for oil, gas, helium, and lithium projects and CAD\$70 million for chemical fertilizer projects.

Credits can be claimed at a rate of 20% of total credits in the first calendar year of operations, 30% in the second calendar year and 50% in the third calendar year.

OGPII can be used alongside other incentive and grant programs available in Saskatchewan.

Costs incurred from January 1, 2018, onward, may be recognized as eligible.

For more information, contact:

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