

Ministry of Energy and Resources



Oil and Gas Regulatory Cost Recovery Levy Report 2018-19

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1.0 Introduction

Efficient and effective regulation is the foundation of responsible resource development. In Saskatchewan, the Ministry of Energy and Resources (ER), Ministry of Environment (ENV) and the Ministry of Agriculture (AG) share responsibility for regulating the oil and gas industry.

In 2014, the Government of Saskatchewan introduced the Oil and Gas Regulatory Cost Recovery Levy (the “Administrative Levy”) to ensure that Saskatchewan’s regulatory system meets public expectations and provides service standards that align with modern industry needs.

The Administrative Levy recovers 90 per cent of regulatory costs and follows the same principles as the funding models used in Alberta and British Columbia. Billed annually, the Administrative Levy replaces 10 individual licensing or application fees and eliminates 20,000 transactions. This is a significant reduction in administrative burden for industry and government.

When introducing the Administrative Levy, the Government of Saskatchewan made a commitment to improve transparency on the levy administration and regulatory performance indicators through the publication of an annual report.

This report has two main purposes: an overview of Administrative Levy finances; and a review of service levels for the various regulatory services that are delivered.

2.0 Regulatory Highlights and Accomplishments for 2018-19

- ⇒ Introduced *The Oil and Gas Emissions Management Regulations* in support of greenhouse gas emissions reductions as committed to in *Prairie Resilience: A Made-in-Saskatchewan Climate Change Strategy*.
- ⇒ Changes to *The Oil and Gas Conservation Regulations, 2012* were adopted. The changes included miscellaneous clean-up revisions in support of the implementation of the Integrated Resource Information System (IRIS) and the introduction of the IRIS Non-Compliance Penalty Assessment Program for data submission.
- ⇒ Revised Directive PNG005: *Casing and Cementing Requirements* to allow for the operation of pre-set surface casing to include the cementing procedures previously to be performed by a third-party cementing operation.
- ⇒ Revised Directive PNG014: *Incident Reporting Requirements* to incorporate incidents related to pipelines and flowlines into the directive.
- ⇒ Revised Directive PNG025: *Licensee Liability Rating (LLR) Program* to add various clarifications on the program and submission processes.
- ⇒ Directive PNG076: *Enhanced Production Audit Program* was amended and introduced a financial penalty for failing to submit an EPAP declaration by the deadline.
- ⇒ Completed consultation and drafting of Directive PNG031: *Site Specific Liability Assessment* and Directive PNG033: *Phase II Environmental Site Assessment*.
- ⇒ Worked toward development of a risk-based site closure model for salt impacted sites.
- ⇒ Improvements to the Geothermal and CO2 Storage Applications and Statutory Unit Amendment Process.
- ⇒ Expansion of geospatial analytics capacity in support of risk-based decision making.
- ⇒ Developed new database and procedure to conduct oil and gas reserve evaluations utilizing an industry recognized software.

3.0 Administrative Levy Calculation

ER assesses an annual Administrative Levy against all licensees of wells and pipelines in accordance with provisions outlined in *The Oil and Gas Conservation Regulations, 2012*.

The amount of the annual payment is tied to the number of wells in the various well classes (these are based on the volume of oil and gas produced from the well) and the length in kilometers for various classes of pipelines in operation in the previous calendar year. For example, the Administrative Levy calculated and invoiced for the 2018-19 fiscal period was based on the performance of wells and the length of pipelines operating during the 2017 calendar year.

An annual adjustment factor established by an Order in Council adjusts each year's payment to account for changes in the revenue requirements of the Government of Saskatchewan for the provision of regulatory services. Administrative Levy invoices are typically issued in the second fiscal quarter of the year, after approval of the provincial budget.

Each well and pipeline is charged a base fee multiplied by an adjustment factor. The adjustment factor is set annually to ensure that 90 per cent of forecast regulatory expenses are recovered. The provincial budget for regulatory services affects the Administrative Levy rates, as do changes in the number of wells, volume of production and pipeline lengths.

The following table summarizes the calculation of the base Administrative Levy revenues for each of the well levy classes and pipeline classes as well as the calculation of the adjustment factor for the 2018-19 fiscal period.

Annual Adjustment Factor Calculation, 2018-2019				
Class	Production (cubic metres / year)	Base Rate by Class	Number of Well Licences	Base Revenues
1	Service Wells	\$100	5,331	\$533,100
2	0.1 to 300.0	\$100	27,729	\$2,772,900
3	300.1 to 600.0	\$125	7,892	\$986,500
4	600.1 to 1,200.0	\$312	6,461	\$2,015,832
5	1,200.1 to 2,000	\$750	3,194	\$2,395,500
6	2,000.1 to 4,000.0	\$1,250	2,361	\$2,951,250
7	4,000.1 to 6,000.0	\$1,625	559	\$908,375
8	6,000.1 and above	\$1,875	478	\$896,250
9	Wells other than abandoned	\$25	34,097	\$852,425
TOTAL			88,102	\$14,312,132
				A

Pipeline Class	Status of Pipeline Segment	Base Rate by Class per kilo- meter:	Length (kms)	Base Revenues
1	Flowlines	N/A	N/A	N/A
2	Operating	\$40	22707.61	\$905,304
3	Discontinued	\$20	1204.37	\$24,087
TOTAL			23,633	\$932,392
				B

TOTAL BASE AMOUNT (C=A+B)				\$15,244,524	C
2017-18 Regulatory Budget¹:				\$25,230,100	
Industry Share (90%)²:				\$22,707,100	D
Annual Adjustment Factor (E=D÷C):				1.489525	E

1. The '2018-19 Regulatory Budget' is the proposed budget at the time that the Annual Adjustment Factor was calculated and may have been amended later.

2. Due to rounding and the minimum charge for pipelines, the total amount invoiced to Industry may be slightly different than the "Industry Share (90%)" amount shown above.

4.0 Financial Reporting

ADMINISTRATIVE LEVY REVENUE AND REGULATORY COSTS (\$000s)		2018-19 Budget	2018-19 Actual
ADMINISTRATIVE LEVY INVOICED			22,701
LESS: REGULATORY COSTS INCURRED (90%)			22,152
VARIANCE			549
2017-18 VARIANCE CARRY FORWARD			2,267
2018-19 VARIANCE CARRY FORWARD			2,816
COST DETAIL			
1	PNG Executive	992	988
2	Field Services	3,992	4,625
3	Liability Management	1,126	1,135
4	Resource Management	2,173	1,923
5	Information Management	2,337	2,607
6	Client Support	1,407	1,279
7	Pipeline Regulation Enhancement Program	656	653
8	Surface Rights Arbitration Board	172	165
9	Information Technology and Database Costs	8,046	5,691
10	Central Overhead and Costs	2,618	3,633
TOTAL MINISTRY OF ENERGY AND RESOURCES		23,520	22,699
OTHER MINISTRIES			
11	Agriculture	550	922
12	Environment	1,200	992
TOTAL COSTS: ALL MINISTRIES		25,270	24,613
ADMINISTRATIVE LEVY 90%		22,743	22,152

Reference	Description
1	<p>PNG Executive (Includes Regulatory Affairs Unit)</p> <ul style="list-style-type: none"> Regulatory/legislative process modernization and enhancement and directives and guideline content development and management; Development of processes and tools to assist in risk assessment practice, consistency in business activities and in addressing emerging issues; Administrative Levy reporting and accountability; Inter-jurisdictional coordination, engagement and monitoring; and Facilitating red tape reduction and program reviews
2	<p>Field Services</p> <ul style="list-style-type: none"> Policy and program development related to the safe, environmentally sound operation of wells, facilities and pipelines; Monitoring and inspecting wells, facilities and pipelines, including enforcement actions as required; Responding to and providing oversight for activities related to incidents involving wells, facilities and pipelines and ensuring reclamation activities are undertaken for such incidents. Providing on-the-ground support to landowners and operators related to the development, operation and abandonment of wells, facilities and pipelines; Working with provincial and municipal agencies to address issues related to oil and gas development on private and public lands; and Responding to public complaints and inquiries.
3	<p>Liability Management</p> <ul style="list-style-type: none"> Reclamation standards, procedures and practices; Licensee Liability Rating (LLR) administration; Well and facility reclamation (AOR); Orphan well fund administration and procurement; Liability and reclamation compliance; Care and custody of "at risk" sites; Management of severely contaminated sites; and Well and facility transfer approvals.
4	<p>Resource Management</p> <ul style="list-style-type: none"> Developing policies, programs and standards related to the production of oil and gas resources including the prevention of wasteful operations; Reservoir management practices and standards; Oil and natural gas reserve determination; Regulation of associated mineral rights (potash, coal); Approving all horizontal and off-target wells, well spacing modifications, enhanced oil recovery/waterflood projects, underground (reservoir/cavern) storage/disposal projects, carbon dioxide storage projects, geothermal projects, acid gas disposal projects, and disposal wells, including establishing any special conditions related to their operation; Establishing spacing areas, pools, forced pooling and units for oil and gas production; Greenhouse gas emissions management; Setting and monitoring well production allowables; Flaring and venting - air quality; Establish allocation for well completions; and Waiver of logging and testing requirements.

Reference	Description
5	<p>Information Management</p> <ul style="list-style-type: none"> • Well, facility and seismic information collection, monitoring, validation, and publication; • Drilling core and cuttings collection, storage and administration; • Measurement standards, audits and compliance; • Data submission standards, procedures and compliance requirements (geological well data, volumetrics, valuation); • Submission penalty assessment and waivers; • Seismic licensing, permitting and plan recording; and • Licensing, sale and distribution of electronic data.
6	<p>Client Support</p> <ul style="list-style-type: none"> • IRIS/PETRINEX Information system development, enhancement and change management; • Operating the ER Service Desk for the full suite of inquiries and reporting activities of ER; • Managing the content of the Saskatchewan.ca web site related to the PNG programs and services; • Operating the single-window service delivery model with the ENV and AG; • Issuing licence approvals through the IRIS system, including coordinating approvals by the various business units and other agencies; and • Well licence application audits.
7	<p>Pipeline Regulation Enhancement Program</p> <ul style="list-style-type: none"> • Creating efficiencies for government and industry by integrating all pipeline licensing and reporting requirements into IRIS • Developing spatial data tools consistent with Saskatchewan Enterprise Geographic Information System (eGIS) standards that will support industry and assist the regulator in assessing and managing pipeline risk; • Retroactively licensing approximately 80,000 flowlines (well to battery gathering lines) and any remaining licence exempt pipelines.
8	<p>Surface Rights Arbitration Board (SRBA)</p> <ul style="list-style-type: none"> • SRBA, governed by <i>The Surface Rights Acquisition and Compensation Act</i>, is used as a last resort when a landowner or occupant and an oil/gas or potash operator are unable to reach an agreement on the terms of surface access for oil/gas/potash development or on the compensation payable therefor.
9	<p>Information Technology and Database Costs</p> <ul style="list-style-type: none"> • Operating costs of IRIS, including IT costs for the support and maintenance of IRIS to enable the licensees and regulators to audit and measure the respective performance activities; and • Amortization costs of capitalized IRIS IT projects and the operating costs of the legacy systems replaced by IRIS that are in the process of being phased out.
10	<p>Central Overhead and Costs</p> <ul style="list-style-type: none"> • Allocation of central accommodation, IT and benefit costs attributable to Administrative Levy activities; • Accommodation costs for the Subsurface Geological Laboratory where core samples are gathered in accordance with regulations are located; and • Amortization costs of capitalized Subsurface Geological Laboratory assets and capitalized Fields Services branch field assets.
11	<p>Agriculture</p> <ul style="list-style-type: none"> • Salary, expenses, mileage, for two land agrologists located in Swift Current and North Battleford for site inspections, review of new project proposals, abandonment inspections, lease spills, seed mix reviews and approvals; and • Salary and operating costs for one regional manager, one agreement coordinator to prepare leases and address industry inquiries, and Regina staff involved in policy development, rate review, billing, collections and accounting associated with 6,667 active leases.

Reference	Description
12	<p>Environment</p> <ul style="list-style-type: none"> • Salaries and operating costs for ecological protection specialists from the Landscape Stewardship branch responsible for review and approval of oil/gas industry proposals; • Time spent by support staff within the branch on the oil/gas program; • Salaries and operating costs for the manager in the branch who is responsible for the program; • Time for registry staff from the Corporate Services branch responsible for producing and completing all land dispositions associated with industry; • Oil/gas industry related time for staff at the ENV's Conservation Data Centre, which provides rare and endangered species information to industry for use in planning exploration and development; and • Time allocated to the Regional wildlife and fisheries biologist to associate with industry, and issues/proposals for Environmental Assessment Branch staff.

5.0 Staff Development

Continuous training and development of ER staff remained an important focus in 2018-19. Training and development expenditures for the year were just over \$173,000. Training opportunities for staff within the Petroleum and Natural Gas division included but was not limited to: Blow Out Prevention; Facility and Pipeline Construction Inspection and Integrity; PA-FLIR Instrument Training; UAV operation; ArcGIS mapping; Log Analysis and Cement Evaluation; Environmental Site Assessment; H2S, and First Aid/CPR. The Administrative Levy also supported the hosting of PNG's Spring School which facilitates training and learnings related to regulatory practices and initiatives for all of the divisions staff. As well, staff participated in training related to policy development and governance through the Johnson-Shoyama Graduate School of Public Policy.

6.0 Regulatory Services

The following subsections provide details with respect to regulatory services provided to industry and the service levels achieved compared to any established service level targets.

6.1 Applications

a. Review Confidential Period

A total of eight applications were processed during 2018-19 with an average turnaround time of 4.8 business days.

2018-19		
	Total Applications	Turnaround Time (Business Days)
<i>Review Confidentiality Period</i>	8	4.8

b. Licence Application and Transfers

During 2018-19, a total of 3402 licence applications and 217 facility licence applications were processed. Three hundred and eight well and facility licence transfer applications were processed involving the transfer of 10,861 wells and 1,161 facilities. Process times for the 1,904 non-routine well licence applications in 2018-19 was 17.0 days, which is over the documented service standard target of 14 days. This metric includes the cumulative time required by AG, ENV and ER to approve non-routine well licence applications through the single window well licence application process in IRIS. ER anticipates that recent changes to ENV's Private Lands Checklist will reduce the number of applications that go non-routine which will decrease the turnaround times.

The following table shows the number of licences processed in 2018-19.

2018-19		
	Total Applications	Turnaround Time (Business Days)
<i>Facility Licence</i>	217	7.3
<i>Licence Transfer</i>	308	4.8

2018-19		
	Total Applications	Turnaround Time (Business Days)
<i>Well Licence</i>	Routine	1498
	Non-Routine	1904
	Total	3402
		9.5

c. Production and Measurement

From April 2018 to March 2019, ER processed 171 production and measurement related applications, a decrease of 31 applications from the previous year, with a weighted average turnaround time of 18.2 business days. The following table shows the number of Production and Measurement related applications reviewed in 2018-19.

2018-19		
	Total # of Applications	Turnaround Time (Business Days)
<i>Application For S10 Economic Evaluation</i>	36	15
<i>Concurrent Production</i>	7	27.1
<i>Good Production Practice (GPP)</i>	22	35.9
<i>Maximum Permissible Rate (MPR)</i>	105	15
<i>Measurement Exemption</i>	0	0
<i>Special Production Flare Test</i>	1	17.9

d. Reservoir

From April 2018 to March 2019, ER processed 1086 reservoir related industry applications with a weighted average turnaround time of 12 business days. The following table shows the number of reservoir related industry applications processed in 2018-19.

2018-19		
	Total Applications	Turnaround Time (Business Days)
<i>Acid Gas Disposal</i>	0	0
<i>Additional Wellbore</i>	45	3.6
<i>Commingling</i>	163	13.5
<i>Enhanced Oil Recovery (EOR)</i>	78	33.2
<i>Project Commencement</i>	19	14.2
<i>Reclassification</i>	140	3.1
<i>Recompletion</i>	363	2.1
<i>Spacing Modification</i>	152	15.5
<i>Waterflood</i>	121	35.1
<i>Well Test</i>	5	14.0

e. Repair, Abandonment and Liability

From April 2018 to March 2019, ER processed 2628 repair, abandonment and liability-related industry applications with a weighted average turnaround time of 2.8 business days. This was an increase of 292 applications and an average decrease in processing time of 4.3 days. The following table shows the number of reservoir related industry applications processed in 2018-19.

2018-19

	Total Applications	Turnaround Time (Business Days)
<i>Acknowledgment Of Reclamation</i>	553	6.8
<i>Non-Routine Abandonment</i>	1550	1.6
<i>Well Repair</i>	277	1.5
<i>Full Exemption from Reclamation</i>	96	2.9
<i>Grandfathered Approval (AOR)</i>	80	3.9
<i>Partial Exemption from Reclamation</i>	72	2.8

f. Storage

There were no storage project applications processed during 2018-19.

2018-19

	Total Applications	Turnaround Time (Business Days)
<i>Storage Project</i>	0	0
<i>Geothermal Project</i>	0	0
<i>CO2 Storage Project</i>	0	0

g. Units and Forced Pooling

From April 2018 to March 2019, ER processed 5 units and forced pooling related applications, a decrease of 5 applications from the previous year, with a weighted average turnaround time of 88.7 business days. The following table shows the number of unit and forced pooling related applications reviewed in 2018-19.

2018-19

	Total Applications	Turnaround Time (Business Days)
<i>Forced Pooling</i>	3	35.7
<i>New Unit</i>	2	168.2
<i>Unit Amendment</i>	0	0

h. Pipelines

From April 2018 to March 2019, ER processed 755 pipeline related applications, a decrease of 118 applications from the previous year, with a weighted average turnaround time of 37.7 business days. The average turnaround was a significant improvement of the previous year's average by 70 days. The following table shows the number of unit and forced pooling related applications reviewed in 2018-19.

2018-19

	Total Applications	Turnaround Time (Business Days)
<i>Transfers</i>	38	35
<i>Leave to Open</i>	319	43
<i>Amendments</i>	281	39
<i>Approvals</i>	117	21

6.2 Field Operations

a. Well, Facility and Pipeline Inspections

During 2018-19, ER conducted a total of 14,816 inspections related to wells, facilities, incidents, rigs and pipelines. The inspections were either regular inspections or in response to a complaint and involved the review of the following items:

- ⇒ Well Identification/Signage
- ⇒ Measurement Equipment
- ⇒ Berm Construction and Maintenance
- ⇒ Surface Casing Vent Installation
- ⇒ Surface Casing Venting
- ⇒ Production Casing Venting
- ⇒ Engine Exhaust Location
- ⇒ Tank Location and Spacing Requirements
- ⇒ Chemical Containment
- ⇒ Spill Clean-up
- ⇒ Weed Control
- ⇒ Housekeeping
- ⇒ Lease Under Water
- ⇒ Equipment Storage
- ⇒ Filling and Leveling of Excavations
- ⇒ H2S Odours – Both on and off Lease
- ⇒ Sour Gas Management System
- ⇒ Other Odours
- ⇒ Residence Setback
- ⇒ Flare Combustion

2018-19	
<i>Inspection Type</i>	Total Inspections
<i>Facility</i>	214
<i>Incident</i>	372
<i>Measurement - Gas Facility</i>	0
<i>Measurement - Oil Facility</i>	11
<i>Measurement – Waste Disposal/ Pressure Maintenance Facility</i>	2
<i>Measurement - Well</i>	52
<i>Rig</i>	59
<i>Well</i>	14,011
<i>Pipeline</i>	117
Total	14792

Leveraging data that is now more readily assessable within IRIS, ER has been able to undertake more informed and risk-based inspections. These types of inspections require more planning, evaluation and take longer to conduct but are aimed at identifying potential issues that pose the greatest risks. ER staff continue to re-inspect sites for follow up action and now spend more time on inspections related to incidents, facilities as well as measurement audits.

Non-compliance issues identified result in notifications being sent to the licensee. In many inspections more than one non-compliance issue was identified. Most notifications provide a 30-day time frame for industry to return to compliance for each issue. When public safety is at risk, immediate shut down takes place until compliance is achieved.

b. Incidents

In 2018-19, the Saskatchewan upstream oil and gas industry reported a total 699 spill incidents to the ministry. To help oil and gas companies educate and train their spill-response personnel, ER officials participate regularly in spill exercise and spill-response unit meetings.

2018-19	
<i>Incident Type</i>	Total Incidents
<i>H2S</i>	8
<i>Natural Gas</i>	107
<i>Oil</i>	153
<i>Other</i>	244
<i>Refined Product or Chemical</i>	5
<i>Water</i>	182
Total	699

6.3 Care and Custody

ER had expenditures of \$15,345 during 2018-19 for the care and custody of pre-orphaned sites. These are sites that, at the time the work was required, were not officially deemed as orphaned, but the responsible company refused or was unable to meet its obligations. The work conducted under the care and custody program is typically emergent in nature.

This expenditure was similar in magnitude to expenditures for 2017-18 which were \$26,022. Expenditures under the Care and Custody Program can vary significantly from year to year depending on the number of sites requiring care and the work that is required at each site. As an example, expenditures in 2014-15 were \$432,123 which is the maximum annual expenditure for the program thus far.

Examples of the work conducted under this program are abandonment of wells with unsafe pressure conditions or leaks, removal of contaminated soil adjacent to surface water, removal of fluid from tanks and other receptacles, hauling and disposal of refined chemical barrels, and mowing.

6.4 Pipeline Regulatory Enhancement Program

In the March 2017 Budget, Saskatchewan announced the creation of the Pipeline Regulatory Enhancement Program (PREP), a multiyear initiative to strengthen pipeline regulation. PREP's purpose is to bring innovation and excellence to the regulation of oil and gas pipelines by identifying and addressing regulatory gaps or deficiencies through new and enhanced programs that meet or exceed leading Canadian and international standards. In 2018-19, work continued to automate current manual pipeline licensing and approvals within IRIS in support of licensing and fully regulating over 80,000 flowlines. Eight other public sector ministries and agencies have been engaged in this planning, providing a potential foundation for a unified, transparent on-line single window for industry to obtain government approvals.

Highlights from 2018-19:

- ⇒ Maintained an intensive industry advisory process utilizing a Business Change Advisory Committee (split between Saskatchewan and Calgary), which met an additional four times in each province in 2018-19. This forum included approximately 30-35 representatives from pipeline operators and two industry associations who provided comment and input on PREP's vision and implementation plans.
- ⇒ Based on industry feedback and ER business requirements, a pipeline module was developed in IRIS that will go live in January 2020.

6.5 Other Regulatory Services

a. Information Management

Information management services include the services required to collect, validate, and disseminate data to industry. For the most part, data collection is accomplished by using IT systems and business processes built in Petrinex and IRIS. These two information management systems are closely integrated and require continuous IT management to ensure efficient ongoing integration of data between the two systems. The performance of data collection systems is continuously monitored and improved upon through ongoing system enhancements.

- ⇒ During the monitoring of the data through the external procedures issues, within the Petrinex system, were identified and changes were implemented to better aid operators in the reporting of information. The changes that were made to Petrinex include:
- ⇒ EPAP Workflow functionality to provide EPAP stakeholders the ability to manage internal notes and internal attachments on a workflow.
- ⇒ Gas Oil ratio (GOR) factor functionality and submission of GOR factor that results in the discontinuation of the generation of unavoidable errors and penalties (VME0041, VME0042 and VME0010).
- ⇒ Addition of product type "Entrained Gas; allowing for the reporting of Entrained Gas at custom treaters, terminals, injection facilities and waste plants. This product type is used in situations when gas is received during the process of trucking liquids and there is no means of determining the origin of the gas.
- ⇒ Update to Oil Valuation-Royalty Tax Payer Report to indicate if the transaction was an arms' length transaction.

Validation efforts included auditing data submissions and developing reports and procedures aimed at monitoring industry reporting errors and inconsistencies in both Petrinex and IRIS and at ensuring that non-compliance penalties are appropriately assessed to ensure the accuracy and integrity of all collected data.

- ⇒ 23,733 suspect facility data records were reviewed and followed-up on with industry to ensure accuracy of the data and that necessary amendments are submitted.
- ⇒ Well data audits related to 2,284 wells were performed during 2018-19 with a pass rate of 56.6 per cent. In addition, 13,326 work items and 3,103 review items were processed.
- ⇒ 2,520 well licence audits and 2,449 surface audits were performed.

Services related to dissemination of data include the development and operation of data extracts and reports used by industry and industry data vendors. A number of new reports and extracts were developed and implemented in IRIS or in Cognos, a Business Intelligence tool. In addition, ER processed 137 one-time requests for data.

b. Client Support

ER provided regulatory support to industry in 2018-19 through a now single Service Desk, which handled 13,648 phone calls and emails. A total of 168 IRIS and 138 Petrinex change requests were raised to address errors and enhancements, resulting in 1,053 hours of user acceptance testing being completed.

In 2018-19 work was underway on the develop of an on-line training tool to provide guidance on regulatory submissions and reporting in IRIS.

c. Policy Development

Initiatives during 2018-19 included:

- ⇒ Updates to the following regulations and directives were completed, including the following items of note:
 - ↳ Introduction of *The Oil and Gas Emissions Management Regulations in support of the reduction of GHG emissions*
 - ↳ *The Oil and Gas Conservation Regulations, 2012* - Miscellaneous clean-up amendments in support of the IRIS implementation and introduction of IRIS Non-Compliance Penalty Assessment Program for data submission.
 - ↳ Revised *Directive PNG005: Casing and Cementing Requirements* to allow for the operation of pre-set surface casing to include the cementing procedures previously to be performed by a third party cementing operation.
 - ↳ Revised *Directive PNG014: Incident Reporting Requirements* to incorporate incidents related to pipelines and flowlines into the directive.

- ↳ Revised *Directive PNG025: Licensee Liability Rating (LLR) Program* to add various clarifications on the program and submission processes.
- ↳ *Directive PNG076: Enhanced Production Audit Program* was amended and introduced a financial penalty for failing to submit an EPAP declaration by the deadline.
- ⇒ Work continues on revisions to *The Pipelines Regulations, 2000* along with creation of a new related directive in support of implementation of the Pipeline Regulation Enhancement Program.
- ⇒ Work also was advanced in support of changes to *Directive PNG031 - Site Specific Liability Assessment and Directive PNG033 - Phase 2- Environmental Site Assessment*. These changes are expected to be introduced in 2019.
- ⇒ Work advanced in the development of *Directive PNG015: Well Abandonment Requirements* which is expected to come into force in summer 2019.
- ⇒ Continued engagement with the Western Regulators Forum to support opportunities to increase regulatory alignment across member jurisdictions.

d. Pipeline Compliance Audits

In 2018, ER field staff performed 71 water crossing inspections to identify visible hazards. ER plans to inspect 39 high consequence water crossings annually and all 71 crossings every two years.

e. Liability

Liability Management Branch carefully monitored all licence transfer applications and scrutinized transfers containing significant uneconomic liabilities in order to protect the industry from exposure to excess orphan fund expenditures. The Branch also effectively responded to emerging issues that impact on industry liability such as potential insolvencies and the fallout from the Supreme Court of Canada Decision in *Redwater*.

f. Improvement Initiatives

In addition to improvements elaborated on previously, the following improvements were completed/initiated this year:

- ⇒ Implemented a centralized service desk model
- ⇒ Well Licence Applicant Information Request Work Item
- ⇒ SAGD well completion type
- ⇒ Non-routine flaring and venting reporting processes.
- ⇒ Audit cancellation process between Licence Management and Resource Management refined and inclusive of reservoir and surface information for consideration
- ⇒ New “Under Review” status for specific IRIS applications
- ⇒ Adding the ability for companies to add information to freeze holes related to Potash mine operations
- ⇒ Work Item Automation
- ⇒ Development of on-line training module for regulatory reporting within IRIS

g. Surface Rights Board of Arbitration

The SRBA is an arbitration board used as a last resort when a landowner or occupant and an oil/gas or potash operator are unable to reach an agreement for surface access to private land and related compensation. In 2018-19, the SRBA received 106 Applications for Rental Review. The Board held 56 hearings on matters in the SRBA purview and issued 21 Right of Entry Orders and 7 Compensation Orders.

6.6 Ministry of Agriculture

In 2018-19, AG issued 1768 new surface leases including the review of project proposals, site inspections and field work. 1565 of the new leases were received through the Prairie Farm Rehabilitation Administration pasture transition program. The ministry also completed 149 surface lease renewals, 188 surface lease abandonments, approximately 80 surface lease amendments, numerous seed mix approvals, and attended four Saskatchewan Petroleum Industry/Government Environment Committee (SPIGEC) meetings.

6.7 Ministry of Environment

In 2018-19, ENV processed 3,453 oil and gas project proposals of which 1,955 were deemed to be non-routine applications. Site inspections were associated with a significant number of those projects, including pre and post construction inspections and inspections that were undertaken during construction. In addition, significant effort regarding Duty to Consult related to Steam Assisted Gravity Drainage projects in the north was required. The non-routine projects require significant review time due to several factors such as siting on environmentally sensitive lands, proximity to endangered species and crown administered lands. ENV currently administers in excess of 890 oil and gas dispositions on both Crown and Park land. Significant effort has been spent working with industry regarding new technology, new companies to Saskatchewan as well as numerous abandonment programs.

ENV staff also undertook numerous meetings with proponents, and attended all SPIGEC meetings. One additional staff member was relocated to the Swift Current office to address concerns regarding industry turnaround times and improvements to the review process were identified and will be incorporated for the next fiscal year.

