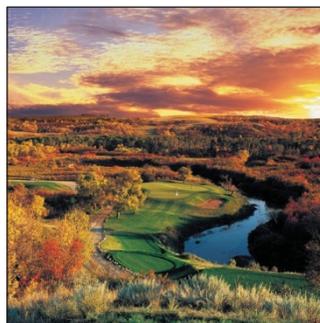


# Ministry of Energy and Resources



## Plan for 2021-22

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# Statement from the Minister



*The Honourable Bronwyn Eyre  
Minister of Energy and Resources*

I am pleased to present the 2021-22 Operational Plan for the Saskatchewan Ministry of Energy and Resources (ER).

Government Direction and Budget 2021-22 is focused on protecting Saskatchewan people through the remainder of the pandemic, building the infrastructure that a strong economy needs, and growing Saskatchewan to help ensure a strong economic recovery.

The ER Ministry's role is to oversee and enable the growth and responsible development of Saskatchewan's natural resource industries, primarily mining, forestry and oil and gas. This plan outlines ER's approach for the current fiscal year. Given the impact and economic value of these sectors in Saskatchewan, this is a mandate of significant importance.

A strong focus in this year's plan is to encourage exploration and development and ensure a competitive royalty and taxation environment for natural resources. Our Ministry plays an important role in promoting Saskatchewan's diverse resource potential to investors in Canada and around the world, and we will continue to foster new, innovative projects in emerging areas such as lithium, helium and hydrogen.

Oil and gas is Saskatchewan's largest sector, accounting for more than 15 per cent of the province's GDP. This plan highlights several ways that the Government of Saskatchewan will work to support our energy sector with the implementation of policies and programs that support innovation, development and conservation of natural resources, such as the *Oil Infrastructure Investment Program* (OIIP), the *Oil and Gas Processing Investment Incentive* (OGPII) and the *Saskatchewan Petroleum Innovation Incentive* (SPII). While promoting these programs and incentives, the ER Ministry also operates as the primary regulatory authority in the oil and gas sector. We will continue to implement the *Methane Action Plan* (MAP), which will help to sustain the long-term economic viability of the energy sector by increasing capture and commercialization of methane, and focus on other emissions management projects.

With an abundance of two of the most critical minerals in the world, potash and uranium, as well as other base and precious metals, mining is also one of the most important sectors in our province. Saskatchewan has the largest potash industry in the world, accounting for about one-third of annual global production. The world's largest high-grade uranium deposits are located in northern Saskatchewan, an area of our province which also boasts a booming forestry sector. Our province's north is home to seven large forest facilities, which produce lumber, oriented strand board (OSB) and pulp, while some 200 smaller businesses also produce a variety of forest products.

The goals and objectives outlined in this plan will ensure that our energy and resources sector continues to lead in competitiveness and be a key driver in Saskatchewan's economic recovery and growth.

# Response to Government Direction

Protect. Build. Grow. The Government of Saskatchewan is committed to protecting Saskatchewan people through the rest of the pandemic as life returns to normal and our economy grows. Investing in infrastructure like hospitals, schools, and highways will help build a strong economy and create jobs for strong families, strong communities, and a better quality of life.

## Saskatchewan's Vision

*"... to be the best place in Canada – to live, to work, to start a business, to get an education, to raise a family and to build a life."*

**A Strong Economy**

**Strong Communities**

**Strong Families**

Saskatchewan's vision and three goals provide the strategic direction for organizations to align their programs and services to build a strong Saskatchewan.

All organizations will report on progress in their 2021-22 annual reports.

# Operational Plan

## Mandate Statement

The Ministry of Energy and Resources develops, coordinates and implements policies and programs to promote the growth and responsible development of the province's natural resource industries. The Ministry operates as the primary regulatory authority for the oil and gas industry and ensures competitive royalty systems, regulations and policies for all natural resource sectors. The Ministry also plays an important role in promoting Saskatchewan's diverse resource potential to investors around the world.

## Mission Statement

To advance responsible resource development.

## Government Goals



**A Strong Economy**



**Strong Communities**



**Strong Families**

## Ministry Goal

Grow natural resource exploration and development.

## Strategy

Protect and enhance competitiveness.

### Key Actions

- Encourage exploration and development, and ensure a competitive royalty and taxation environment, for natural resources, including strategic minerals and metals.
- Release new geoscience information summarizing current research activities.
- Support the development of the helium industry in the province through industry consultations and continued mapping of geological potential.
- Work collaboratively with industry stakeholders through the Forestry Sector Competitiveness Committee to address barriers to the growth of forestry in Saskatchewan.
- Ensure public offerings for oil and gas and subsurface mineral rights to facilitate the exploration and development of our natural resources.
- Continue implementing the *Oil Infrastructure Investment Program (OIIP)*, which supports new and expanded pipelines, as well as new pipeline terminals, which help Saskatchewan oil get to market.
- Ensure a competitive royalty and taxation environment for the mining sector.
- Establish a working secretariat to advance the development of single window services for the resource sector.

## Strategy

Develop policies and programs that support innovation, development and conservation of natural resources.

### Key Actions

- Position Saskatchewan as the best place in North America to test, commercialize and scale new oil and gas technologies through the *Oil and Gas Processing Investment Incentive (OGPII)*, *Saskatchewan Petroleum Innovation Incentive (SPII)* and other programs and policies.
- Optimize Saskatchewan's regulatory and policy environment to increase exploration, increase primary production and encourage the application of enhanced recovery methods in the oil and gas sector.

- Continue the implementation of the *Methane Action Plan (MAP)* to support increased capture and commercialization of methane, natural gas and other emissions management projects, in addition to those that help sustain the long-term economic viability of the energy sector.
- Ensure the associated gas royalty regime aligns with the province's goal of capturing and commercializing greater volumes of methane.
- Ensure forestry legislation, regulations, timber harvesting licenses and other policies promote and facilitate optimal use of the provincial timber supply.
- Perform new, strategically targeted airborne geophysical surveys and ensure geoscience projects are completed and continue to administer the Targeted Mineral Exploration Incentive to encourage exploration for gold, base metals and diamonds.
- Ensure that Saskatchewan's mining sector is incentivized to develop, adopt and scale new and emerging technologies by investing in research partnerships with industry and post-secondary institutions.

## Strategy

Attract investment through rigorous stakeholder engagement.

### Key Actions

- Promote Saskatchewan's competitive position at industry events and opportunities, such as the Saskatchewan Geological Open House, North American Prospect Expo for Oil and Gas, Williston Basin Petroleum Conference, Mineral Exploration Roundup, Prospectors and Developers Association of Canada and the Global Petroleum Show.
- Work with Saskatchewan's natural resource sectors to remove red tape and barriers to economic growth and investment.

## Performance Measures

### Saskatchewan Provincial Forest Timber Harvest

Increase forest product sales, with a target of \$1.3 billion in 2021-22.

### Saskatchewan Mineral Production

Increase Saskatchewan potash sales levels, with a target of \$5.7 billion in 2021-22.

### Saskatchewan Uranium Production

Increase Saskatchewan uranium sales levels, with a target of \$712 million in 2021-22.

### Saskatchewan Oil Production

Increase oil production to 600,000 Barrels Per Day by 2030, with a target of 440,000 Barrels Per Day in 2021-22.

### Fraser Institute Global Petroleum Survey Policy Perception Index

Number one Canadian ranking in the Fraser Institute Global Petroleum Survey policy perception index in 2021-22.

### Mining Journal's World Risk Report Opportunity Index

Highest AAA rating for doing business in the mining sector in the Mining Journal Intelligence World Risk Report.

### Fraser Institute Survey of Mining Companies Investment Attraction Index

Top three world ranking in the Fraser Institute Survey of Mining Companies investment attractiveness index in 2021-22.



## Government Goals

**A Strong Economy**

**Strong Communities**

**Strong Families**

## Ministry Goal

Achieve regulatory excellence in support of resource development.

## Strategy

Apply a risk-based, results-oriented approach to the development and delivery of regulatory programs.

### Key Actions

- Continue the implementation of *The Oil and Gas Emissions Management Regulations* (OGEMR) to reduce greenhouse gas (GHG) emissions from the upstream oil and gas industry.
- Continue to enhance liability management programs, including end-of-life asset management.
- Work with other oil and gas regulators and industry partners to identify opportunities for collaboration and information sharing and develop strategies and tools to address identified risks.
- Build investigation capacity and integrate into incident response and follow-up programs.

## Strategy

Deliver efficient regulatory programs with a focus on client service.

### Key Actions

- Continue to update and modernize regulations and directives to address regulatory risks.
- Work with Saskatchewan's oil and gas sector to remove regulatory red tape and barriers.
- Strengthen single window services for wells and begin gathering requirements for improvements.
- Establish and implement a new system to assess oil and gas reserves.

## Strategy

Build public confidence in industry regulation through transparency, accountability and engagement.

### Key Actions

- Continue the implementation of the *Accelerated Site Closure Program* (ASCP), utilizing \$400 million in federal funding from the federal COVID-19 Economic Response Plan, to conduct well and facility abandonment and site remediation and reclamation.
  - Execute contracts for the \$200 million Phase 2 of the ASCP, the largest phase of the program.
  - Begin deployment of the *First Nations Stewardship Fund* and the *Indigenous Business Credit Pool*.
- Expand public access to regulatory information.
  - Improve public access to regulatory information on Saskatchewan.ca.
- Effectively manage the abandonment, decommissioning and remediation of oil and gas wells and mines.
  - Continue to accept new sites into the Institutional Control Program (ICP).
  - Provide oversight of the remediation of the abandoned Gunnar and satellite mine sites.
- Ensure regulatory and permitting decisions are clear, consistent, predictable and timely to support industry investment decisions and community engagement.
- Continue to review and update regulatory rules and processes to support industry oversight and resource development.



## Performance Measures

### Cleanup of Abandoned Northern Sites (CLEANS)

The CLEANS project annual budget variance has a target of +/-5 per cent, in addition to total project costs being managed within the established liability.

### Accelerated Site Closure Program (ASCP)

Maintain a pace of completed work under the ASCP in fiscal year 2021-22 to fully deploy all available funding over the life of the program.

Maintain a pace of completed work under the ASCP in fiscal year 2021-22 to support 2,100 full-time equivalent jobs in the oil and gas service industry over the life of the program.

## Government Goals



**A Strong Economy**



**Strong Communities**



**Strong Families**

## Ministry Goal

Achieve organizational excellence.

## Strategy

Support world-class information systems.

### Key Actions

- Expand the *Integrated Resource Management System* (IRIS) to manage the Mineral Rights Tax program.
- Implement a Business Rules Management System which will allow the Ministry to more cost-effectively manage regulatory reviews and approvals.
- Update the IT Governance Framework to further strengthen oversight of IT projects.

## Strategy

Exercise operational leadership.

### Key Actions

- Expand data availability to advance business intelligence (BI) and data analysis into useful insights for decision-making within the Ministry.
- Review and strengthen the strategic planning process across the Ministry to respond to emerging opportunities in the resource sector.
- Ensure accurate and timely financial reporting to inform strategic and operational issues.

## Performance Measures

### Client Inquiries

Reduce client inquiries by 80 per cent with improved data accuracy and reduce client inquiry response time by 40 per cent, from 24 days (2020-21 average) to 14 days, for the Mineral Rights Tax program.

# Highlights

## **2021-22 Budget Highlights:**

Highlights of the Ministry budget include:

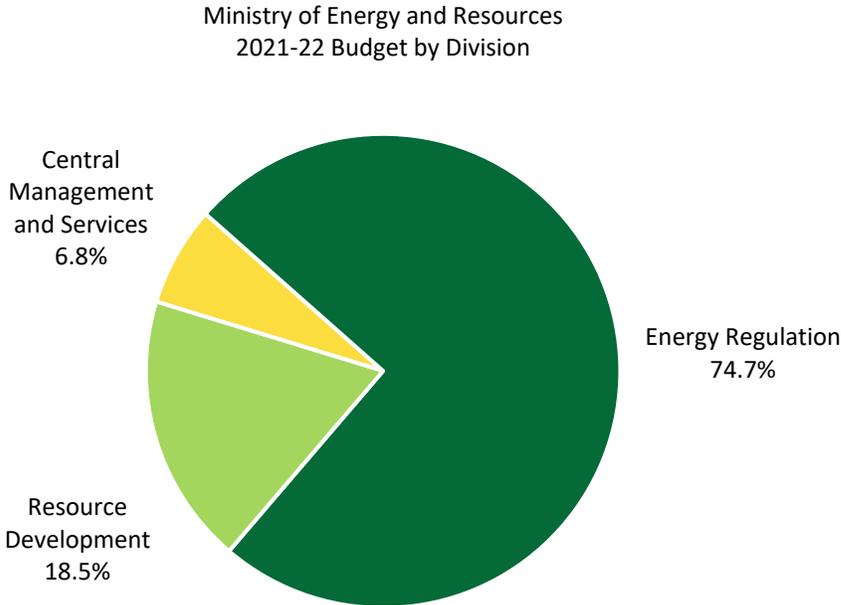
- Increased funding for the second year of the Accelerated Site Closure Program, previously announced as part of the federal COVID-19 Economic Response Plan;
- Implementing a five-year royalty moratorium on associated gas, fulfilling a Growth Plan commitment;
- Modernizing and expanding the High Water-Cut Program to increase production from marginal wells;
- Reducing the sodium sulphate royalty rate for production and introducing a new incentive to generate new investment in the industry;
- Continuing the Cleanup of Abandoned Northern Sites (CLEANS) project;
- Funding to undertake a stakeholder consultation and business case process for a single-window application for municipal permitting and invoicing of upstream oil and gas sector activities; and
- Funding towards the implementation of enhancements to the Integrated Resource Information System (IRIS) to ensure it provides efficient services to the oil and gas industry.

# Financial Summary

**Energy and Resources 2021-22 Estimates (in thousands of dollars)**

Central Management and Services	19,462
Energy Regulation	213,547
Resource Development	52,768
<b>Total Appropriation</b>	<b>285,777</b>
Remediation of Contaminated Sites	(40,000)
Capital Asset Acquisitions	(2,275)
Non-Appropriated Expense Adjustment	3,772
<b>Total Expense</b>	<b>247,274</b>

For more information, see the Budget Estimates at: <http://www.saskatchewan.ca/budget>



**For more information**

Please visit the Ministry’s website at <https://www.saskatchewan.ca/government/government-structure/ministries/energy-and-resources>