

Ministry of Energy and Resources

Annual Report for 2020-21

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Letters of Transmittal



The Honourable Bronwyn Eyre
Minister of Energy and
Resources

Office of the Lieutenant Governor of Saskatchewan

I respectfully submit the Annual Report for the Ministry of Energy and Resources for the fiscal year ending March 31, 2021.

A handwritten signature in black ink, appearing to be 'B. Eyre', written in a cursive style.

The Honourable Bronwyn Eyre
Minister of Energy and Resources



Susanna Laaksonen-Craig
Deputy Minister of Energy
and Resources

The Honourable Bronwyn Eyre
Minister of Energy and Resources

Dear Minister:

I have the honour of submitting the Annual Report of the Ministry of Energy and Resources for the fiscal year ending March 31, 2021.

A handwritten signature in black ink, appearing to be 'Susanna Laaksonen-Craig', written in a cursive style.

Susanna Laaksonen-Craig
Deputy Minister of Energy and Resources

Ministry Overview

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.

Core Lines of Business

The Ministry of Energy and Resources is made up of two primary lines of business:

- To explore and develop Saskatchewan's natural resources.
- To regulate the lifecycle activities related to the responsible development of Saskatchewan's natural resources.

The Ministry employees provide services and programs through its main office in Regina and through regional offices across the province.

The 2020-21 actual utilization was 260.8 full-time employees (FTEs).

The Minister of Energy and Resources is responsible for the following Acts and Regulations:

The Crown Minerals Act

- *The Alkali Mining Regulations*
- *The Bayhurst Viking Voluntary Gas Unit Regulations*
- *The Coal Disposition Regulations, 1988*
- *The Crown Mineral Royalty Regulations*
- *The Crown Oil and Gas Royalty Amendment Regulations, 2019*
- *The Late Payment Interest Charges Regulations (New)*
- *The Mineral Tenure Registry Regulations*
- *The Mineral Trust Revestiture Regulations*
- *The Quarrying Regulations, 1957*
- *Saskatchewan Regulation 270/69 – General Regulations (Tailings Disposal Area)*
- *The Subsurface Mineral Regulations, 1960*
- *The Subsurface Mineral Royalty Regulations, 2017*
- *The Subsurface Mineral Tenure Regulations*
- *The Totnes Viking Gas Storage Royalty Regulations*
- *The Waterflood Development Program Regulations*

The Economic and Co-Operative Development Act

But only with respect to clause 8(a) which is jointly assigned to the Minister of Energy and Resources, the Minister of Trade and Export Development, the Minister of Immigration and Career Training, the Minister of Agriculture, the Minister of Parks, Culture and Sport and the Minister Responsible for Tourism Saskatchewan.

The Energy and Mines Act

- *The Targeted Mineral Exploration Incentive Regulations, 2017*

The Energy Export Act

The Ethanol Fuel Act

- *The Ethanol Fuel (General) Regulations*

The Financial Administration Act, 1993

But only with respect to Section 24, which is jointly assigned to the Minister of Energy and Resources and the Minister of Finance as it relates to:

- *The Oil and Gas Processing Investment Incentive Regulations;*
- *The Oil Infrastructure Investment Program Regulations;*
- *The Petroleum Innovation Incentive Regulations; and,*
- *The Petroleum Research Incentive Regulations.*

The Forest Resources Management Act

But only with respect to sections 5, 6 and 7 which are jointly assigned to the Minister of Energy and Resources and the Minister of Environment.

The Freehold Oil and Gas Production Tax Act, 2010

- *The Freehold Oil and Gas Production Tax Regulations*
- *The Recovered Crude Oil Tax Regulations*
- *The Totnes Viking Gas Storage Freehold Production Tax Regulations*
- *The Weyburn Unit CO2 Freehold Oil Production Tax Regulations*

The Mineral Resources Act, 1985

- *The Mineral Exploration Tax Credit Regulations, 2014*
- *The Seismic Exploration Regulations, 1999*
- *The Subsurface Mineral Conservation Regulations*

The Mineral Taxation Act, 1983

- *The Freehold Coal Production Tax Regulations*
- *The Mineral Rights Tax Regulations, 1998*
- *The Potash Production Tax Regulations*
- *The Sodium Chloride Production Tax Regulations*
- *The Mineral Taxation Late Payment Interest Charges Regulations (New)*

The Oil and Gas Conservation Act

- *The Oil and Gas Conservation Regulations, 2012*
- *The Petroleum Registry and Electronic Documents Regulations*
- *The Oil and Gas Emissions Management Regulations*

The Pipelines Act, 1998

- *The Pipelines Administration and Licensing Regulations*

The Reclaimed Industrial Sites Act

- *The Reclaimed Industrial Sites Regulations*

The Renewable Diesel Act

- *The Renewable Diesel Regulations*

The Surface Rights Acquisition and Compensation Act

- *The Surface Rights Acquisition and Compensation Regulations*

The Ministry of Energy and Resources 2020-21 Operational Plan:

<https://publications.saskatchewan.ca/api/v1/products/104456/formats/116331/download>

Ministry of Energy and Resources COVID-19 Response Highlights

Overview

The COVID-19 pandemic has challenged government operations during the 2020-21 fiscal year. The expected operations of programs and services may have significantly changed as the Government of Saskatchewan worked quickly to support citizens and businesses. Annual Reports for the 2020-21 fiscal year provide information on the impacts of COVID-19 and recognize the work of the Government of Saskatchewan in responding to the pandemic.

Ministry COVID-19 Response Highlights

- **The Accelerated Site Closure Program (ASCP)**

The ASCP was launched to utilize \$400 million in federal funding — part of the federal government's COVID-19 Economic Response Plan — for the abandonment and reclamation of inactive oil and gas wells and facilities across the province. It has been highly successful in getting Saskatchewan's oil and gas service sector back to work. The ASCP is expected to abandon and reclaim the equivalent of 8,000 inactive wells and support approximately 2,100 jobs in the oil and gas service sector over the life of the program, which ends in February 2023.

In the 2020-21 fiscal year, the ASCP also launched two subprograms in collaboration with the Saskatchewan First Nations Natural Resource Centre of Excellence (COE) and the Saskatchewan Research Council (SRC):

- *The First Nations Stewardship Fund*, which dedicates up to \$20 million for site closure activities on Reserve lands across the province. This fund has been fully subscribed and work is anticipated to begin in the spring/summer of 2021.
- *The Indigenous Business Credit Pool* makes an additional \$15 million in ASCP funding available to participating licensees that work with qualifying Indigenous major and minor contractors to complete program work. If fully utilized, the Indigenous Business Credit Pool will support a \$30 million spend on qualifying Indigenous businesses.

The following statistics provide a general overview of the program in the 2020-21 fiscal year. Note that these numbers reflect program reporting metrics, which differ from the accounting treatment of the program in the financial statements contained in this Annual Report and in Public Accounts. The accounting treatment concerns funds paid to the SRC under the program, which was \$129.0 million in 2021, with offsetting revenue for eligible expenses of \$60.0M, and includes an accrual adjustment for the funds paid to Saskatchewan-based service companies for completed program work.

- The program issued \$164.2 million in work packages and saw \$52.8 million in work invoiced and paid, putting money in the hands of 485 unique Saskatchewan-based service companies;
- The ASCP saw 1,240 inactive wells abandoned/decommissioned, 220 flowlines abandoned, 12 facilities decommissioned and the completion of over 1,905 site reclamation activities;

- With respect to work completed in 2020-21, the ASCP supported an estimated 245 full-time equivalent jobs in the service sector; and
- Thus far, Indigenous-owned contractors have accounted for almost \$2.9 million of the total value of work packages completed and in progress.

- **Relief Measures for the Provincial Oil and Gas Sector**

In response to the unprecedented economic downturn resulting from the COVID-19 pandemic and the drop in oil price and demand, the Ministry implemented the following relief measures for the provincial oil and gas sector:

- Extended a series of filing and other deadlines to assist the oil and gas sector in stabilizing operations as their employees transitioned to working from home. These extensions did not impact health or environmental safety and were applied to routine reporting activities.
- Extended mineral rights by one year, which included rights granted under the terms of an oil and gas lease, exploration license or permit. The extension provided oil and gas disposition holders with the time necessary to properly evaluate their properties until the COVID-19 pandemic situation was stabilized.
- Reduced the industry portion of the Oil and Gas Administrative Levy by 50 per cent in the 2020-21 fiscal year and delayed the invoicing of the remaining balance until October 1, 2020. This provided the sector with relief of \$11.4 million to address immediate liquidity challenges. (It is important to note that, unlike other sectors, the oil and gas sector pays for 90 per cent of its own regulatory costs).

These relief measures addressed certain immediate liquidity and administrative challenges, helping companies focus on retaining as many workers, and as much production, as possible.

- **Relief Measures for the Provincial Mining Sector**

The Ministry made amendments to *The Mineral Tenure Registry Regulations* to grant relief to the mining sector in response to impacts from the COVID-19 pandemic. These amendments provided mining exploration companies more time to raise necessary capital and access mine sites to carry out exploration activities, work programs and engage with local and Indigenous communities.

The following amendments were implemented:

- Waived expenditure requirements for the current term and subsequent 12 months for mineral claims and leases that were active on March 18, 2020 (State of Emergency declaration date);
- Allowed expenditures incurred during the period for which the relief was granted to be applied toward expenditure requirements of *The Mineral Tenure Registry Regulations*; and
- Allowed the holder to meet requirements for refund of deficiency deposits after the relief period was ended.

Progress in 2020-21

Goal 1: 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.
 - Saskatchewan's natural resource royalty regimes continue to be monitored against market conditions and competing jurisdictions to ensure that Saskatchewan remains a favourable jurisdiction for investment in mineral exploration and development.
 - The Saskatchewan minerals sector generated a value of sales of \$5.9 billion during the 2020-21 fiscal year. The Ministry collected \$462 million in mineral royalties, taxes and other revenues from sector over this time.
- Support the Targeted Mineral Exploration Incentive to increase exploration for emerging minerals in under-explored regions.
 - The Ministry increased mining investment in the province by supporting 113 new exploratory drill holes, which generated \$9.8 million in expenditures by exploration companies in 2020-21. The Targeted Mineral Exploration Incentive is part of the *Mineral Development Strategy*, which was designed to diversify the province's mineral sector. A total of 12 companies exploring for gold, silver, copper, nickel, cobalt, zinc and platinum group of elements completed drill programs under the program in 2020-21. Each company received a maximum of \$50,000 in funding, for a total of \$578,000.
- Support the development of the helium industry in the province.
 - In 2020-21, the Ministry worked with the federal government to have helium added to Canada's critical minerals list, strengthening the opportunity to develop Saskatchewan's significant helium reserves.
 - North American Helium announced in May 2020 that it was proceeding with the construction of a

- helium purification facility near Battle Creek. The \$32 million facility is the largest helium purification operation in Canada and will enable the scaling of helium production and export capacity in Saskatchewan.
- Work collaboratively with industry stakeholders through the Forestry Sector Competitiveness Committee to address barriers to the growth of forestry in Saskatchewan.
 - In 2020-21, the Government of Saskatchewan worked with industry members of the Forestry Sector Competitiveness Committee to successfully resolve competitiveness impacts brought on by the COVID-19 pandemic.
 - Ensure public offerings for oil and gas and subsurface mineral rights facilitate the exploration and development of our natural resources.
 - In 2020-21, \$6.7 million of revenue was raised for the province through six public offerings for Crown petroleum and natural gas rights and three public offerings for Crown subsurface mineral rights.
 - Launch the Oil Infrastructure Investment Program (OIIP), which supports new and expanded pipelines, as well as new pipeline terminals, that help get Saskatchewan oil to market.
 - OIIP is a transferrable royalty credit aimed at getting Saskatchewan resources to new markets. The program provides a credit worth 20 per cent of approved capital expenditures for eligible pipeline development projects with a minimum investment of \$10 million required, with the potential for each project to earn a maximum of \$40 million of royalty credits.
 - The following relief measures were in response to COVID-19 and, as such, were not noted in the 2020-21 Operational Plan.
 - The Ministry implemented a series of relief measures for the oil and gas sector, which included extension of deadlines to assist the sector in stabilizing operations, extension of mineral rights by one year and reduction of the industry portion of the Oil and Gas Administrative Levy by 50 per cent. These relief measures addressed certain immediate liquidity and administrative challenges, helping companies focus on retaining as many workers, and as much production, as possible.
 - The Ministry also made amendments to *The Mineral Tenure Registry Regulations* to grant relief to the mining sector in response to impacts from the COVID-19 pandemic.

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.
 - The Ministry continued to support the responsible and competitive development of Saskatchewan's resources through world-class incentive programs. As of March 31, 2021, a total of 18 projects have been approved under the OGPII, SPII and OIIP incentive programs – all of which are now operating, under construction or are expected to begin construction in 2021.
 - These 18 approved projects represent more than \$550 million of private investment into Saskatchewan that directly relate to innovation commercialization, value-added oil, gas, and helium processing, or increasing the capacity of oil pipelines in the province.
 - A few examples from these highly successful programs, include:
 - LiEP Energy and Prairie Lithium are approved in the SPII program for their project, which will seek to extract lithium from Saskatchewan oilfield brines and is one of the first commercial demonstrations of this technology in the world.
 - Highrock Resources Ltd., along with its joint venture partner, Kindersley-based Verdera Energy, is approved in the SPII program for their approximately \$1.5 million

- investment in an innovative flare-gas-to-power project that will use repurposed jet engine turbines, which is the first project of its kind in Saskatchewan.
 - North American Helium's Battle Creek Facility, estimated to cost \$32 million, is approved in the OGPII program and, upon completion, will be the largest facility of its kind in Canada – paving the way for significant future helium development.
 - Ridgeback Resources is also approved for the OGPII program for the construction of a new gas fractionation plant near the community of Innes. This value-added project is currently under construction, with a total investment of approximately \$12 million.
- 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.
 - In 2020-21, the Ministry took steps towards modernizing and expanding the High Water-Cut Oil Well Program, which is designed to extend the production cycle and improve recovery rates for wells that produce high volumes of water. The modernized program was announced in the 2021-22 provincial budget and came into effect as of April 1, 2021. Changes to the royalty structure will make these wells more economical for producers.
- Introduce new strategies and policies to promote secondary and tertiary recovery methods, including steam-assisted gravity drainage and CO2 flood projects.
 - The Ministry continues to work in partnership with the Ministry of Environment to assist in any proposed changes or developments associated with the Enhanced Oil Recovery (EOR) application and licensing.
- Continue the implementation of the Methane Action Plan to support increased capture and commercialization of methane and other emissions management projects, and those that help sustain the long-term economic viability of the energy sector.
 - In the 2020-21 fiscal year, the Ministry announced that it is investing \$400,000 to support field-testing research on innovative methane emission reduction technologies. The research is being led by the Saskatchewan Research Council (SRC) and is a critical step to confirm practical technologies that convert currently vented and flared methane into commercialized products.
 - The Ministry also provided \$500,000 in funding to the SRC to support innovative research and technology applied to measuring gas volumes and monitoring emissions in the oil and gas sector. The study is Saskatchewan-specific as the province has unique reservoir and geological characteristics that need to be considered.
 - In January 2021, the Ministry announced support for three new energy projects that will reduce methane emissions, increase gas processing capacity and create jobs. Combined, these projects are expected to reduce provincial methane emissions by up to 251,000 tonnes of carbon dioxide equivalent per year, which is equal to emissions generated by over 28,000 homes per year.
- Ensure the associated gas royalty regime aligns with the province's goal of capturing and commercializing greater volumes of methane.
 - In 2020-21, the Ministry took steps toward introducing a moratorium on associated gas royalties, which took effect on April 1, 2021. The initiative is part of the *Methane Action Plan* and will provide oil producers with approximately \$3.8 million in annual royalty relief over five years. The initiative will enable oil producers to invest in new methane emissions reduction projects and undertake capture and commercialization of associated gas instead of flaring or venting.
- Ensure forestry legislation, regulations, timber harvesting licences and other policies promote and facilitate optimal use of the provincial timber supply.
 - In 2020-21, the Ministry worked closely with existing industry companies and new potential investors on a number of primary and value-added facilities for increased use of the provincial timber supply. A new bioenergy facility, the Meadow Lake Tribal Council (MLTC) Bioenergy Centre, broke ground in April of 2020 and is set for completion in winter 2021.
- 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.
 - The Ministry released results of a new airborne geophysical survey completed east of Lac La Ronge

and reported on various generative geoscience projects throughout the province. The Ministry also continued to support exploration for gold, base metals and diamonds by providing funding of \$578,000 for the Targeted Mineral Exploration Incentive.

Strategy

Attract investment through rigorous stakeholder engagement.

Key Actions

- Promote Saskatchewan at industry events, such as Saskatchewan Geological Open House, Global Petroleum Show, NAPE Upstream Oil and Gas Expo, AME Roundup, Prospectors & Developers Association of Canada (PDAC) Convention and the Williston Basin Petroleum Conference.
 - Due to COVID-19, these events were either cancelled or held virtually. The Ministry participated with a virtual booth at PDAC.
- Work with Saskatchewan's natural resource sectors to remove red tape and barriers to economic growth and investment.
 - The Ministry continues to regularly review regulations and programs to remove red tape and advance Saskatchewan's competitiveness. In 2020-21, the Ministry carried out red tape reviews for *The Coal Disposition Regulations*, *The Mineral Tenure Registry Regulations* and *The Oil and Gas Conservation Regulations*.
 - The Ministry revised the Seismic Exploration Regulations and modernized interest charges by introducing two new regulations: *The Late Payment Interest Charges Regulations* and *The Mineral Taxation Late Payment Interest Charges Regulations*.
 - Amendments were made to *The Potash Production Tax Regulations*, increasing the accessibility of existing incentive credits for qualified research and development projects and approved market development programs.

Performance Measure Results

Saskatchewan Provincial Forest Timber Harvest

In 2020-21, the value of forest product sales was \$1.4 billion.

Saskatchewan Mineral Production

In 2020-21, the value of Saskatchewan's potash sales was \$5.5 billion.

Saskatchewan Uranium Production

In 2020-21, the value of Saskatchewan's uranium sales was \$186.7 million.

Saskatchewan Oil Production

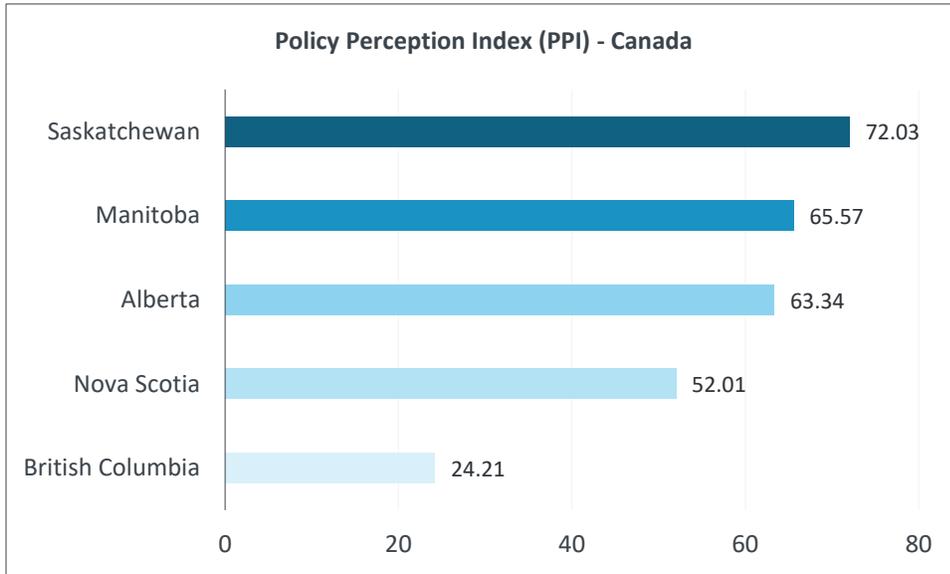
In 2020-21, the oil production in Saskatchewan was 419,500 Barrels Per Day.

Fraser Institute Global Petroleum Survey Policy Perception Index

Number one in the 2020 Canadian ranking in the Fraser Institute Global Petroleum Survey policy perception index, which measures the policies that affect investment decisions.

In the 2020 Fraser Institute Canada-US Energy Sector Competitiveness Survey, Saskatchewan ranked number one as the most attractive Canadian jurisdiction for upstream petroleum investment in 2020.

The figure below illustrates Saskatchewan's relative performance in the 2020 survey compared to other Canadian jurisdictions:



Source: Adapted from Canada-US Energy Sector Competitiveness Survey 2020, Fraser Institute

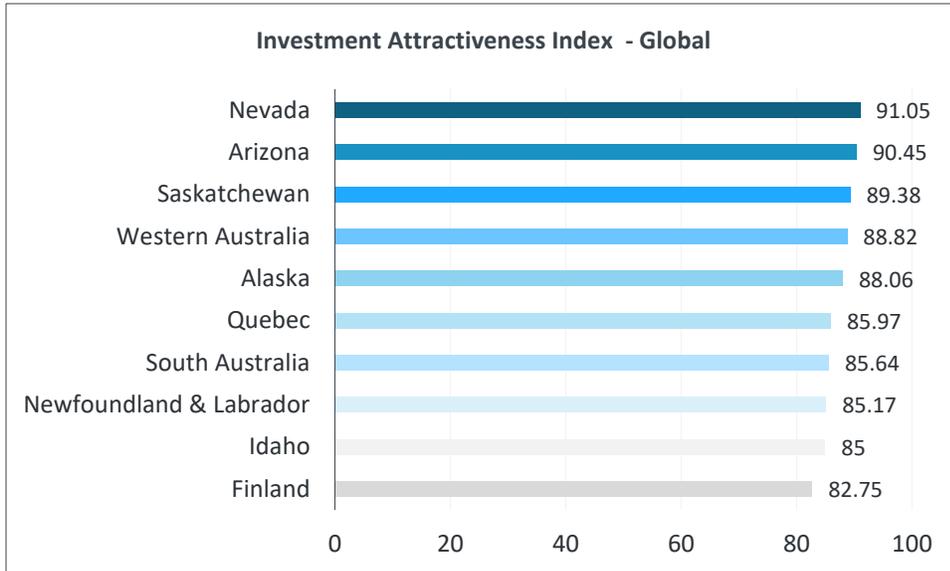
Saskatchewan improved its policy score by 21.4 points:

	Score 2019	Score 2020
Saskatchewan	50.83	72.03

Fraser Institute Survey of Mining Companies Investment Attraction Index

Top three world ranking in the 2020 Fraser Institute Survey of Mining Companies Investment Attractiveness Index.

In the Survey, Saskatchewan climbed eight spots from 11th in 2019 to third in 2020, making the province one of the top three jurisdictions in the world for investment, based on the Investment Attractiveness Index.



Source: Fraser Institute Annual Survey of Mining Companies 2020

Progress in 2020-21

Goal 2: Regulatory Excellence

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.
 - The 2020-21 fiscal year was the first year of OGEMR implementation where qualifying companies were required to meet a company-specific emissions limit.
 - In 2020, the Ministry finalized an Equivalency Agreement (EA) with Environment and Climate Change Canada (ECCC) on methane emissions allowing Saskatchewan to retain its jurisdiction over non-renewable resources and ECCC to stand down federal methane regulations on Saskatchewan producers.
- Continue the ongoing examination of programs related to end-of-life asset management programs.
 - Developed regulatory amendments intended to reduce the prospect of new orphan oil and gas infrastructure. The regulations will ensure that industry is retiring inactive wells and facilities in a timely manner and will measure more accurately a company's insolvency risk, which ensures adequate security is on hand to meet end-of-life obligations. The amendments will be introduced in 2021-22.
 - Developed and implemented the Accelerated Site Closure Program in support of the oil and gas service sector through the abandonment and reclamation of inactive oil and gas infrastructure. As of March 31, 2021, the program has allocated \$300 million in program funding.
- 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.
 - Saskatchewan's two-year term hosting and coordinating activities of the Western Regulators Forum (WRF) ended in April 2021.

- Saskatchewan participated in WRF projects during the year including the establishment of a community of practice regarding pipeline audits focusing on reducing regulatory audit overlap on industry, a virtual conference on drone use in regulatory activities and a collaboration focused on the use of technical standards in regulatory practice.

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.
 - Amended *The Seismic Exploration Regulations, 1999* to confirm that the safe handling and detonation of explosives fall under *The Occupational Health and Safety Regulations, 2020* and to eliminate an unnecessary permit fee.
 - Revised the *Directive PNG025: Licensee Liability Rating (LLR) Program* to support operational efficiencies and promote complete alignment with *Directive PNG001: Facility Licensing Requirements* with regard to decommissioning of facilities.
 - Amended the *Directive PNG036: Venting and Flaring Requirements* to specify Leak Detection and Repair (LDAR) requirements at certain gas facilities.
 - Updated the *Directive PNG017: Measurement Requirements for Oil and Gas Operations* focused on changes to measurement methodologies specific to heavy oil facilities.

Strategy

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

Key Actions

- Expand public access to regulatory information.
 - Improve public access to regulatory information on Saskatchewan.ca.
 - The Ministry continues to be committed to updating information on Saskatchewan.ca. In 2020-21, the public and industry were regularly notified of changes made to regulatory rules and processes and were able to access more training resources to understand regulatory reporting requirements associated with mining and oil and gas activities.
- Effectively manage the abandonment, decommissioning and remediation of oil and gas wells and mines.
 - The Saskatchewan orphan well program continues to manage the province's orphan wells and facilities and bring them to closure in a timely and efficient manner. The program was able to successfully abandon 85 wells and bring 109 to full reclamation closure (Acknowledgment of Reclamation approval).
- Continue to accept new sites into the Institutional Control Program (ICP).
 - The Ministry continued to effectively administer the ICP. In 2020-21, 19 Beaverlodge sites, formerly managed by Cameco Corporation, were accepted into the program. As of March 31, 2021, 26 total sites were being successfully monitored and maintained in the program.
- Provide oversight of the remediation of the abandoned Gunnar and satellite mine sites.
 - Though the project was impacted by COVID-19 related shutdowns during 2020, significant progress was made on the Clean-up of Abandoned Northern Sites (CLEANS). Work continued on the tailings cover at the Gunnar mine and mill site, as well as the other areas of the site (wasterock pile, landfills, pit, and the acid plant).
 - Work has been almost completed at sixteen satellite sites, four of which are expected to be accepted into ICP in 2021-22, while work continues on the remaining sites.
- Ensure regulatory and permitting decisions are clear, consistent, predictable and timely to support industry investment decisions and community engagement.

- The Ministry continues to update regulations, directives and introduce new guidelines to provide regulatory clarity and support a consistent and predictable regulatory environment for investment.
- Continue to review and update regulatory rules and processes to support industry oversight and resource development.
 - In support of oil and gas well completion and abandonment requirements outlined in *Directive PNG005: Casing and Cementing Requirements* and *Directive PNG015: Well Abandonment Requirements*, the Ministry established the Base of Groundwater Protection GIS data for a portion of the province.
 - Updated versions of *Directive S-01: Saskatchewan Upstream Petroleum Industry Storage Standards* and *Directive PNG001: Facility Licence Requirements* to support recent updates to the Integrated Resource Information System (IRIS).
 - *Directive PNG016: Acknowledgement of Reclamation Requirements* was updated to support IRIS enhancements and clarify Landowner Acknowledgement requirements and timeline for submissions of AOR Applications.
- The following relief measure was in response to COVID-19 and, as such, was not noted in the 2020-21 Operational Plan.
 - In the 2020-21 fiscal year, the Ministry launched a new program, the Accelerated Site Closure Program (ASCP), to utilize \$400 million in federal funding for the abandonment and reclamation of inactive oil and gas wells and facilities across the province. The initiative is part of the federal government's COVID-19 Economic Response Plan.

Performance Measure Results

Reduction of GHG Emissions

Reduce total annual GHG emissions produced in association with oil by 4.5 million tonnes of carbon dioxide equivalent by 2025.

The amount of GHG emissions due to flaring and venting activities from gas produced in association with oil decreased to 5.3 million tonnes of carbon dioxide equivalent in 2020.

Clean-up of Abandoned Northern Sites (CLEANS)

CLEANS project annual budget variance, with a target of +/-5 per cent and total costs are managed within the established liability.

During the 2020-21 fiscal year, the Ministry budgeted \$28.7 million for the continued clean-up and monitoring activities of the CLEANS project. However, COVID-19 restrictions delayed the planned work at the CLEANS sites and resulted in a shortened work season. Due to these factors, 2020-21 expenditures were reduced by \$9.60 million to \$19.14 million (above the established budget variance target) with some activities pushed into future years.

Progress in 2020-21

Goal 3: Organizational Excellence

Government Goals



A Strong Economy



Strong Communities



Strong Families

Ministry Goal

Achieve organizational excellence.

Strategy

Support world-class information systems.

Key Actions

- Initiate a comprehensive Geoscience Data Management System, allowing companies to use modern information management technologies to increase exploration efficiency, improve drilling and development outcomes and make new discoveries.
 - The Ministry initiated the multi-year Geoscience Data Management System project. This initiative will increase exploration efficiency and improve competitiveness across Saskatchewan's natural resource sector by facilitating access to the Ministry's vast collection of geoscience data.
- Integrate the facility, well and pipeline transfer process into the Integrated Resource Information System (IRIS), streamlining the process and reducing manual effort.
 - The Ministry developed and implemented an automated transfer process. The new process automates a risk-based approach to the transfer of licences between licence holders with minimal input from Ministry staff. Integration of the automated process into IRIS has significantly reduced the administrative portion for the Ministry.
- Automate processes associated with industry requirements at oil and gas facilities to improve data consistency and process efficiency.
 - The Ministry launched a new structured data interface that supports online self-service and enables industry and government personnel to perform Facility Licence submissions, searches, amendments, reporting and licence transfers within IRIS. Industry is also able to report completion of construction in IRIS and submit any information that requires approval by the government.
- Reduce backlogs of the mineral ownership review process to improve service to industry.
 - In 2020-21, the Ministry invested in the Mineral Ownership Spatial Records Initiative to automate the majority of manual work that remains outside of IRIS for land check processes. This project reduced the backlog of land checks by 90 per cent and improves the efficiency of the application

- review process for Ministry staff.
- Develop the GeoPlanner system to support a clear and transparent application process.
 - The Ministry developed and implemented the GeoPlanner: a spatial planning tool that assists the oil and gas industry in the initial planning stages of wells, pipelines and facility development projects and identifies any provincial government or Crown agency approval requirements. The GeoPlanner was also created to aid in construction, excavation or other land uses that could require provincial agency land approvals or impact underground infrastructure.

Strategy

Exercise operational leadership.

Key Actions

- Emphasis on measuring and responding to industry feedback via client surveys.
 - The Ministry conducted the 2020-21 IRIS User Experience Survey. The survey was sent to 2200 users representing 270 companies. The feedback collected will be used to improve services that are most required by the natural resources industry in Saskatchewan in the 2021-22 fiscal year.

Performance Measure Results

Client Satisfaction

Establish a baseline measure for client satisfaction.

The Ministry established the baseline measure: to maintain or improve the overall level of client satisfaction for services provided as a regulator.

The survey conducted early in 2021 showed results trending in a positive direction when clients were asked to rank the Ministry's service to the oil and gas industry compared to regulators in other jurisdictions.

Financial Summary

The Ministry's actual expenditures for 2020-21 were \$192.4 million, which was \$32.5 million under the budgeted appropriation of \$224.9 million. The variance is largely the result of the Accelerated Site Closure Program, vacancy management, project delays and reduced remediation costs.

The Ministry collects revenue on behalf of the government from the production and sale of Saskatchewan's energy and mineral resources, disposing of Crown mineral rights and other associated taxes, services and fees. All revenue collected is deposited in the General Revenue Fund. In 2020-21, the Ministry recorded revenues of \$916.2 million, an increase of \$11.3 million over the 2020-21 budget estimates.

Summary of Expenditures

The following table outlines information on actual and budgeted expenditures by subvote and subprogram, as per the structure for the Ministry of Energy and Resources. Variance explanations are provided for individual variances that are greater than \$100,000.

Subvote/Subprogram	(in thousands of dollars)				Variance over/(Under) 2020-21
	Actual Expenditures 2019-20	Estimate 2020-21	Actual Expenditures 2020-21		
ER01 Central Management and Services					
Minister's Salary (Statutory)*	53	54	54	-	
Executive Management	713	959	643	(316)	1
Central Services	15,651	16,098	15,523	(575)	2
Accommodation Services	2,946	3,054	3,718	664	3
ER01 Central Management and Services Total	19,363	20,165	19,938	(227)	
ER05 Energy Regulation					
Operational Support	12,530	13,177	12,891	(286)	4
Surface Rights Arbitration Board	134	229	153	(76)	
Accelerated Site Closure Program**	-	150,000	129,034	(20,966)	5
ER05 Energy Regulation	12,664	163,406	142,078	(21,328)	
ER06 Resource Development					
Operational Support	3,646	4,041	3,409	(632)	6
Lands and Mineral Tenure	2,153	2,345	2,038	(307)	7
Saskatchewan Geological Survey	4,903	5,533	5,225	(308)	8
Forestry Development	607	682	604	(78)	
Remediation of Contaminated Sites	33,000	28,750	19,145	(9,605)	9
ER06 Resource Development	44,309	41,351	30,421	(10,930)	
Total Appropriation	76,336	224,922	192,437	(32,485)	
Remediation of Contaminated Sites	(33,000)	(28,750)	(19,145)	9,605	9
Capital Asset Acquisition	(4,044)	(3,310)	(3,532)	(222)	10
Capital Asset Amortization	3,138	3,568	3,492	(76)	
Total Expense	42,430	196,430	173,252	(23,178)	

* Statutory adjustment to Minister's Salary

**The program issued \$164.2 million in work packages and saw \$52.8 million in work invoiced, these numbers reflect the reporting metrics which differ from the accounting treatment.

Variance Explanations (Amounts greater than \$100 thousand):

1. Salary savings due to cost sharing and reduced travel.
2. IRIS infrastructure delays and lower costs, vacancy management, and operating savings.
3. Capital leasehold project and COVID-19 related costs.
4. Contract savings.
5. Program savings due to the uncertainty of the industry's ability to mobilize and complete Accelerated Site Closure Program (ASCP) projects.
6. Vacancy management and reduced travel.

7. Vacancy management.
8. Targeted Mineral Exploration Incentive savings, reduced travel and student program savings.
9. Reduction in work due to COVID-19.
10. Capital asset pressures due to leasehold project.

Summary of Revenue

The following table outlines information on actual and budgeted revenue by category for the Ministry of Energy and Resources. An explanation of major variances is provided on all revenue that is greater than \$3.0 million.

Revenue Category	(in thousands of dollars)			
	2020-21 Budget	2020-21 Actual	Variance Over/(Under)	
Non-Renewable Resource Revenue				
Oil	171,600	369,760	198,160	1
Crown Land Sales	12,500	6,652	-5,848	2
Natural Gas	3,500	8,424	4,924	3
Potash	469,400	423,147	-46,253	4
Uranium	46,638	4,237	-42,401	5
Other Minerals	41,362	33,937	-7,425	6
Total Non-Renewable Resources	745,000	846,157	101,157	
Other Own-Source Revenue				
Mineral Rights Tax	9,500	9,704	204	
Sales, Services and Service Fees	312	362	50	
Other Miscellaneous Revenue	55	170	115	
Transfers from the Federal Government	150,000	59,810	-90,190	7
Total Other Own-Source Revenue	159,867	70,046	-89,821	
Total Revenue Ministry of Energy and Resources	904,867	916,203	11,336	

Explanations of Major Variances:

1. Increase in oil revenues of \$198.1 million was primarily due to the increase in the WTI price.
2. Decrease in crown land sales of \$5.8 million due to the consistently sub -\$50 per barrel for WTI over the past ten months.
3. Increase in natural gas revenues of \$4.9 million primarily due to an increase in the average royalty/tax rate.
4. Decrease in potash revenues of \$46.2 million due primarily to lower than anticipated forecast prices.
5. Decrease in uranium revenue of \$42.4 million due primarily to a decrease in sales volumes.
6. The primary contributors to the decrease in other revenue of \$7.4 million is the shutdown of gold production due to the COVID-19 pandemic and lower than expected production of coal.
7. Decrease of \$90.0 million is owing to the uncertainty of industry's ability to mobilize and complete Accelerated Site Closure Program (ASCP) projects. The initial estimate of \$150.0 million took into consideration this uncertainty in an effort to ensure the ASCP had funds available to operate without interruption through fiscal year 2020-2021 should this level of funding have been required.

Additional financial information can be found in the Government of Saskatchewan Public Accounts located at <https://publications.saskatchewan.ca/#/categories/893>