

Consultation Notice: Proposed Changes to the Helium and Associated Gases Disposition Application Policy for Southeast Saskatchewan

Background & Current Policy:

After careful consideration, the Ministry of Energy and Resources (ER) is proposing to revise its policy regarding applications for helium and associated gases (helium) dispositions in Southeast Saskatchewan.

Currently, ER will not accept applications for helium permits or helium leases for geological strata that are already disposed for petroleum and natural gas exploration and development to avoid diverse ownership of commodities within the same horizon. However, should the holder of a disposition with rights to either helium or petroleum and natural gas prove, to the satisfaction of the minister, that the same geological horizon is capable of producing commercial quantities of both helium and petroleum and natural gas simultaneously from the same zone, *The Oil and Gas Tenure Registry Regulations* (the Regulations) provide the holder with the right to negotiate a lease for the right to both commodities within that formation.

Further, ER does not currently accept applications for helium permits or helium leases for geological strata above the Winnipeg Formation in Southeast Saskatchewan (e.g., lands east of the Third Meridian). This approach ensures that geological horizons prone to petroleum and natural gas production, and/or prospective for subsurface minerals such as lithium from formation waters, are not sterilized by helium dispositions that could encumber Crown mineral lands for up to 29 years before being subjected to a continuance review (e.g., helium permit five-year term plus up to three one-year extensions, followed by a 21-year primary term for a helium lease).

However, ER is aware that there may be commercial quantities of helium in the geological formations above the Winnipeg Formation in Southeast Saskatchewan that are inadvertently stranded due to the above policy. Of note is the 2021 publication by Melinda Yurkowski, Assistant Chief Geologist, Saskatchewan Geological Survey, "Helium in Southern Saskatchewan: Geological Setting and Prospectivity" that expanded Melinda Yurkowski's 2016 report to include the southeast portion of Saskatchewan. Elevated helium tests (≥ 0.3 per cent helium molarity) were identified in the southeast in shallow formations of Ordovician, Devonian, Mississippian, Jurassic, and Cretaceous age.

Given these findings, ER determined that it was in the public interest to investigate options that would allow for the co-development of diverse commodities in Southeast Saskatchewan and that industry feedback would be an integral component of this policy review.

Proposed Policy:

The proposed policy amendment will allow industry to apply for helium dispositions for rights above the Winnipeg Formation in Southeast Saskatchewan subject to the following conditions:

- **Eligible Lands:** Applications for undisposed helium rights in shallow formations in Southeast Saskatchewan will be restricted to strata that:
 - are not subject to a Crown mineral disposition; and,
 - include a well(s) with a helium test(s) showing elevated (≥ 0.3 per cent) helium molarity.
 - **Priority (Right of First Refusal):** Will be provided to holders of helium dispositions that were applied for prior to the date of the request for stakeholder comments. This option accommodates those helium disposition holders that acquired rights to the deeper formations who may also have been interested in the shallow formations at the time of their application but that were not being made available by policy.
 - **Maximum Size:** Helium dispositions issued under this policy will be limited to a maximum size of four contiguous sections to contain broad uptake of land positions within the shallow formation(s) while ensuring that targeted exploration is done in blocks large enough to support single or multi-well processing development.
 - **Expanded Development:** If the holder of the helium disposition can prove to the satisfaction of the minister that the disposition is capable of producing commercial quantities of helium, lands adjacent to the disposition may be made available for dispositioning at the discretion of the minister.
 - **Separate Dispositioning:** Helium rights from the Top Winnipeg Formation to the Basement will continue to be issued separately from shallow helium rights.
 - **Non-Interference Requirement:** Helium permits, and all other commodity dispositions, will continue to be subject to a non-interference provision (section 11-7 of OGTRR) ensuring exploration and development of one commodity does not interfere with other operations or cause damage, nuisance, or inconvenience to public or private property.
 - **Standard Acquisition:** If non-helium resources are present, all existing mineral rights acquisition processes apply. This includes petroleum, natural gas and subsurface mineral public offerings as well as lease of spaces and negotiated substance application processes. All existing confidentiality provisions apply.
 - **Direct-to-Lease if Warranted:** If an area has been proven to have commercial quantities of helium, to the satisfaction of the minister, applications for a lease rather than a permit will be considered in the area that is determined to be prone to helium production.
-

- Standard Permit Requirements: In addition to the conditions above, all standard helium permit requirements apply including, but not limited to, term lengths, rental rates, work expenditure requirements and grouping provisions.

The Consultation Process

ER is launching industry consultations on the proposed policy change from **July 18** to **August 26, 2022**. Once this consultation period has concluded, ER will review consultation feedback in preparation of a final draft of the proposed policy. ER will alert industry as to the structure of the proposed policy change via email and ministry bulletin. ER expects the proposed policy to be approved by late-summer of 2022.

Please direct any comments or questions about the proposed amendments to:

ER Service Desk at er.servicedesk@gov.sk.ca
Attn: Paul Mahnic
Lands and Corporate Services Division

The deadline for submitting written comments is **August 26, 2022**.
