

**Notice of Proposed Amendments:**  
***The Oil and Gas Tenure Registry Regulations***  
**Orphan Wells and Crown Oil and Gas Leases**

**Background**

The Ministry of Energy and Resources (ER) is consulting the oil and gas industry on proposed amendments to *The Oil and Gas Tenure Registry Regulations* (the Regulations) regarding orphan wells and associated Crown oil and gas leases.

To produce Crown oil and gas in Saskatchewan, a company or person requires a well licence and a Crown oil and gas lease. The Crown lease grants the holder the right to obtain and sell Crown oil and gas, and the well licence ensures that the holder complies with the regulatory requirements for extracting oil and gas and fulfills well abandonment and site reclamation obligations. Oil and gas wells and the associated Crown leases are orphaned when the registered holders that own them are dissolved or become inactive.

ER can transfer well licences for orphan wells to any producer that meets rigorous financial solvency standards, but it cannot transfer an orphaned Crown oil and gas lease to these producers. The Regulations currently suggest that any Crown oil and gas lease must be transferred by the registered holder, but this transfer is impossible when the registered holder is dissolved or becomes inactive. This regulatory discrepancy between leases and licences creates a barrier to companies that would like to produce or inject orphan wells.

**Summary of Proposed Changes**

To better align its regulatory authority, ER proposes amending the Regulations to allow ER to package orphan well licences and orphan Crown oil and gas leases. These packages will be transferred to financially solvent producers that can responsibly operate an orphan well. ER expects that this action will:

- reduce the number of orphan wells and the associated liability from the industry-financed Orphan Fund by allowing producers to acquire and put back into operation orphan wells with economic potential; and,
- allow industry to acquire Crown oil and gas leases associated with orphan wells in a timely manner.

Please note that ER will not be issuing new Crown oil and gas leases for orphan wells. Any new Crown oil and gas leases must be acquired through Saskatchewan's competitive Oil and Gas Public Offering process.

## The Consultation Process

ER is launching industry consultations on the proposed regulatory amendment 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 regulatory amendment. The amendment is expected to come into effect in the fall of 2022.

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

ER Service Desk at [er.servicedesk@gov.sk.ca](mailto:er.servicedesk@gov.sk.ca)

Attn: Kyle Schutz

Lands and Corporate Services Division

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

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