

# Ministry of Energy and Resources

## Annual Report for 2021-22

## Table of Contents

Letters of Transmittal .....	3
Ministry Overview.....	4
Progress in 2021-22 Ministry Goal 1.....	6
Progress in 2021-22 Ministry Goal 2.....	13
Progress in 2021-22 Ministry Goal 3.....	17
Financial Summary.....	19

# Letters of Transmittal



The Honourable  
Jim Reiter  
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, 2022.

A handwritten signature in blue ink, appearing to read 'Jim Reiter'.

The Honourable Jim Reiter  
Minister of Energy and Resources



Susanna Laaksonen-Craig  
Deputy Minister of  
Energy and Resources

The Honourable Jim Reiter  
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, 2022.

A handwritten signature in black ink, appearing to read 'Susanna Laaksonen-Craig'.

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

The 2021-22 actual utilization was 269.9 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 Regulations*
- *The Late Payment Interest Charges Regulations*
- *The Mineral Tenure Registry Regulations*
- *The Mineral Trust Revestiture Regulations*
- *The Quarrying Regulations, 1957*
- *General Regulations (Tailings Disposal Area)*
- *The Subsurface Mineral Royalty Regulations, 2017*
- *The Subsurface Mineral Tenure Regulations*
- *The Totnes Viking Gas Storage Royalty Regulations*
- *The Waterflood Development Program Regulations*
- *The High Water-Cut Oil Well Program Regulations*
- *The Weyburn Unit CO<sub>2</sub> Crown Royalty 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*

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*
- *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 CO<sub>2</sub> 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 Mineral Rights Tax Regulations, 2022*
- *The Potash Production Tax Regulations*
- *The Sodium Chloride Production Tax Regulations*
- *The Freehold Coal Production Tax Regulations*
- *The Mineral Taxation Late Payment Interest Charges Regulations*

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 Financial Security and Site Closure 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 2021-22 Operational Plan:**

<https://publications.saskatchewan.ca/api/v1/products/112414/formats/126403/download>

# Progress in 2021-22

## Ministry Goal 1

### 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.
  - During the 2021-22 fiscal year, a number of companies advanced mining projects in Saskatchewan.
  - In August BHP announced its decision to complete the Jansen potash mine for a total investment of \$12 billion, the single largest economic investment in Saskatchewan's history. Additional advanced stage potash projects are under consideration by Western Potash, Gensource Potash, CanPacific Potash, Canada Golden Fortune Potash, Karnalyte Resources and Yancoal.
  - Potential new uranium mines in advanced exploration or deposit evaluation phases included NexGen Energy's Rook 1 project, Fission Uranium's Patterson Lake South project and Denison Mines' Wheeler River project.
  - Companies developing other mineral projects included Rio Tinto (diamonds, copper and nickel), Prairie Lithium (lithium), Foran Mining (copper and zinc) and Appia Energy (rare earth elements).
- Release new geoscience information summarizing current research activities.
  - The results of geoscience investigations supporting exploration and development of Saskatchewan's mineral and hydrocarbon resources were made available through technical reports and maps on [Saskatchewan.ca](https://www.saskatchewan.ca).
  - New, downloadable geoscience datasets were made publicly available through the online Saskatchewan Mining and Petroleum GeoAtlas.
- Support the development of the helium industry in the province through industry consultations and continued mapping of geological potential.
  - The *Helium Action Plan: From Exploration to Exports* was launched on November 17, 2021. The plan makes policy and program commitments to support and grow the entire helium value chain, focusing on exploration, production, innovation,

processing and export infrastructure. It outlines Saskatchewan's plan to become a world leader in helium production and exports over the next decade, with a goal to capture a 10 per cent share of the global helium market by 2030.

- A geological helium report titled, "Helium in Southern Saskatchewan: Geological setting and Perspective" for the geographical area south of Township 25 was published.
- A \$140,000 grant was provided to the Saskatchewan Research Council to complete a Helium Liquefaction Hub Study, which will incorporate technical and economic components and provide the critical information needed to develop a commercial scale, value-added, export-oriented helium liquefaction hub in Saskatchewan.
- Enhancements were made to the petroleum tenure model in the *Integrated Resource Management System (IRIS)*. Improvements will reduce workload for industry when submitting helium exploratory permits and helium lease applications, facilitating faster approval timelines.
- As a result of this support, the helium industry in Saskatchewan expanded to 10 producing wells and three active purification plants, with significant additional growth expected.
- Work collaboratively with industry stakeholders through the Forestry Sector Competitiveness Committee to address barriers to the growth of forestry in Saskatchewan.
  - The Ministry worked with the Forestry Sector Competitiveness Committee to minimize impacts of the COVID-19 pandemic.
  - The province's forestry sector hit an all-time high of \$1.8 billion in forest products sales in 2021, up 60 per cent from 2020.
  - A new \$82 million wood-based bioenergy facility at the NorSask Forest Products sawmill in Meadow Lake was completed and is scheduled to commence operations in 2022.
  - The Ministry continued to facilitate and promote optimal use of the provincial timber supply, including through additional opportunities in biomass and primary and secondary (value-added) forest products manufacturing.
- Ensure public offerings for oil and gas and subsurface mineral rights to facilitate the exploration and development of our natural resources.
  - In 2021-22 more than \$22 million in revenue was generated through six public offerings for Crown petroleum and natural gas rights and three public offerings for Crown subsurface mineral rights.
  - An estimated \$4.9 million to \$6.6 million of revenue was attributed to significant acquisitions of subsurface mineral dispositions likely to be prospective for lithium development.
- Continue implementing the Oil Infrastructure Investment Program (OIIP), which supports new and expanded pipelines as well as new pipeline terminals, to get Saskatchewan oil to market.
  - The program was expanded in October 2021 to include CO<sub>2</sub> pipeline projects in alignment with the province's carbon capture utilization and storage (CCUS) priorities.
  - Saskatchewan CCUS priorities included: expanding the OIIP, evaluating the enhanced oil recovery (EOR) royalty regime, amending and clarify relevant regulations, exploring opportunities for CCUS infrastructure hubs and distribution models, and advancing the development of a CCUS greenhouse gas credit generation program.
- Ensure a competitive royalty and taxation environment for the mining sector.
  - Saskatchewan's natural resource royalty regimes continued to be monitored against market conditions and competing jurisdictions to ensure that Saskatchewan remains a favourable jurisdiction for investment in mineral exploration and development.
  - Saskatchewan's mining sector generated a value of sales of \$11.1 billion during the 2021-22 fiscal year. The Ministry collected \$1.34 billion in mineral royalties, taxes and other revenues from the sector over that time.
- Establish a working secretariat to advance the development of single window services for the resource sector.
  - A working secretariat with rural municipal and industry stakeholders was established to

explore a single window online interface for municipal permitting and invoicing in the upstream oil and gas sector. This initiative will explore improvements to business infrastructure to drive administrative efficiencies and reduce transaction costs to benefit both industry and rural municipalities.

## 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), the Saskatchewan Petroleum Innovation Incentive (SPII) and other programs and policies.
  - The Ministry continued to support competitiveness through the administration of world-class incentive programs. Between 2020-22, a total of \$861 million in private investment is expected for projects that have been approved under the OGPII, SPII and OIIP, all of which are now operating, under construction, or expected to begin construction in 2022.
  - A few examples from these highly successful programs in 2021-22, include:
    - Husky Midstream's Saskatchewan Gathering System Expansion project was announced as the first completed, in-service pipeline project under the OIIP in July 2021. The project will accommodate new shipping capacity of up to 48,000 barrels per day of crude oil production. The \$82 million investment near Spruce Lake created about 450 construction-related jobs at its peak and will support oil production growth and broader access to export markets.
    - Steel Reef was approved under OGPII for two new oil and gas processing projects in the North Portal area. These two projects represent an anticipated capital investment of \$40 million in Saskatchewan.
    - In November 2021 SaskPower, Flying Dust First Nation and Genalta Power announced the signing of a 20-year Power Purchase Agreement (PPA) for a 15-megawatt flare gas-to-power facility near Coleville, Saskatchewan.
    - The Kopahawakenum Flare to Power Facility, with an anticipated capital investment of \$30 million, was conditionally approved under the OGPII and SPII.
    - In April 2021 a new \$32 million helium purification facility, owned and operated by North American Helium Inc. was approved under OGPII. It is expected to produce more than 50 million cubic feet per year of purified helium for commercial sale. This is the largest helium purification facility in Canada.
- 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.
  - The High Water-Cut Well Program (HWCP) was amended and became effective April 1, 2021. HWCP provides a royalty status re-assignment for qualifying high water-cut oil wells that incur an average minimum investment of \$20,000 per well, to directly improve water handling capabilities and extend the producing life of the well.
- 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.
  - The Saskatchewan Emissions Inventory will expand methane modelling and measurement in the province.
  - The Ministry executed a \$350,000 agreement with the Saskatchewan Research Council to compile information for the emissions inventory, which the Ministry will use internally to



- confirm current emissions reductions and inform decisions to reduce methane emissions into the future from the upstream oil and gas sector. The initiative will begin in spring 2022.
- The Gas Commercialization Mapping Service, announced in March 2022, will fulfil commitments under MAP by providing regional information on methane concentrations and allowing the energy sector to better plan and collaborate on scaled methane capture and commercialization projects, including with Crown utilities.
  - Ensure the associated gas royalty regime aligns with the province’s goal of capturing and commercializing greater volumes of methane.
    - A moratorium on associated gas royalties came into effect on April 1, 2021. This initiative, part of MAP, provides oil producers with approximately \$3.8 million in annual royalty relief over five years. It will enable them to invest in new methane emissions reduction projects and undertake capture and commercialization of associated gas instead of venting or flaring it.
  - Ensure forestry legislation, regulations, timber harvesting licences and other policies promote and facilitate optimal use of the provincial timber supply.
    - The Ministry continued to work closely with existing companies and potential investors on a number of primary and value-added facilities for increased use of the provincial timber supply.
    - Timber allocations were approved to support four major forestry projects, totalling nearly \$1 billion in capital investment, which are expected to create over 2,700 forestry jobs. These projects include the construction of an oriented strand board mill in Prince Albert, expansion of the Carrot River sawmill, upgrades to facilitate increased lumber production at the Big River sawmill, and the reopening of the Prince Albert pulp mill.
    - These four projects will help achieve the Growth Plan goal to double the size of Saskatchewan’s forestry sector by 2030.
  - Perform new, strategically targeted airborne geophysical surveys and ensure geoscience projects are completed and continue to administer the Targeted Mineral Exploration Incentive (TMEI) to encourage exploration for gold, base metals and diamonds.
    - In support of mineral exploration, the Ministry launched a new airborne geophysical survey, and accompanying ground-based geoscience investigations, in an area with strong mineral potential. This work is ongoing.
    - In 2021-22 TMEI attracted 12 successful applicants representing \$7.5 million of investment and 114 new drill holes for programs dedicated to the exploration of gold, silver, copper, nickel, cobalt, zinc and platinum group metals.
  - 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.
    - The Ministry continued to identify partnership opportunities with industry and post-secondary institutions to support critical mineral exploration and development in Saskatchewan.

## 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.
  - Due to COVID-19, many industry events were either cancelled or held virtually during the reporting period. The Ministry participated virtually in several key geoscience conferences and

- in-person at the Association for Mineral Exploration (AME) Roundup.
  - In December 2021 the Ministry attended the World Petroleum Congress in Houston to highlight Saskatchewan’s helium potential, and its leadership in CCUS technology development, including to support EOR.
- Work with Saskatchewan’s natural resource sectors to remove red tape and barriers to economic growth and investment.
  - The Ministry carried out red tape reviews for *The Mineral Tenure Regulations*, which revealed no significant regulatory barriers impacting the competitiveness of tenure for exploring or extracting base and precious metals, diamonds, uranium and rare earth minerals owned by the Saskatchewan Crown.
  - The *Alkali Mining Regulations* were amended, simplifying and reducing the royalty rate for sodium sulphate production and introducing an incentive credit for approved capital projects that diversify products or improve operating efficiency.
  - The Ministry hosted consultations with 70 mineral brine stakeholders regarding potential improvements to tenure and royalty systems for mineral brine development.
  - The Ministry continued to initiate incremental improvements to the tenure regime through adjustments to administrative procedures and enhancements to technology systems. As a result, helium tenure processing capacity has expanded by nearly five times.

## Performance Measure Results

### Saskatchewan Provincial Forest Timber Harvest

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

Measure result: In 2021-22 the value of forest product sales was \$1.8 billion.

### Saskatchewan Mineral Production

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

Measure result: In 2021-22 the value of Saskatchewan’s potash sales was \$9.8 billion.

### Saskatchewan Uranium Production

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

Measure result: In 2021-22 the value of Saskatchewan’s uranium sales was \$764 million.

### Saskatchewan Oil Production

Measure Target: Increase oil production to 600,000 barrels per day by 2030, with a target of 440,000 barrels per day in 2021-22.

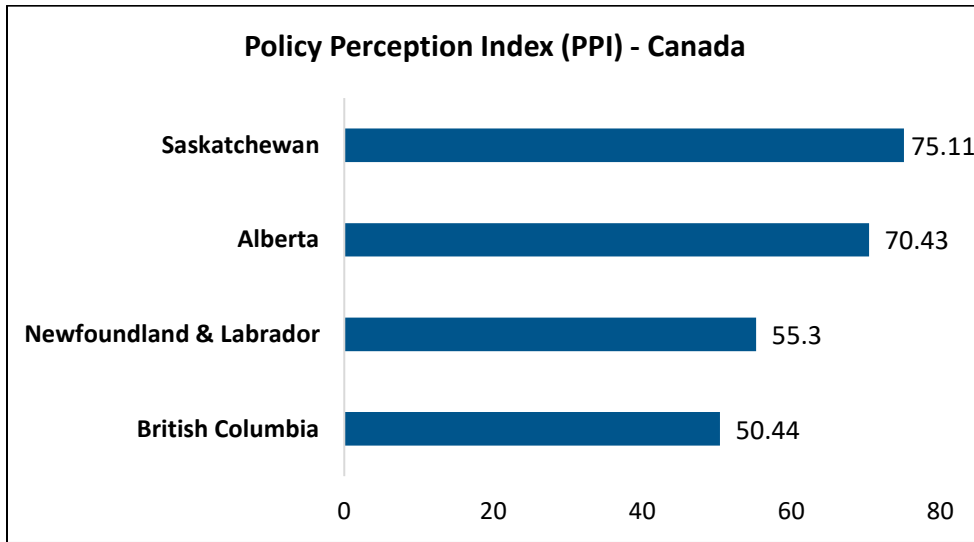
Measure result: In 2021-22 the oil production in Saskatchewan was 446,000 barrels per day.

### Fraser Institute Global Petroleum Survey Policy Perception Index

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

Measure result: In the 2021 Fraser Institute Canada-US Energy Sector Competitiveness Survey, Saskatchewan ranked number one as the most attractive Canadian jurisdiction for upstream petroleum investment in 2021.

The figure below illustrates Saskatchewan’s relative performance in the 2021 survey compared to other Canadian jurisdictions:



Source: Adapted from Canada-US Energy Sector Competitiveness Survey 2021, Fraser Institute

Saskatchewan improved its policy score by 3.08 points:

	Score 2020	Score 2021
<b>Saskatchewan</b>	72.03	75.11

**Mining Journal’s World Risk Report Opportunity Index**

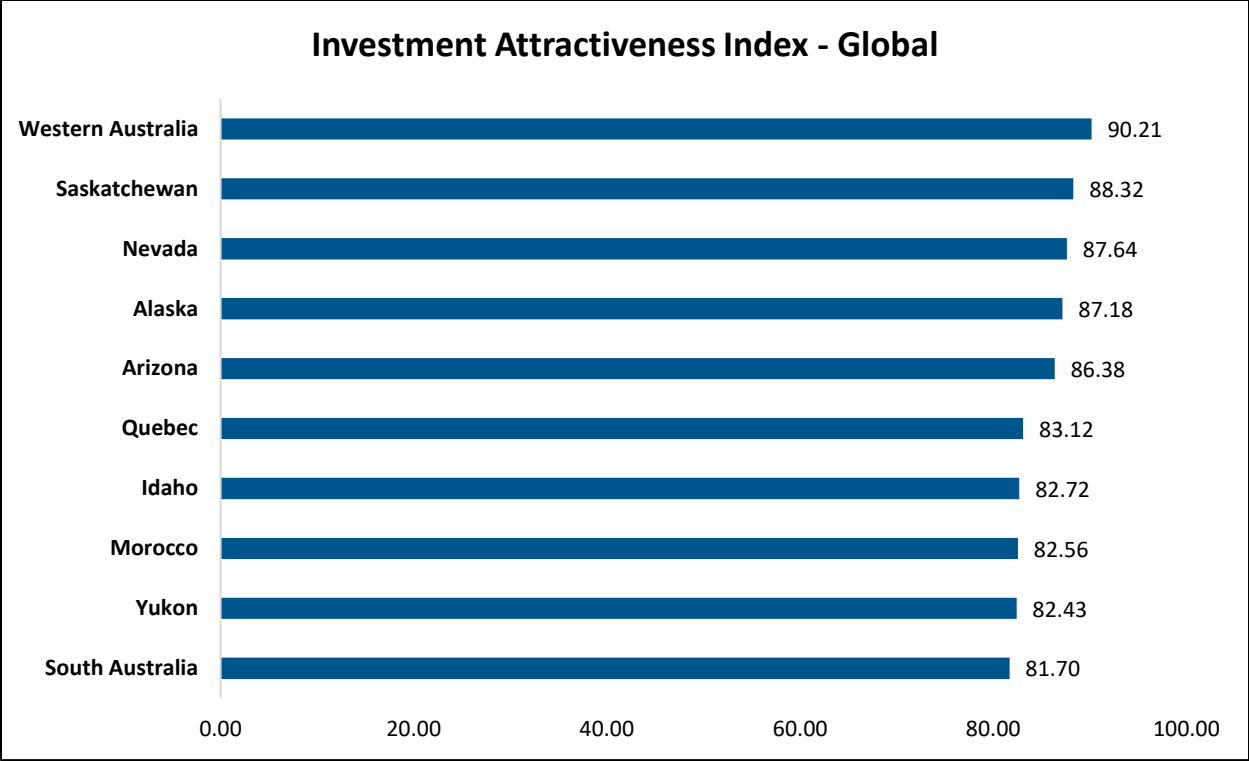
Measure Target: Highest AAA rating for doing business in the mining sector in the Mining Journal Intelligence World Risk Report.

Measure result: The 2021 edition of the Mining Journal Intelligence World Risk Report assessed Saskatchewan a AA rating and ranks Saskatchewan fifth amongst jurisdictions globally for doing business in the mining sector.

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

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

Measure result: In the Survey, Saskatchewan climbed one spot from third place in 2020 to second place in 2021, continuing to be 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 2021

# Progress in 2021-22

## Ministry Goal 2

### 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 emissions from the upstream oil and gas industry.
  - On December 20, 2021, the Ministry published the first OGEMR Annual Emissions Report. In 2020 methane emissions from vented and flared gas at upstream oil facilities in Saskatchewan totaled 5.2 million tonnes of carbon dioxide equivalent (CO<sub>2</sub>e). This represents a 5.7 million tonnes CO<sub>2</sub>e reduction, or more than 50 per cent, from 2015 levels of 10.9 million tonnes —and is equivalent to taking more than 1.1 million cars off Saskatchewan roads for a year. Initial data indicates additional reductions in 2021.
- Continue to enhance liability management programs, including end-of-life asset management.
  - A new set of regulations, *The Financial Security and Site Closure Regulations* (FSSCR) were approved in June 2021. The regulations aim to reduce the prospect of new orphan oil and gas infrastructure by ensuring that oil and gas companies are attending to and paying the full cost of their environmental liabilities. The FSSCR are expected to come into effect in 2023.
- 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.
  - The Ministry continued to participate in the Western Regulators Forum to promote collaboration and pursue action on mutual priorities among oil and gas regulators in Western Canada.
  - The Ministry conducted ongoing engagement with industry stakeholders to identify results-based solutions to emerging issues.
  - The Ministry continued to participate on Canadian Standards Association technical standard committees with other regulators and industry to develop technical standards applicable to the oil and gas sector.
- Build investigation capacity and integrate into incident response and follow-up programs.
  - The Ministry identified training needs and a plan to enhance investigation skillsets within

regional field operations is now under development.

## 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.
  - The Ministry updated Directive PNG030: Fees for Oil and Gas Data and Related Services.
  - The FSSCR were approved and are expected to come into effect in 2023.
  - The Interim Requirements for Potash Wells were introduced, which clarified the application of existing Directives to potash wells.
- Work with Saskatchewan's oil and gas sector to remove regulatory red tape and barriers.
  - *The Seismic Exploration Regulations 1999 (SER)* were amended and came into effect on April 1, 2021. This removed all health and safety provisions related to the handling, loading and detonating of explosives from SER and incorporated them through reference to *The Occupational Health and Safety Regulations, 1996*. With this change, an explosive permit fee was deemed unnecessary and was eliminated.
  - The Structured Project Application Authorization was introduced, which removed manual processes associated with enhanced oil recovery and Waterflood Development Program applications, saving review times and automatically connecting authorizations to project and licence processes.
- Strengthen single window services for wells and begin gathering requirements for improvements.
  - The Ministry continued to work with other ministries to expand the single window approach for pipelines, wells and facilities.
- Establish and implement a new system to assess oil and gas reserves.
  - The Ministry initiated a second full review of oil and gas reserves using a new software system. In 2022 work will start to build functionality in IRIS to integrate oil and gas pool records and reserves data.

## 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 ASCP, the largest phase of the program.
    - The program allocated \$200 million to licencees under Phase 2 in December 2020 and 97 per cent of Phase 2 contracts have now been executed.
    - As of March 31, 2022, 399 work packages had been issued with a total value of \$370.5 million. The program had paid out \$237.8 million to Saskatchewan-based service companies for work completed under the program.
    - As of March 31, 2022, the program had engaged over 785 unique Saskatchewan-based service companies and completed 5,054 well abandonments, 1,977 flowline abandonments, 49 facilities and 8,944 site remediation and reclamation activities.
    - With respect to work completed as of March 31, 2022, it was estimated that ASCP had maintained or created 1,160 full-time equivalent jobs in the oil and gas



Measure result: During the 2021-22 fiscal year, the Ministry budgeted \$40 million for the continued clean-up and monitoring activities of the CLEANS project. 2021-22 expenditures were \$27 million, which was lower than budgeted amounts due to high water levels impacting the Langley Bay tailing area of the Gunnar mine and mill site.

**Accelerated Site Closure Program (ASCP)**

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

Measure result: As of March 31, 2022, 399 work packages had been issued with a total value of \$370.5 million. The program has paid out \$237.8 million to Saskatchewan-based service companies for work completed under the program.

Measure Target: Maintain a pace of completed work under 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.

Measure result: With respect to work completed as of March 31, 2022, it is estimated that the program had maintained or created 1,160 full-time equivalent jobs in the oil and gas service sector.



# Progress in 2021-22

## Ministry Goal 3

### Government Goals



**A Strong Economy**



**Strong Communities**



**Strong Families**

### Ministry Goal

Achieve organizational excellence.

### Strategy

Support world-class information systems.

### Key Actions

- Expand IRIS to manage the Mineral Rights Tax (MRT) program.
  - The new MRT system was implemented on February 14, 2022. This initiative provides clients with improved security and access to online services, including the ability to apply for exemptions or view and download their invoice from any internet location.
- Implement a Business Rules Management System that will allow the Ministry to manage regulatory reviews and approvals more cost-effectively.
  - The Ministry continued to ensure that regulatory reviews and approvals management are cost-effective. The Business Rules Management System project was put on hold in 2021-22 as costs and benefits were evaluated.
- Update the IT Governance Framework to further strengthen oversight of IT projects.
  - The Ministry initiated development of a Benefits Realization Framework for reporting on ministry IT projects. This Framework will help the Ministry effectively identify, manage and sustain project benefits, and ensure the Ministry's IT projects are cost effective and sufficiently meet customers' needs.
  - In 2021-22 the Ministry created a standardized planning schedule for IT projects to ensure prioritization and approvals align with the Ministry's planned approval dates.
  - The Organization Change Management Framework was rolled out across the Ministry. This framework was developed to:
    - Address the people side of change – emotional, behavioral and cultural factors that foster stakeholder resistance and inhibit user adoption;
    - Foster a project culture that is proactive about organizational change management so that considerations are factored in early and often throughout the lifecycle of the project and beyond; and,
    - Equip project leaders with the right tools to foster adoption.

## 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.
  - The Ministry commenced the creation of a data dictionary for the Ministry's IRIS data assets. The data dictionary catalogues all available data elements in IRIS to help users quickly identify opportunities to use IRIS data to drive optimal decisions.
  - The Ministry continued to make improvements to the BI process and governance by creating and implementing additional guidance and policy documentation.
  - The Ministry's IRIS data warehouse continued to expand based on governance processes to support decision-making.
- Review and strengthen the strategic planning process across the Ministry to respond to emerging opportunities in the resource sector.
  - The Ministry held planning sessions to review the ministry's strategies and goals, which were updated to better reflect emerging opportunities and trends in the resource sector.
  - The Ministry continued efforts to integrate the budget development process with the strategic plan by holding dedicated budget planning sessions.
  - The Ministry continued to support employee engagement and to ensure that all employees are aware of and understand the Ministry's strategic direction and can align their individual work plans to reflect that strategic direction.
- Ensure accurate and timely financial reporting to inform strategic and operational issues.
  - The Ministry continues to collaborate with other government ministries and agencies to facilitate senior leadership budget discussions in alignment with actions included in the Ministry's strategic plan.

## Performance Measure Results

### Client Inquiries

Measure Target: 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 MRT program.

Measure result: Due to the February 2022 implementation, there is no data to report in 2021-22.

# Financial Summary

The Ministry's actual expenditures for 2021-22 were \$230.712 million, which was \$55.067 million under the budgeted appropriation of \$285.779 million. The variance is largely the result of the ASCP, vacancy management and reduced remediation costs.

The Ministry collects revenue on behalf of the Government of Saskatchewan 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 2021-22 the Ministry recorded revenues of \$2,576.451 million, an increase of \$1,340.724 million over the 2021-22 budget estimates

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

## 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)			
	Actual Expenditures 2020-21	Estimate 2021-22	Actual Expenditures 2021-22	Variance over/(Under) 2021-22
<b>ER01 Central Management and Services</b>				
Minister's Salary (Statutory)*	54	53	53	-
Executive Management	643	959	841	(118) 1
Central Services	15,523	15,398	15,318	(80)
Accommodation Services	3,718	3,054	3,078	24
<b>ER01 Central Management and Services Total</b>	<b>19,938</b>	<b>19,464</b>	<b>19,290</b>	<b>(174)</b>
<b>ER05 Energy Regulation</b>				
Operational Support	12,891	13,318	13,929	611 2
Surface Rights Arbitration Board	153	229	150	(79)
Accelerated Site Closure Program**	129,034	200,000	158,704	(41,296) 3
<b>ER05 Energy Regulation</b>	<b>142,078</b>	<b>213,547</b>	<b>172,783</b>	<b>(40,764)</b>
<b>ER06 Resource Development</b>				
Operational Support	3,409	7,973	7,687	(286) 4
Lands and Mineral Tenure	2,038	-	-	-
Saskatchewan Geological Survey	5,225	4,795	4,182	(613) 4
Forestry Development	604	-	-	-
Remediation of Contaminated Sites	19,145	40,000	26,770	(13,230) 5
<b>ER06 Resource Development</b>	<b>30,421</b>	<b>52,768</b>	<b>38,639</b>	<b>(14,129)</b>
<b>Total Appropriation</b>	<b>192,437</b>	<b>285,779</b>	<b>230,712</b>	<b>(55,067)</b>
Remediation of Contaminated Sites	(19,145)	(40,000)	(26,770)	13,230 5
Capital Asset Acquisition	(3,532)	(2,275)	(2,153)	122 6
Capital Asset Amortization	3,492	3,772	3,767	(5)
<b>Total Expense</b>	<b>173,252</b>	<b>247,276</b>	<b>205,556</b>	<b>(41,720)</b>

\* Statutory adjustment to Minister's Salary

\*\*The program issued \$370.5 million in work packages and saw \$254.7 million in work invoiced; these numbers reflect the reporting metrics which differ from the accounting treatment.

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

1. Vacancy management and reduced travel.
2. Pressure due to capital field equipment purchases and contract payments.
3. Program savings related to ASCP projects.
4. Vacancy management and operating savings.
5. Savings due to inability to remediate tailing areas due to high-water levels.
6. Delayed capital projects.

## 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)			
	2021-22 Budget	2021-22 Actual	Variance Over/(Under)	
<b>Non-Renewable Resource Revenue</b>				
Oil	502,400	1,005,053	502,653	1
Crown Land Sales	9,200	22,421	13,221	2
Natural Gas	2,700	4,603	1,903	
Potash	431,800	1,266,848	835,048	3
Uranium	36,848	37,718	870	
Other Minerals	42,952	43,586	634	
<b>Total Non-Renewable Resources</b>	<b>1,025,900</b>	<b>2,380,229</b>	<b>1,354,329</b>	
<b>Other Own-Source Revenue</b>				
Mineral Rights Tax	9,500	9,712	212	
Sales, Services and Service Fees	312	3,060	2,748	
Other Miscellaneous Revenue	15	65	50	
Transfers from the Federal Government	200,000	183,385	(16,615)	4
<b>Total Other Own-Source Revenue</b>	<b>209,827</b>	<b>196,222</b>	<b>(13,605)</b>	
<b>Total Revenue Ministry of Energy and Resources</b>	<b>1,235,727</b>	<b>2,576,451</b>	<b>1,340,724</b>	

### Explanations of Major Variances:

1. Increase in oil revenues of \$502.6 million was primarily due to the increase in oil production and the Western Texas Intermediate price.
2. Increase in crown land sales of \$13.2 million are mainly due to higher than expected subsurface mineral rights sales.
3. Increase in potash revenues of \$835 million are due primarily to higher than anticipated forecasted prices.
4. Decrease of \$16.6 million due to the uncertainty of industry's ability to mobilize and complete projects.