
The Low Productivity and Reactivation Oil Well Program

Information Circular PR-IC14

December 2025

Version 2.0

Governing Legislation:

Acts: *The Crown Minerals Act*
 The Freehold Oil and Gas Production Tax Act, 2010

Regulations: *The Low Productivity and Reactivation Oil Well
Program Regulations*

Record of Change

Revision	Date	Description
1.0	March 2025	New Information Circular
2.0	December 2025	Application Process Updates

Table of Contents

1	Introduction.....	3
2	Program Description.....	3
3	Application Process	3
4	Approval Process	3
5	Effective Date	3
6	Royalty/Tax Regime.....	4

1 Introduction

This Information Circular has been prepared by the Ministry of Energy and Resources (ER) to explain the policies and procedures which are used to administer the Crown Royalty and Freehold Production Tax (royalty/tax) applicable to *The Low Productivity and Reactivation Oil Well Program* (Program). Reference should be made to Acts and Regulations for an exact statement of the law. In case of a conflict between this Information Circular and the provisions of the Acts and Regulations, the Acts and Regulations will govern.

2 Program Description

The Program is effective from April 1, 2025, to March 31, 2029.

- As of April 1, 2025, any horizontal well producing on average < 50.0 m³ per month (10.5 barrels per day (bbls/d)) for 12 consecutive months on a pro-rated basis would be eligible, this includes wells which have been classified as suspended.
- On an ongoing basis, after April 1, 2025, any horizontal well producing on average < 50.0 m³ per month (10.5 bbls/d) for 24 consecutive months would be eligible.
- Natural Gas wells and natural gas production are not eligible for the Program.
- Qualifying wells would receive 3,000 m³ in incentive volume per new horizontal section to a maximum additional incentive volume of 6,000 m³ per well. While producing the incentive volume, the oil well will pay a maximum Crown royalty rate of 2.5% and 0% Freehold Production Tax. This incentive volume would be in addition to the original incentive volume assigned to the well.
- Where a new horizontal section is drilled, the royalty status of the existing low-productivity non-fourth tier well will be converted to fourth tier.
- Require a minimum lateral length of 500 meters per new horizontal section.
- All qualifying horizontal sections must have drilling activity completed by March 31, 2029.

3 Application Process

Applications are to be submitted in the Integrated Resource Information System (IRIS) within Applications > Petroleum and Natural Gas > Royalty > Low Productivity and Reactivation Oil Well Program (LPRP). The LPRP application form can be found on the [Program webpage](#).

Please visit the IRIS Learning Centre ([IRIS Learning Centre | Oil and Gas | Government of Saskatchewan](#)) for more information on how to submit the LPRP Application.

4 Approval Process

After ER has reviewed an application, and approved the well, the incentive volume will be updated in IRIS. If the application is rejected the applicant will be notified of the decision.

5 Effective Date

When an application is approved, ER will add the additional incentive volume to the incentive volume that IRIS assigns. If the conditions for the program are not met, the additional incentive volume may be clawed back.

6 Royalty/Tax Regime

The royalty/tax incentive volumes noted in section 2 receive the following royalty/tax rates:

Crown Royalty (applied to oil produced from or allocated to Crown lands)

A Crown royalty rate equal to the lesser of:

- the "fourth tier oil" Crown royalty rate; and
- 2.5%.

Freehold Production Tax (applied to oil produced from or allocated to freehold lands)

A freehold production tax rate of 0%.

After the incentive volume has been produced, the oil produced will be subject to the "fourth tier oil" royalty/tax rates.

FOR FURTHER INFORMATION, PLEASE CONTACT:

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