

# *The Oil and Gas Conservation Regulations, 2012*

*being*

Chapter O-2 Reg 6 (effective April 1, 2012) as amended by Saskatchewan Regulations [70/2013](#), [14/2014](#), [73/2014](#), [19/2015](#), [70/2017](#) and [65/2018](#); and by the *Statutes of Saskatchewan*, 2014, c.21.

**NOTE:**

This consolidation is not official. Amendments have been incorporated for convenience of reference and the original statutes and regulations should be consulted for all purposes of interpretation and application of the law. In order to preserve the integrity of the original statutes and regulations, errors that may have appeared are reproduced in this consolidation.

# Table of Contents

<p style="text-align: center;"><b>PART I</b> <b>Preliminary Matters</b></p> <p>1 Title</p> <p>2 Interpretation</p> <p>2.1 Arm's-length agreements</p> <p>3 Application of regulations</p> <p>3.1 Directives</p> <p>4 Inclusions of non-oil-and-gas substances and exclusions from oil and gas waste</p>	<p style="text-align: center;"><b>PART VI</b> <b>Drainage Units, Target Areas and Qualification for Allowables</b></p> <p>30 Application of sections 31 to 34</p> <p>31 Oil and gas well drainage units</p> <p>32 Minister's orders re drainage units</p> <p>33 Target areas and qualifications for allowables</p> <p>34 Application for off-target wells</p> <p>35 Repealed</p> <p>36 Repealed</p> <p>37 Repealed</p> <p>38 Set-back distances</p> <p>39 Repealed</p>
<p style="text-align: center;"><b>PART II</b> <b>Administrative Matters</b></p> <p>5 Submission of information</p> <p>6 Repealed</p> <p>7 Manner of publishing orders</p> <p>8 Service</p>	<p style="text-align: center;"><b>PART VII</b> <b>Drilling, Completing and Servicing Wells</b></p> <p>40 Deviation and directional surveys</p> <p>41 Removal of drilling equipment</p> <p>42 Repealed</p> <p>43 Repealed</p> <p>44 General plugging and abandonment provisions</p> <p>45 Dry hole abandonment</p> <p>46 Production well abandonment outside pools</p> <p>47 Production well abandonment inside pools</p> <p>48 Repealed</p>
<p style="text-align: center;"><b>PART III</b> <b>Licences</b></p> <p>9 Interpretation of Part</p> <p>10 Well Information Register</p> <p>11 Repealed</p> <p>12 Eligibility requirements to hold or be issued a licence</p> <p>13 Repealed</p> <p>14 General licensing provisions</p> <p>15 Exemption from licensing requirement</p> <p>16 Orphan fund fee</p> <p>17 Change of name of licensee</p> <p>18 Copy of licence to be posted</p> <p>19 Identification of completed wells and facilities</p> <p>20 Licensee or working interest participant is liable</p> <p>21 Licence to re-enter a well</p> <p>22 Approval for certain operations</p> <p>23 Surface access limitations</p> <p>24 Production casing not to be recovered</p>	<p style="text-align: center;"><b>PART VIII</b> <b>Production Operations</b></p> <p>49 Gas-oil ratios</p> <p>50 Gas or product conservation</p> <p>51 Flaring or venting gas</p> <p>52 Commingling of production prohibited</p> <p>53 Disposal of waste and other substances</p> <p>54 Enhanced recovery projects</p> <p>55 Salt water storage and emergency earthen pits</p>
<p style="text-align: center;"><b>PART III.1</b> <b>Administrative Levy</b></p> <p>24.1 Definitions for Part</p> <p>24.2 Well and pipeline classes</p> <p>24.3 Base administrative levy</p> <p>24.4 Calculation of administrative levy</p> <p>24.5 Invoice of administrative levy</p> <p>24.6 Payment of administrative levy</p> <p>24.7 Interest rate</p> <p>24.8 Interest on overpayment</p>	<p style="text-align: center;"><b>PART IX</b> <b>Decommissioning and Reclaiming Wells and Facility Sites</b></p> <p>56 Decommissioning and reclamation of well and facility sites</p> <p>57 Shooting and chemical treatment of wells</p> <p>58 Tests and remedial measures</p> <p>59 Liability for improper abandonment and reclamation</p>
<p style="text-align: center;"><b>PART IV</b> <b>Prohibited Drilling</b></p> <p>25 Prohibited areas - drilling</p> <p>26 Potash restricted drilling areas</p> <p>27 Further restrictions in commercial potash areas</p>	<p style="text-align: center;"><b>PART X</b> <b>Prevention of Losses, Injuries, Damages and Fires</b></p> <p>60 Permissible receptacles for storage</p> <p>61 Location of tanks and batteries</p> <p>62 Well or facility housekeeping</p> <p>63 Fire equipment and engine exhaust safety</p> <p>64 Use of direct well pressures prohibited</p> <p>65 Vacuum devices prohibited</p> <p>66 Uncontrolled well flow prohibited</p> <p>67 Drill stem testing</p> <p>68 Diesel engine operations</p> <p>69 Use of high vapour pressure hydrocarbon</p>
<p style="text-align: center;"><b>PART V</b> <b>Approval of Drilling</b></p> <p>28 Variation in drilling program</p> <p>29 Multi-zone wells</p>	

PART XI

**Drilling and Servicing Blow-out Prevention**

- 70 General drilling blow-out prevention
- 71 Tangleflags Area
- 72 Medicine Hat Area
- 73 Milk River Area
- 74 Servicing blow-out prevention equipment and requirements

PART XII

**Suspension and Shutting Down of Wells and Facilities**

- 75 When minister may make orders pursuant to section 17.01 of the Act
- 76 Enforcement of regulations and orders
- 77 Sealing

PART XIII

**Well Testing and Well Data**

DIVISION 1

**Well Testing and Measurement**

- 78 Repealed
- 79 Gas well tests
- 80 Repealed
- 81 Repealed
- 82 Repealed
- 83 Repealed
- 84 Repealed
- 85 Measurement of production and injection
- 86 Repealed
- 87 Repealed

DIVISION 2

**Well Data**

- 88 Repealed
- 89 Cores and submission of cores
- 90 Log surveys for well
- 91 Bottom-hole pressure surveys
- 92 Reservoir surveys
- 93 Requirement to perform production test
- 93.1 Oil, gas and water analysis

PART XIV

**Records and Reporting**

DIVISION 1

**Notifications**

- 94 Repealed
- 95 Repealed
- 96 Repealed
- 97 Repealed
- 98 Repealed
- 99 Repealed

DIVISION 2

**Records**

- 100 Well, facility and plant records
- 101 Submission of contracts and other information

DIVISION 3

**Reporting**

- 102 Geological report or summary
- 103 Tour reports
- 104 Well completion data reports
- 105 Submission of reports and statements
- 106 Repealed
- 106.1 Enhanced valuation audit program
- 107 Repealed
- 108 Transporters' statements
- 109 Refiners' submission
- 110 Repealed
- 111 Repealed

PART XV

**Confidentiality**

- 112 Release of drilling information and confidential status
- 113 Confidentiality of information submitted

PART XVI

**Oil and Gas Orphan Fund**

- 114 Interpretation of part
- 115 Security deposit for a well or facility
- 116 Forfeiture of security deposit for a well or facility
- 117 Licensee liability rating
- 118 Use of the orphan fund
- 119 Orphan fund levy
- 120 Fund advisory committee
- 121 Fiscal year

PART XVII

**Penalties**

- 122 Submission penalties
- 122.1 Administrative penalties
- 122.2 Methods of payment

PART XVIII

**Repeal, Transitional and Coming into Force**

- 123 R.R.S. c.O-2 Reg 1 repealed
- 124 Transitional
- 125 Coming into force

**Appendix**

PART I

- Table 1 Repealed
- Table 2 Repealed

PART II

**WARNING SYMBOLS**

PART III

- Table 1 Submission Penalties
- Table 2 Administrative Penalties



**CHAPTER O-2 REG 6**  
*The Oil and Gas Conservation Act*

PART I  
**Preliminary Matters**

**Title**

1 These regulations may be cited as *The Oil and Gas Conservation Regulations, 2012*.

**Interpretation**

2(1) For the purposes of the Act and in these regulations:

- (a) **“acknowledgement of reclamation”** means an acknowledgement of reclamation issued by the minister pursuant to subsection 56(6);
- (b) **“Act”** means *The Oil and Gas Conservation Act*;
- (b.1) **“allowable rate of production”** means, in the case of a completion, the amount of oil or gas a well is authorized to produce subject to any applicable penalty factors;
- (c) **“approved”** means approved by the minister;
- (c.1) **“arm’s-length agreement”** means a transaction or agreement between persons that are not related persons;
- (d) **“battery”** means common storage facilities receiving production from a well or wells and includes equipment for separating the fluid into oil, gas, water and any other substances and for measurement;
- (e) **“blow-out”** means an unintended flow of oil, gas, water, products or other substances:
  - (i) at the surface that cannot be controlled by existing well head or blow-out prevention equipment; or
  - (ii) from one formation to another formation within a well that cannot be controlled by increasing fluid density;
- (f) **“blow-out preventer”** means a special casing head used in rotary drilling, well completions and workovers to prevent the uncontrolled escape of liquid or gas from a well;
- (f.01) **“boss wellbore”** means the first wellbore drilled in a well;
- (f.1) **“business day”** means a day other than a Saturday, Sunday or holiday;

- (f.2) **“completion”** means a set of one or more wellbore contact intervals that function in unison to produce or inject fluids or to monitor reservoir performance;
- (g) **“condensate”** means a liquid hydrocarbon product with a density equal to or less than 780 kilograms per cubic metre that:
- (i) existed in the reservoir in a gaseous phase at original conditions; and
  - (ii) is recovered from a gas stream when pressure and temperature are reduced to not lower than those at atmospheric conditions;
- (h) **“cubic metre of gas”** means the volume of gas contained in one cubic metre of space at a standard pressure of 101.325 kilopascals absolute and at a standard temperature of 15 degrees Celsius;
- (i) **“custody transfer point”** means the physical point where control or ownership of oil, gas, water, products or other substances transfers from one person to another;
- (j) **“date of first production or injection”** means the date on which a well commences:
- (i) production of oil, gas, water or other substances other than any injected completion fluids; or
  - (ii) injection of oil, gas, water or other substances into a subsurface pool;
- (k) **“dehydrator”** means an apparatus designed and used to remove water from gas;
- (l) **“emergency response plan”** means a plan, in an approved form, to protect the public and the environment during emergencies that includes:
- (i) criteria to assess an emergency situation;
  - (ii) procedures to mobilize and deploy response personnel and agencies; and
  - (iii) procedures to establish communications and co-ordination;
- (m) **“facility”** means any building, structure, installation, equipment or appurtenance that is connected to or associated with the recovery, development, production, storage, handling, processing, treatment or disposal of oil, gas, water, products or other substances, that are produced from or injected into a well, but does not include a pipeline;
- (n) **“first-time applicant”** means an applicant for a licence or an applicant for a transfer of a licence who has not previously held a licence issued pursuant to the Act;
- (o) **“flowline”** means a pipeline connecting a wellhead and:
- (i) an oil battery facility;
  - (ii) a fluid injection facility; or
  - (iii) a gas compression facility;

and includes a pipe or system of pipes for the transportation of fluids within any of those facilities;

- (o.1) **“fresh water”** means water that has a total dissolved solid concentration of less than 4 000 milligrams per litre;
- (p) **Repealed.** 21 Sep 2018 SR 65/2018 s3.
- (q) **“gas”** means natural gas, both before and after it has been subjected to absorption, purification, scrubbing or other treatment or process, and includes all liquid hydrocarbons other than oil and condensate;
- (r) **“gas-oil ratio”** or **“GOR”** means the ratio of the number of cubic metres of gas produced from a given source in a given period to the number of cubic metres of oil produced from that source in that period;
- (s) **“gas well”** means:
- (i) a well that is capable of producing gas not associated with oil at the time of production;
  - (ii) that part of a well in which the gas-producing pool is successfully segregated from the oil and in which gas is produced separately from the oil;
  - (iii) a well from which gas is or is capable of being produced from a reservoir in association with no more than one cubic metre of oil for every 3 500 cubic metres of gas produced from the reservoir; or
  - (iv) any other well that may be classified by the minister pursuant to clause 17(1)(l) of the Act as a gas well for the purposes of the Act and these regulations;
- (t) **“good production practice”** means production of oil or gas from a well at a rate not governed by a maximum allowable rate of production but limited to what can be produced on the basis of technical parameters without adversely and significantly affecting:
- (i) the ultimate recovery of oil or gas; or
  - (ii) the opportunity of other owners to obtain their share of production from the pool;
- (u) **“horizontal well”** means:
- (i) a well:
    - (A) with a portion drilled at an angle of at least 80 degrees from vertical, measured from a line connecting the initial point of penetration into the productive pool to the end point of the wellbore in the productive pool;
    - (B) with a minimum wellbore length of 100 metres, measured from the initial point of penetration into the productive pool to the end point of the wellbore in the productive pool; and
    - (C) that is approved for the purposes of this clause; or
  - (ii) any other well approved for the purposes of this clause;
- (v) **“multi-zone well”** means a well for the segregated production or injection from or into more than one zone through the same well bore;

- (w) **“occupied dwelling”** means a building occupied by a person on a temporary or permanent basis;
- (x) **“oil”** means crude petroleum oil and any other hydrocarbon, regardless of density, that is or is capable of being produced from a well in liquid form, but does not include condensate;
- (y) **Repealed.** 21 Sep 2018 SR 65/2018 s3.
- (z) **“oil well”** means any well capable of producing condensate or oil other than a gas well;
- (aa) **“operator”** means:
- (i) a person who, as owner, licensee, lessee, sublessee or assignee, has the right to carry on drilling, construction, operation, decommissioning or abandonment of a well or facility and the reclamation of the well or facility site;
  - (ii) in the case of a pipeline, operator as defined in *The Pipeline Regulations, 2000*;
  - (iii) a contractor who on behalf of the person mentioned in subclause (i) or (ii) engages in any of the activities described in that subclause; or
  - (iv) the person designated by the minister as the operator of the well or facility;
- (bb) **“person”** includes a corporation, company, government, government agency, Crown corporation, syndicate, trust, firm, partnership, co-owner or party and the successors, heirs, executors, administrators or other legal representatives of any such person;
- (cc) **“pipeline”** means a pipeline as defined in *The Pipelines Act, 1998*;
- (dd) **“processing equipment”** means equipment used for the treatment and extraction of components, including water, gas, liquids and solids, from produced fluids, natural gas or crude oil and for the injection of those components;
- (ee) **“productive horizontal section”** means the section of a horizontal well from the intermediate casing point or equivalent to the bottom hole of the wellbore;
- (ff) **“provincial highway”** means a provincial highway as defined in *The Highways and Transportation Act, 1997*;
- (gg) **“public facility”** means a public building or location where the presence of the public can be anticipated, including a hospital, place of business, campground, school or recreational facility or other building or location created for the use of the public;
- (hh) **“public highway”** means a public highway as defined in *The Highways and Transportation Act, 1997* but does not include a provincial highway;
- (ii) **“public notice”** means a notice published in the manner set out in section 7 and, if the minister considers it necessary, in any other manner specified by the minister;

- (jj) **“reclamation”** means the process of:
- (i) decontaminating, excavating, removing, sequestering, encapsulating, immobilizing, attenuating, degrading, processing or treating the contaminants in the soil or water in a manner so that, in the opinion of the minister, the contaminants no longer pose a threat or risk to human health, public safety, property or the environment; and
  - (ii) re-contouring, landscaping, replacing or replenishing the topsoil and re-vegetating the surface of the soil so that it is compatible with its surroundings;
- (kk) **“segregate”** means to confine each fluid in a well to the proper flow channel of that fluid so that the fluid is separated from all fluids in any other flow channel;
- (ll) **“separator”** means an apparatus for separating liquid and gas at the surface as they are produced from a well;
- (mm) **“single-well battery”** means a licensed well that treats production exclusively from that licensed well;
- (nn) **“site”** means, when used in relation to a well or facility, the site of the well or facility and the area immediately adjacent to that site;
- (nn.1) **“spacing area E”** means the area established by minister’s order dated May 17, 2017 pursuant to section 17 of the Act;
- (nn.2) **“stratigraphic unit”** means any approved interval definable with respect to a geological formation or unit;
- (oo) **Repealed.** 21 Sep 2018 SR 65/2018 s3.
- (pp) **“surface improvement”** means the following:
- (i) a railway;
  - (ii) an above-ground pipeline;
  - (iii) a canal;
  - (iv) an above-ground power, telephone or other utility line;
  - (v) a road allowance;
  - (vi) a surveyed roadway;
  - (vii) an aircraft runway or taxiway;
- (qq) **“treater”** means an apparatus for separating oil, gas and water at the surface as they are produced from a well;
- (rr) **“unique well identifier”** or **“UWI”** means the identifier assigned by the minister to a wellbore and applied to a completion to provide a unique alphanumeric identity that includes the bottom hole land description for the wellbore;

(ss) “**unreclaimed site**” means a site for which an acknowledgement of reclamation has not been issued by the minister pursuant to subsection 56(6);

(tt) “**urban centre**” means a city, town, village or hamlet with not fewer than 50 separate occupied dwellings;

(uu) “**vertical well**” means any well that is not a horizontal well;

(vv) “**waste processing facility**” means any facility that is constructed and operated for the purpose of containing, storing, handling, treating, processing, recovering, reusing, recycling, destroying or disposing of oil and gas waste;

(ww) “**water body**” means:

(i) a body of water; or

(ii) an area where water flows or is present, whether the flow or the presence of water is continuous, seasonal or intermittent or occurs only during a flood;

(xx) “**well**” means:

(i) any opening in the ground made within Saskatchewan from which any oil, gas, oil and gas or other hydrocarbon is, has been or is capable of being produced from a reservoir;

(ii) any opening in the ground that is made for the purpose of:

(A) obtaining water to inject into an underground formation;

(B) injecting any substance into an underground formation;

(C) storing oil, gas or other hydrocarbons underground; or

(D) monitoring reservoir performance and obtaining geological information; or

(iii) any opening in the ground made for informational purposes pursuant to *The Subsurface Mineral Conservation Regulations*;

but does not include seismic shot holes;

(xx.1) “**wellbore**” means a path drilled from the location where the drill bit is planned to or does penetrate the earth to a terminating point;

(yy) “**working interest participant**” means a person who owns a legal or beneficial interest in a well or facility pursuant to an agreement that relates to the ownership of the well or facility;

(zz) **Repealed.** 21 Sep 2018 SR 65/2018 s3.

(2) For the purposes of clause 3(1)(f) of the Act and in these regulations, “**to protect the environment**” includes protecting the environment with respect to all matters relating to the construction, operation and maintenance of pipelines.

**Arm's-length agreements**

**2.1** For the purposes of these regulations:

- (a) related persons, as determined in accordance with the *Income Tax Act* (Canada), are deemed not to deal with each other at arm's length; and
- (b) it is a question of fact whether persons not related to each other, as determined in accordance with the *Income Tax Act* (Canada), were at a particular time dealing with each other at arm's length.

Sep 12 2014 SR 73/2014 s4.

**Application of regulations**

**3(1)** These regulations do not apply to:

- (a) subject to subsection (2), a pipeline that is being constructed, altered, operated or abandoned pursuant to the *National Energy Board Act* (Canada) or the operation of which is being discontinued pursuant to that Act;
- (b) a pipeline for the distribution of gas that is being constructed, altered, operated or abandoned pursuant to *The SaskEnergy Act* or the operation of which is being discontinued pursuant to that Act; or
- (c) a refining or marketing pipeline that is situated wholly within plant property.

(2) Sections 100, 108, 113 and 122 apply to the pipelines mentioned in clause (1)(a).

5 Apr 2012 cO-2 Reg 6 s3; 11 Apr 2014 SR  
14/2014 s2.

**Directives**

**3.1** Every operator shall comply with the directives adopted by order of the minister pursuant to section 17 of the Act.

21 Sep 2018 SR 65/2018 s4.

**Inclusions of non-oil-and-gas substances and exclusions from oil and gas waste**

**4(1)** For the purpose of clause 2(1)(j.1) of the Act, substances from the following industries are non-oil-and-gas substances:

- (a) the mining and minerals processing industry;
- (b) the electrical energy generating industry;
- (c) the chemical and petro-chemical refining industry;
- (d) the manufacturing industry;
- (e) the agriculture and agri-food, aqua-culture and fishery industries;
- (f) the forestry and forestry products industry;
- (g) the pulp and paper industry;
- (h) the construction industry;
- (i) the transportation industry;
- (j) the medical and pharmaceutical industry;
- (k) the service industry;

- (l) the military;
  - (m) the waste management industry;
  - (n) the geothermal industry.
- (2) For the purpose of clause 2(1)(j.2) of the Act, the following are prescribed as being not included within the meaning of oil and gas waste:
- (a) sewage;
  - (b) municipal refuse;
  - (c) human-made material that is radioactive.

5 Apr 2012 cO-2 Reg 6 s4.

## PART II Administrative Matters

### Submission of information

5(1) Unless otherwise provided in these regulations, any sample, core, analysis, log, survey, test, form, report, statement, application, document, record or any other information required to be submitted to the minister pursuant to these regulations must be submitted in an approved form and manner.

(2) Every person required to file or submit a sample, core, analysis, log, survey, test, form, report, statement, application, document, record or any other information pursuant to the Act, regulations or orders of the minister shall file or submit a complete and accurate sample, core, analysis, log, survey, test, form, report, statement, application, document, record or other information in the form and manner required by the minister and within the time specified by the Act, regulations or orders of the minister, as the case may be.

(3) Every sample, core, analysis, log, survey, test, form, report, statement, application, document, record or any other information submitted in accordance with these regulations must be accurately labelled with the well licence number and unique well identifier of the boss wellbore identifier of the well.

(4) In addition to the requirements to file or submit a sample, core, analysis, log, survey, test, form, report, statement, application, document, record or any other information pursuant to the Act, regulations or orders of the minister, every person shall file or submit any other information that the minister considers necessary for the purposes of administering the Act and these regulations in an approved form and manner and within 14 days after the minister requests the additional information or any longer period that may be specified by the minister.

5 Apr 2012 cO-2 Reg 6 s5; 21 Sep 2018 SR  
65/2018 s5.

### Applications

6(1) Unless otherwise provided in these regulations, an application pursuant to these regulations:

- (a) must be made in an approved form and manner; and

- (b) must be accompanied by any additional information that the minister may require.
- (2) On receipt of an application pursuant to these regulations, the minister may:
  - (a) if the minister is satisfied that the application complies with the Act and these regulations, approve the application, subject to any terms and conditions that the minister considers appropriate; or
  - (b) refuse to approve the application.

5 Apr 2012 cO-2 Reg 6 s6.

**Manner of publishing orders**

7 For the purposes of subsection 19(1) of the Act, the prescribed manner of publishing an order made pursuant to the Act is by publishing it on the ministry's Internet website.

5 Apr 2012 cO-2 Reg 6 s7.

**Service**

8 For the purposes of clause 53.01(6)(b) of the Act, every person mentioned in subsection 53(1) of the Act shall provide the minister with an email address.

5 Apr 2012 cO-2 Reg 6 s8.

**PART III  
Licences**

**Interpretation of Part**

9 In this Part, "**licence**" means a licence within the meaning of Part II of the Act.

5 Apr 2012 cO-2 Reg 6 s9.

**Well Information Register**

10(1) A well must be identified by the unique well identifier assigned to the well and by the well licence number.

(2) The minister shall maintain a copy of each well licence issued pursuant to these regulations and a register containing:

- (a) the well licence number;
- (b) all unique well identifiers associated with the well licence;
- (c) the surface location of the well;
- (d) the name of the licensee and, if applicable, the name of the agent of the licensee; and
- (e) any other information that the minister considers necessary.

5 Apr 2012 cO-2 Reg 6 s10.

11 **Repealed.** 21 Sep 2018 SR 65/2018 s6.

**Eligibility requirements to hold or be issued a licence**

**12(1)** No person is eligible to hold or be issued a licence for a well or facility unless:

- (a) that person:
  - (i) in the case of a facility, is a working interest participant; or
  - (ii) in the case of a well:
    - (A) is a working interest participant; and
    - (B) has the right to produce the oil or gas from the well or has the right to drill or operate the well; and
- (b) if that person is carrying on a business, that person's business is registered to lawfully carry on business in Saskatchewan.

(2) Unless otherwise approved by the minister, no licence shall be issued to, or transferred to or from, a person if:

- (a) that person:
  - (i) is a first-time applicant and has not paid the required fee pursuant to section 16;
  - (ii) has not paid the required annual orphan fund levy pursuant to section 119; or
  - (iii) owes any money to the Crown in right of Saskatchewan; or
- (b) that person's business is not registered to lawfully carry on business in Saskatchewan.

(3) The minister may suspend or cancel a licence pursuant to section 12 of the Act if the licensee does not meet the eligibility requirements specified in this section.

21 Sep 2018 SR 65/2018 s7.

**13 Repealed.** 21 Sep 2018 SR 65/2018 s8.

**General licensing provisions**

**14(1)** An applicant shall set out in an application for a licence:

- (a) the stratigraphic unit to which the well will be drilled; and
- (b) the pool in which the well is expected to be completed.

(2) The minister may cancel a licence:

- (a) in the case of a well, if drilling of the well has not commenced within one year after the licence has been issued;
- (b) in the case of a facility, if construction of the facility has not been completed within two years after the licence has been issued; or
- (c) if the licensee does not meet the eligibility requirements set out in section 12.

- (3) Subject to subsection (4), the minister may refuse to issue a licence in accordance with this Part if:
- (a) there are separately owned tracts or interests in all or part of a drainage unit consisting of Crown lands and freehold lands; and
  - (b) there is no agreement for pooling of the interests for the development and operation of the drainage unit, nor an order for the pooling of the interests in accordance with subsection 30(5) of the Act.
- (4) Subsection (3) does not apply if:
- (a) the application for a licence is accompanied by written evidence establishing to the satisfaction of the minister that special circumstances exist necessitating the issuance of the licence; and
  - (b) it is expedient and in the public interest to issue the licence.
- (5) The minister may impose on a licence any terms and conditions, in addition to those mentioned in subsections (1) to (3), that the minister considers appropriate.
- (6) The minister may amend the terms and conditions previously imposed on an existing licence or may impose new terms and conditions on an existing licence.
- (7) If a person has commenced drilling operations without first obtaining a licence in accordance with this Part, the minister may suspend that person's drilling operations for a period of not less than 24 hours and not more than twice the time interval from the time the well is spudded to the time the licence is issued.
- (8) If a licence is suspended or cancelled pursuant to section 12 of the Act:
- (a) all rights and privileges conveyed by the licence are suspended or cancelled, as the case may be; and
  - (b) the responsibility of the licensee and any working interest participant for the well, facility or associated flowline, and the well site or facility site, continues after the suspension or cancellation of the licence with respect to any obligations of the licensee pursuant to:
    - (i) the Act;
    - (ii) these regulations;
    - (iii) any orders made pursuant to the Act; or
    - (iv) any terms or conditions of the licence.

5 Apr 2012 cO-2 Reg 6 s14; 21 Sep 2018 SR  
65/2018 s9.

**Exemption from licensing requirement**

**15** For the purposes of clause 8.01(1)(b) of the Act, the following facilities are exempt from the requirement of holding a licence:

- (a) a landfill or a site for which a permit for the purpose of surface waste disposal has been issued pursuant to *The Environmental Management and Protection Act, 2010*;
- (b) an upgrader or a refinery;

- (c) a single-well battery;
- (d) a cavern for the storage of gas, crude oil or products, not including any associated surface facilities.

5 Apr 2012 cO-2 Reg 6 s15; 7 Jly 2017 SR  
70/2017 s4.

**Orphan fund fee**

**16** A first-time applicant shall pay a fee of \$10,000 to the minister for deposit into the orphan fund.

2014, c.21, s.17.

**Change of name of licensee**

**17(1)** A licensee whose name has changed shall:

- (a) give notice of the change of name to the minister; and
- (b) if the licensee is a corporation, provide the minister with a copy of the Certificate of Amendment issued by the Director of Corporations pursuant to *The Business Corporations Act*.

**(2)** A licensee that is a corporation and that amalgamates with another corporation shall:

- (a) give notice of the amalgamation to the minister; and
- (b) provide the minister with a copy of the Certificate of Amalgamation issued by the Director of Corporations pursuant to *The Business Corporations Act*.

5 Apr 2012 cO-2 Reg 6 s17.

**Copy of licence to be posted**

**18** During the drilling of a well or the construction of a facility, including the installation of equipment or storage tanks, every licensee shall post and keep prominently displayed a copy of the licence for the well or facility, including a copy of any amendments to the licence.

5 Apr 2012 cO-2 Reg 6 s18.

**Identification of completed wells and facilities**

**19(1)** Every licensee of a cased well and every operator of a constructed facility shall identify the well or facility with a conspicuous sign erected at the primary entrance to the well or facility that indicates:

- (a) the name and telephone number of the licensee or operator at which the licensee or operator may be contacted; and
- (b) the legal description of the surface location of the well or facility.

**(2)** A licensee or operator shall maintain a sign that is erected pursuant to subsection (1) in a manner that is satisfactory to the minister.

**(3)** An operator who operates more than one facility at one location may erect one sign to identify all of the facilities at that location.

- (4) A licensee who drills more than one well from one surface location shall identify the bottom hole location of each well on a sign affixed to the wellhead.
- (5) In accordance with subsections (6) and (7), the licensee or operator shall post one or more of the following categories of warning symbols:
- (a) Category I: Flammable (gas or liquid), Class 3;
  - (b) Category II: Poison Gas, Class 2.
- (6) A Category II warning symbol must only be used if:
- (a) a well produces gas containing 10 parts per million or 0.01 moles per kilomole of hydrogen sulphide or greater;
  - (b) a facility handles gas containing 10 parts per million or 0.01 moles per kilomole of hydrogen sulphide or greater; or
  - (c) the minister so directs.
- (7) A Category I warning symbol must be used for wells or facilities not governed by subsection (6).
- (8) Warning symbols must be of the size, design and colour set out in Part II of the Appendix.
- (9) Warning symbols must be posted:
- (a) adjacent to all entrances to the developed area of a well or facility; or
  - (b) if a well or facility has no access roads or developed areas, at the wellhead or facility.
- (10) An appropriate warning symbol must be posted on the sign mentioned in subsection (1).
- (11) No licensee or operator shall:
- (a) post warning symbols if a hazard does not exist; or
  - (b) post warning symbols that are not in compliance with this section and Part II of the Appendix.

5 Apr 2012 cO-2 Reg 6 s19.

**Licensee or working interest participant is liable**

- 20(1)** Costs of abandonment and reclamation of a well, facility or associated flowline and their respective sites mentioned in subsection 116(2) are the responsibility of:
- (a) the licensee; or
  - (b) if the licensee is insolvent, bankrupt or cannot be located or is incapable of operating the well or facility as required by the Act or these regulations, the working interest participants.

(2) Abandonment and reclamation of a well, facility, associated flowline and their respective sites does not relieve the licensee or the working interest participants of the responsibility to undertake further abandonment or reclamation work or from the responsibility for the costs of doing that work.

5 Apr 2012 cO-2 Reg 6 s20.

**Licence to re-enter a well**

**21** A person shall submit a new application for a licence to the minister if the person intends:

- (a) to commence operations for:
  - (i) re-entering and re-drilling an abandoned well; or
  - (ii) re-drilling a vertical well to bottom in a deeper stratigraphic unit; or
- (b) to re-enter the well to create a well with a trajectory different than that of the previously licensed well.

21 Sep 2018 SR 65/2018 s10.

**Approval for certain operations**

**22(1)** A licensee shall apply for and obtain the approval of the minister pursuant to section 6 before performing any of the following operations, or causing or permitting them to be performed:

- (a) suspending normal drilling operations;
  - (b) resuming drilling or servicing operations after a previous completion, suspension or abandonment of the well;
  - (c) abandoning or plugging back the well;
  - (d) undertaking remedial operations for the purposes of eliminating a vent flow, gas migration or leaking open-hole abandonment;
  - (e) undertaking remedial operations for the purpose of repairing the casing or cement in a well.
- (2) After consultation with the licensee, the minister may:
- (a) vary an operation approved pursuant to section 6; or
  - (b) alter a condition in an approval granted pursuant to section 6.
- (3) If an operation is varied or a condition is altered pursuant to subsection (2):
- (a) the minister shall provide notice to the licensee of the variation or alteration; and
  - (b) the licensee shall not commence or recommence work on the operation until the licensee receives notice of the variation or alteration pursuant to clause (a).

5 Apr 2012 cO-2 Reg 6 s22; 21 Sep 2018 SR 65/2018 s11.

**Surface access limitations**

**23** A licence does not grant a right of entry onto the surface nor the use of surface lands.

5 Apr 2012 cO-2 Reg 6 s23.

**Production casing not to be recovered**

**24** No person shall recover or attempt to recover production casing from an abandoned well.

5 Apr 2012 cO-2 Reg 6 s24.

PART III.1  
**Administrative Levy**

**Definitions for Part****24.1** In this Part:

- (a) **“abandoned pipeline”** means a pipeline designated as abandoned on the records of the ministry as of December 31 of the base year;
- (b) **“abandoned well”** means a well designated as abandoned on the records of the ministry as of December 31 of the base year;
- (c) **“annual adjustment factor”** means the adjustment factor set for a year by the Lieutenant Governor in Council pursuant to subsection 16(2) of the Act;
- (d) **“base year”** means the calendar year preceding the year during which an administrative levy is calculated and assessed pursuant to this Part;
- (e) **“pipeline kilometre”** means the surveyed length in kilometres of a pipeline as shown on the records of the ministry as of December 31 of the base year;
- (f) **“service well”** means a well licensed as an injection, disposal or storage well;
- (g) **“well production volume”** means the sum of:
  - (i) the annual base year production volume of oil from the well in cubic metres; and
  - (ii) the annual base year production volume of gas from the well in thousand cubic metres adjusted by a 1:1 conversion ratio to make the gas produced comparable to oil.

7 Jly 2017 SR 70/2017 s5.

**Well and pipeline classes**

**24.2(1)** The classes of wells to be used in the calculation of the administrative levy are the following:

- (a) Class 1 - service wells that reported any injection or disposal volume during the base year;
- (b) Class 2 - wells having well production volumes during the base year of greater than zero and less than or equal to 300 cubic metres;
- (c) Class 3 - wells having well production volumes during the base year that are greater than 300 cubic metres and less than or equal to 600 cubic metres;
- (d) Class 4 - wells having well production volumes during the base year that are greater than 600 cubic metres and less than or equal to 1 200 cubic metres;
- (e) Class 5 - wells having well production volumes during the base year that are greater than 1 200 cubic metres and less than or equal to 2 000 cubic metres;
- (f) Class 6 - wells having well production volumes during the base year that are greater than 2 000 cubic metres and less than or equal to 4 000 cubic metres;
- (g) Class 7 - wells having well production volumes during the base year that are greater than 4 000 cubic metres and less than or equal to 6 000 cubic metres;
- (h) Class 8 - wells having well production volumes during the base year that are greater than 6 000 cubic metres;
- (i) Class 9 - wells, other than abandoned wells, that have no well production, injection or disposal volumes during the base year.

(2) The classes of pipelines to be used in the calculation of the administrative levy are the following:

- (a) Class 1 - flowlines subject to *The Pipelines Act, 1998*;
- (b) Class 2 - all pipelines subject to *The Pipelines Act, 1998* other than the following:
  - (i) flowlines;
  - (ii) abandoned pipelines;
  - (iii) pipelines that are subject to a discontinuation, as defined in *The Pipelines Regulations, 2000*;
- (c) Class 3 - all pipelines subject to *The Pipelines Act, 1998* that are subject to a discontinuation, as defined in *The Pipelines Regulations, 2000*.

7 Jly 2017 SR 70/2017 s5.

**Base administrative levy**

**24.3(1)** The base administrative levy for each class of well is the following:

- (a) Class 1 - \$100 per well;
- (b) Class 2 - \$100 per well;

- (c) Class 3 - \$125 per well;
  - (d) Class 4 - \$312 per well;
  - (e) Class 5 - \$750 per well;
  - (f) Class 6 - \$1,250 per well;
  - (g) Class 7 - \$1,625 per well;
  - (h) Class 8 - \$1,875 per well;
  - (i) Class 9 - \$25 per well.
- (2) The base administrative levy for each class of pipeline is the following:
- (a) Class 1 - nil;
  - (b) Class 2 - \$40 per pipeline kilometre;
  - (c) Class 3 - \$20 per pipeline kilometre.

7 Jly 2017 SR 70/2017 s5.

**Calculation of administrative levy**

24.4(1) In this section:

- (a) **“class of wells”** means, with respect to a well, the class for the well as determined pursuant to subsection 24.2(1);
  - (b) **“class of pipelines”** means, with respect to a pipeline, the class for the pipeline as determined pursuant to subsection 24.2(2).
- (2) The administrative levy imposed on each licensee that the licensee shall pay pursuant to section 9.11 of the Act is the amount A calculated in accordance with the following formula:

$$A = B + C$$

where:

B is the amount calculated in accordance with subsection (3); and

C is the amount calculated in accordance with subsection (4).

- (3) The amount B for a licensee is calculated in accordance with the following formula:

$$B = \sum_{i=1}^n D_i \times N_i \times AFW$$

where:

i is the class of well;

D is the base administrative levy as set out in subsection 24.3(1) for a well in that class of wells licensed by the licensee;

N is the number of wells of that class licensed by the licensee;

AFW is the applicable annual adjustment factor for wells; and

n is the total number of classes of wells set out in subsection 24.2(1).

- (4) The amount C is equal to the greater of:
- (a) \$40; and
  - (b) the amount E calculated in accordance with the following formula for each pipeline licensed by the licensee:

$$E = \sum_{i=1}^n G_i \times PK_i \times AFP$$

where:

i is the class of pipeline;

G is the base administrative levy as set out in subsection 24.3(2) for a pipeline in that class of pipelines;

PK is the total pipeline kilometres of all of the pipelines in that class licensed by the licensee;

AFP is the applicable annual adjustment factor for pipelines; and

n is the total number of classes of pipelines set out in subsection 24.2(2).

7 Jly 2017 SR 70/2017 s5.

#### Invoice of administrative levy

**24.5** The minister shall, each year:

- (a) determine the administrative levy imposed on a well or pipeline in accordance with this Part; and
- (b) provide to every licensee an invoice that sets out the administrative levy mentioned in clause (a) applicable to that licensee.

7 Jly 2017 SR 70/2017 s5.

#### Payment of administrative levy

**24.6(1)** For the purposes of section 9.11 of the Act, the administrative levy shall be paid on or before the 30th day after the date of the invoice mentioned in clause 24.5(b).

(2) For the purposes of section 9.11 of the Act and these regulations, a remittance of the administrative levy is deemed to have been received by the minister on the date shown in the ministry's records.

7 Jly 2017 SR 70/2017 s5.

#### Interest rate

**24.7(1)** For the purposes of section 9.12 of the Act, the prescribed annual rate of interest with respect to an unpaid administrative levy is the rate equal to the sum of:

- (a) the prime lending rate of the bank holding the general revenue fund as determined and adjusted in accordance with this section; and
- (b) 3%.

(2) The interest rate prescribed by this section shall be determined on June 15 and December 15 in each year and:

- (a) the interest rate as determined on June 15 applies to an unpaid administrative levy that is owing on or after July 1; and
- (b) the interest rate as determined on December 15 applies to an unpaid administrative levy that is owing on or after January 1 of the following year.

7 Jly 2017 SR 70/2017 s5.

**Interest on overpayment**

**24.8(1)** For the purposes of section 9.13 of the Act, the prescribed annual rate of interest with respect to an overpayment of an administrative levy is the prime lending rate of the bank holding the general revenue fund as determined and adjusted in accordance with this section.

(2) The interest rate prescribed by this section shall be determined on June 15 and December 15 in each year and:

- (a) the interest rate as determined on June 15 applies to an administrative levy that is overpaid on or after July 1; and
- (b) the interest rate as determined on December 15 applies to an administrative levy that is overpaid on or after January 1 of the following year.

7 Jly 2017 SR 70/2017 s5.

**PART IV  
Prohibited Drilling**

**Prohibited areas - drilling**

**25(1)** Unless otherwise approved by the minister on an application pursuant to section 6, no person shall drill any well within:

- (a) 75 metres from the right of way of any surface improvement other than a surveyed roadway or road allowance; or
- (b) 40 metres from the right of way of a surveyed roadway or road allowance or an underground utility, other than an underground utility that is owned or operated by the licensee or that services the licensee's well or facility.

(2) Unless otherwise approved by the minister on an application pursuant to section 6, no person shall drill a well for which the surface centre of the well is located within 125 metres of:

- (a) a water body;
- (b) an occupied dwelling;
- (c) a public facility; or
- (d) an urban centre.

- (3) No person shall drill a well on a road allowance in a location that interferes with public travel.
- (4) No person shall drill a well on the intersection of two road allowances.

5 Apr 2012 cO-2 Reg 6 s25; 21 Sep 2018 SR  
65/2018 s12.

**Potash restricted drilling areas**

**26(1)** In this section:

- (a) **“potash disposition holder”** means:
    - (i) a person, other than the Crown, that operates a mine to extract, recover or produce potash and that:
      - (A) owns a fee simple interest in potash; or
      - (B) pursuant to a lease or other instrument granted by a person other than the Crown, has the right to extract, recover or produce potash; or
    - (ii) the holder of a Crown disposition respecting potash pursuant to *The Crown Minerals Act*;
  - (b) **“potash restricted drilling area”** means a potash restricted drilling area established pursuant to subsection (2).
- (2) The minister may make orders establishing any area of land as a potash restricted drilling area for the purpose of restricting the drilling of wells near potash mines.
  - (3) No person shall drill a well within a potash restricted drilling area without first:
    - (a) obtaining the written approval of the minister; and
    - (b) obtaining the written consent of every potash disposition holder whose potash is located within the potash restricted drilling area and submitting a copy of the consent to the minister.
  - (4) The consent mentioned in subsection (3) is not to be unreasonably withheld by a potash disposition holder.

5 Apr 2012 cO-2 Reg 6 s26.

**Further restrictions in commercial potash areas**

- 27(1)** Notwithstanding section 26, drilling for oil or gas below the top of the Prairie Evaporite is restricted in areas that the minister designates as commercial potash areas.
- (2) The minister may establish protective measures applicable to the restricted areas designated by the minister pursuant to subsection (1) with respect to drilling, completion or abandonment of any well, and the following minimum measures are applicable:
  - (a) if drilling must penetrate below the top of the Prairie Evaporite:
    - (i) a protective string of casing must be set at the top of the Prairie Evaporite with sufficient cement to ensure that the lower 60 metres is securely anchored;
    - (ii) drilling fluid must be replaced with oil;

- (iii) in lieu of meeting the requirements of subclauses (i) and (ii), a salt saturated drilling fluid may be used;
  - (iv) on completion of drilling, a caliper survey of the Prairie Evaporite must be taken;
  - (v) on completion of drilling within a commercial potash area designated pursuant to subsection (1), a directional survey must be taken from the lowest point of the well in the Prairie Evaporite to the top of the well, and the owner shall immediately submit a report in writing to the minister setting forth the manner in which the survey was made and the results of it and shall attach to the report a true copy of the survey;
- (b) to complete a well as an oil or gas well below the Prairie Evaporite and to effectively shut off all communications between stratigraphic units:
- (i) production casings must be cemented in two stages:
    - (A) stage 1 must be from the total depth to 30 metres above the top of the Prairie Evaporite and must consist of brine saturated cement;
    - (B) stage 2 must be from 30 metres above the top of the Prairie Evaporite to the surface; and
  - (ii) a temperature log or cement bond log must be run in order to evaluate the cement bond to the casing and to the formation;
- (c) to abandon a well drilled into or below the Prairie Evaporite:
- (i) the method determined by the minister must be followed; and
  - (ii) if the depth of the well is less than 30 metres below the base of the Prairie Evaporite:
    - (A) a continuous brine saturated cement plug must be set from the bottom of the well to 150 metres above the top of the Prairie Evaporite; and
    - (B) the cement plug must be probed for after waiting at least eight hours for the cement to harden and must be able to withstand a force of 18 kilonewtons;
  - (iii) if the depth of the well is more than 30 metres below the base of the Prairie Evaporite:
    - (A) a first cement plug of not less than 30 metres must be set immediately below the bottom of the Prairie Evaporite;
    - (B) a second plug must be set directly on top of the first plug and made of sufficient brine saturated cement to ensure a continuous plug of 150 metres above the top of the Prairie Evaporite; and
    - (C) after each plug is set it must be probed for after waiting at least eight hours for the cement to harden and it must be able to withstand a force of 18 kilonewtons;
  - (iv) the remainder of the hole must be abandoned in accordance with the dry hole abandonment provisions of subsection 45(2).

PART V  
**Approval of Drilling**

**Variation in drilling program**

**28(1)** Subject to subsection (2), no operator shall depart from or vary a program of drilling operations, if the departure or variation is inconsistent with the disclosure responses made at the time of licensing, unless the minister, on application pursuant to section 6, approves the departure or variation.

(2) In case of an emergency in which immediate departure from or variation in the program mentioned in subsection (1) is necessary, the departure or variation may be made to the extent that it is necessary, and in that case the operator shall:

- (a) first immediately notify the minister of the departure or variation by the most expedient means available; and
- (b) confirm the first notification with a notification in an approved form and manner.

5 Apr 2012 cO-2 Reg 6 s28; 21 Sep 2018 SR  
65/2018 s14.

**Multi-zone wells**

**29(1)** An application for approval to complete a well as a multi-zone well must be submitted to the minister in an approved form and manner.

(2) No licensee of a multi-zone well shall modify, or cause or permit to be modified, the subsurface installation or producing interval of the well or conduct remedial work on the well unless the licensee, on application pursuant to section 6, first obtains approval from the minister.

21 Sep 2018 SR 65/2018 s15.

PART VI  
**Drainage Units, Target Areas and Qualification for Allowables**

**Application of sections 31 to 34**

**30** Sections 31 to 34 apply only to vertical wells.

5 Apr 2012 cO-2 Reg 6 s30; 21 Sep 2018 SR  
65/2018 s16.

**Oil and gas well drainage units**

**31(1)** In this section:

- (a) “**ISC**” means ISC as defined in *The Information Services Corporation Act*;
- (b) “**SaskGrid**” means the collection of geomatics feature layers established in accordance with the SaskGrid system;
- (c) “**SaskGrid system**” means the geographic information reference system established and maintained by ISC.

(2) Subject to section 32, with respect to oil wells, if no drainage units have been established for a field, pool or area, a drainage unit is one legal subdivision as described in the legal subdivision feature layer of the SaskGrid.

(3) Subject to section 32, with respect to gas wells, if no drainage units have been established for a field, pool or area, a drainage unit is one section as described in the section feature layer of the SaskGrid.

5 Apr 2012 cO-2 Reg 6 s31; 6 Sep 2013 SR  
70/2013 s29; 21 Sep 2018 SR 65/2018 s17.

**Minister's orders re drainage units**

**32(1)** If there is a conflict between a minister's order made pursuant to section 17 of the Act to establish or change drainage units and the establishment of drainage units pursuant to subsection 31(2) or (3):

- (a) the minister's order prevails; and
- (b) the operation of subsection 31(2) or (3), as the case may be, is suspended with respect to the subject-matter of the minister's order.

(2) The minister may require public notice to be given of a proposal to establish or change drainage units by a minister's order pursuant to section 17 of the Act.

(3) An applicant for a minister's order pursuant to section 17 of the Act to establish or change drainage units shall apply to the minister pursuant to section 6.

5 Apr 2012 cO-2 Reg 6 s32.

**Target areas and qualifications for allowables**

**33(1)** In order to qualify for an allowable rate of production based on a drainage unit as described in subsection 31(2), an oil well must be completed within a target area that is inside the drainage unit and has sides located 100 metres from and parallel to the corresponding sides of the drainage unit.

(2) In order to qualify for an allowable rate of production based on a drainage unit as described in subsection 31(3), a gas well must be completed within a target area that is inside the drainage unit and has sides located 200 metres from and parallel to the corresponding sides of the drainage unit.

(3) If a drainage unit is established by a minister's order, the minister may further determine the target area within which a well must be completed in order to qualify for an allowable rate of production based on the area of the drainage unit.

5 Apr 2012 cO-2 Reg 6 s33; 21 Sep 2018 SR  
65/2018 s18.

**Application for off-target wells**

**34(1)** A person shall apply to the minister pursuant to section 6 for an approval for:

- (a) a well to be drilled at a location other than the target area mentioned in section 33; or
- (b) the well mentioned in clause (a) to be completed and produced.

(2) The minister may require public notice to be given for any application made pursuant to subsection (1).

21 Sep 2018 SR 65/2018 s19.

**35 Repealed.** 21 Sep 2018 SR 65/2018 s20.

**36 Repealed.** 21 Sep 2018 SR 65/2018 s20.

**37 Repealed.** 21 Sep 2018 SR 65/2018 s20.

**Set-back distances**

**38(1)** Subject to subsection (2), unless otherwise ordered by the minister pursuant to section 17 or 17.1 of the Act:

- (a) the productive section of a horizontal well drilled within spacing area E must be set back:
    - (i) a minimum of 100 metres from a diversely owned lease boundary; and
    - (ii) 100 metres from a productive vertical well or from the productive horizontal section of another horizontal well; or
  - (b) in the case of a horizontal well not included in spacing area E:
    - (i) the entire productive horizontal section of a horizontal well must be set back a minimum of 100 metres from a diversely owned lease boundary; and
    - (ii) the productive horizontal section of a horizontal well must be set back a minimum of 150 metres from a productive vertical well or from the productive horizontal section of another horizontal well.
- (2) If a horizontal well contravenes the set-back distances mentioned in subsection (1) without the approval of the minister, the well must not be completed or placed on production.

21 Sep 2018 SR 65/2018 s21.

**39 Repealed.** 21 Sep 2018 SR 65/2018 s22.

## PART VII Drilling, Completing and Servicing Wells

**Deviation and directional surveys**

**40(1)** On the request of the minister, the operator of a well shall make deviational surveys during drilling at intervals of not more than 150 metres.

(2) Unless otherwise approved by the minister on an application pursuant to section 6, the operator of a well shall make a directional survey of the well within 30 days after the finished drilling date of the well if the well is:

- (a) directionally drilled, slant drilled or horizontally drilled; or
- (b) to be placed on production in any of the following circumstances:
  - (i) the surface location of the well is nearer to the boundary of its target area than 2% of the depth of the well;
  - (ii) the surface location of the well is outside its target area.

- (3) **Repealed.** 21 Sep 2018 SR 65/2018 s23.
- (4) **Repealed.** 21 Sep 2018 SR 65/2018 s23.
- (5) The minister may require the operator of a well to make further deviational or directional surveys and may specify the manner of making the surveys.
- (6) Every “as drilled” survey plan must:
  - (a) include all the information for a survey plan as required pursuant to the application submitted pursuant to section 8.1 of the Act; and
  - (b) show the actual casing point or landing point and the actual bottom-hole location:
    - (i) in relation to the boundaries of the section; and
    - (ii) in relation to the well site by rectangular co-ordinates; and
  - (c) show the actual trajectory for any directionally drilled, slant drilled or horizontally drilled well.

5 Apr 2012 cO-2 Reg 6 s40; 21 Sep 2018 SR 65/2018 s23.

#### **Removal of drilling equipment**

**41(1)** Unless otherwise approved by the minister on an application pursuant to section 6, no operator shall remove or cause or permit to be removed any rig, derrick or other drilling equipment from a well unless the well has been completed in accordance with the licence issued pursuant to Part II of the Act or has been abandoned in accordance with these regulations.

(2) No operator shall, during the course of drilling or operation, remove or cause or permit to be removed any casing or other equipment essential to the proper control of a well unless the minister, on application pursuant to section 6, approves the removal.

5 Apr 2012 cO-2 Reg 6 s41; 21 Sep 2018 SR 65/2018 s24.

**42 Repealed.** 21 Sep 2018 SR 65/2018 s25.

**43 Repealed.** 21 Sep 2018 SR 65/2018 s25.

#### **General plugging and abandonment provisions**

**44(1)** Subject to subsection (4), no well shall remain unplugged or uncased after it is no longer used for the purpose for which it was drilled or converted.

(2) If, in the opinion of the minister, the operations with respect to a well have been discontinued or delayed for an unreasonable period, the minister shall notify the licensee that the licensee shall abandon it within 90 days after the notice is sent, unless sufficient cause why it should not be abandoned is shown to the satisfaction of the minister.

- (3) The minister may have a well abandoned at the expense of the licensee or take any other action that the minister considers advisable if within 90 days after the notice mentioned in subsection (2) is sent:
- (a) a well is not abandoned by the licensee; and
  - (b) the licensee fails to show cause to the satisfaction of the minister why the well should not be abandoned.
- (4) The minister may extend the time for abandonment of any well on any terms and conditions that the minister considers advisable.
- (5) Before any work to abandon a well is commenced, the licensee shall apply for approval pursuant to section 6, to abandon the well.
- (6) Abandonment operations mentioned in subsection (5) are not to be commenced until the minister approves the abandonment program or the minister has witnessed and approved the plugging of the well.
- (7) **Repealed.** 21 Sep 2018 SR 65/2018 s26.
- (8) A well drilled into or below the Prairie Evaporite in a commercial potash area designated by the minister pursuant to section 27 must be abandoned in accordance with the provisions of clause 27(2)(c).
- (9) Notwithstanding any other provision of these regulations, the minister may, on application pursuant to section 6, approve or substitute in whole or in part any abandonment program.

5 Apr 2012 cO-2 Reg 6 s44; 21 Sep 2018 SR  
65/2018 s26.

#### **Dry hole abandonment**

- 45(1)** Before any work to abandon a dry hole is commenced, the licensee shall notify the minister of the licensee's intention to abandon the well and give details of the abandonment program.
- (2) A dry hole in which only the surface casing has been set must be abandoned by:
- (a) isolating each porous stratigraphic unit with a 15 metre plug or by a cement plug across the porous stratigraphic unit extending 15 metres above and 15 metres below the porous stratigraphic unit;
  - (b) placing a cement plug of a minimum length of 30 metres across the surface casing shoe;
  - (c) cutting off the surface casing one metre below ground level;
  - (d) welding a steel plate over the end of the casing in order to completely close off the open end;
  - (e) filling the interval between the plugs with an approved, heavy, mud-laden fluid;

- (f) placing cement in the hole by:
  - (i) pumping through tubing;
  - (ii) pump and plug; or
  - (iii) any other approved method;
- (g) ensuring that all plugs:
  - (i) deeper than 580 metres measured from the kelly bushing, except the plug at the bottom of the well, are probed for after waiting four hours for the cement to harden and are able to withstand a force of 18 kilonewtons; and
  - (ii) above 580 metres measured from the kelly bushing are probed for after:
    - (A) waiting eight hours for cement to harden and are able to withstand a force of 18 kilonewtons; or
    - (B) a waiting time less than eight hours, but only if the minister is present to observe that the cement plug withstands a force of 18 kilonewtons;
- (h) resetting a plug if it fails to withstand the required force;
- (i) resetting a plug if it is found to be displaced a distance that renders it inadequate for the purpose of sealing off or isolating the porous or water-bearing stratum for which it was set; and
- (j) if the Prairie Evaporite is encountered in a dry hole located outside a commercial potash area designated by the minister pursuant to subsection 27(1), sealing off the Prairie Evaporite by a cement plug extending from 15 metres above to 15 metres below the Prairie Evaporite or the total depth, whichever is less, and, if the plug is not at the bottom of the well, probing for it after waiting four hours for the cement to harden and ensuring that it is able to withstand a force of 18 kilonewtons.

5 Apr 2012 cO-2 Reg 6 s45 21 Sep 2018 SR  
65/2018 s27.

**Production well abandonment outside pools**

**46(1)** If a well is abandoned after the production casing has been set and no casing has been pulled, the well must be abandoned using the methods set out in subsection (2) if:

- (a) the well is not within a pool and there is no danger of contamination of an upper formation by water channelling through the cement behind the casing;
- (b) there is no danger of bottom water contaminating the same formation in an offset well; or
- (c) the well has not been producing sufficient gas to be called a gas well.

(2) In the circumstances mentioned in subsection (1), the well must be abandoned by:

(a) setting a mechanical bridging plug immediately above the perforations or the open hole and a cement plug three metres in length on top of the bridging plug or setting a cement plug by displacement to extend:

(i) from below the perforations to at least 15 metres above the perforations; or

(ii) in the case of an open hole completion, from the bottom of the hole to at least 15 metres above the casing shoe;

and probing for the plug after waiting eight hours for the cement to harden and ensuring that the plug is able to withstand a force of 18 kilonewtons;

(b) testing the bottom plug for proper shut-off;

(c) filling the casing to the surface with an approved fluid;

(d) cutting off the surface casing one metre below ground level and cutting off the production string one metre below ground level;

(e) welding a steel plate in order to completely close off the annulus between the surface casing and the production casing; and

(f) welding a steel plate in order to completely close off the end of the production casing.

5 Apr 2012 cO-2 Reg 6 s46.

**Production well abandonment inside pools**

47(1) A well must be abandoned in the manner set out in subsection (2), if the well is abandoned after the production casing has been set and no casing has been pulled and:

(a) the well is within a pool and there is danger of contamination of an upper formation by water channelling through the cement behind the casing;

(b) there is danger of bottom water contaminating the same formation in an offset well; or

(c) the well has been producing sufficient gas to be called a gas well.

(2) In the circumstances set out in subsection (1), the well must be abandoned by:

(a) setting a cast iron retainer immediately above the highest perforated interval or open hole and squeezing cement into the fluid bearing formation until a satisfactory pressure is obtained indicating proper shut-off; and

(b) completing the abandonment program in accordance with clauses 46(2)(b) to (f).

(3) Notwithstanding any other provision of this Part, the minister may, on application pursuant to section 6, approve special abandonment programs for depleted pools or depleted portions of pools.

5 Apr 2012 cO-2 Reg 6 s47.

**48 Repealed.** 21 Sep 2018 SR 65/2018 s28.

**PART VIII**  
**Production Operations**

**Gas-oil ratios**

**49** No oil well shall produce gas in excess of a gas-oil ratio of 3 500 cubic metres of gas to each cubic metre of oil unless the minister, on application pursuant to section 6, approves the excess gas production.

5 Apr 2012 cO-2 Reg 6 s49.

**Gas or product conservation**

**50(1)** The minister may require the operator of an oil well from which gas is produced, or of another well producing or capable of producing gas, to:

- (a) restrict or discontinue the production of gas from the well; or
- (b) collect and either:
  - (i) utilize the gas produced; or
  - (ii) sell the gas produced.

(2) The minister may require an operator mentioned in subsection (1) to conduct a test of the content of any gas produced and if, in the opinion of the minister, a product is present in an economic quantity that justifies extraction, the minister may require the separation, conservation and utilization of the product.

21 Sep 2018 SR 65/2018 s29.

**Flaring or venting gas**

**51(1)** No person shall allow the volume of gas produced in association with oil and released to the atmosphere from an oil well or facility by flaring, venting or a combination of both flaring and venting to exceed 900 cubic metres per day unless it is an emergency and a reasonable level of precaution has been taken to protect human health, public safety, property and the environment and to prevent fire or explosion.

(2) Notwithstanding subsection (1), no person shall vent any volume of gas or vapour from a well or facility that contains hydrogen sulphide in a concentration greater than 10 parts per million or 0.01 moles per kilomole as measured at the edge of the lease or property boundary unless it is an emergency and a reasonable level of precaution has been taken to protect human health, public safety, property and the environment and to prevent fire or explosion.

(3) The gas mentioned in subsections (1) and (2) must be collected or disposed of in a manner satisfactory to the minister.

(4) No flare stack must be located:

- (a) within 75 metres of any surface improvement;
- (b) in the case of a flare stack installed on or after January 1, 2008, within 100 metres of an urban centre; or
- (c) in the case of a flare stack installed before January 1, 2008, within 75 metres of an urban centre.

- (5) No person shall, install, use or have on site a flare pit in conjunction with production and operation of a well or facility.
- (6) Flare pits may only be used in a drilling operation in a manner as determined by the minister.
- (7) Notwithstanding subsections (5) and (6), no flare stack, flare pit or end of the flare line:
- (a) in the case of a flare stack, flare pit or flare line installed on or after January 1, 2008, shall be placed or remain:
    - (i) within 50 metres of a well or oil storage tank; or
    - (ii) within 25 metres of any oil or gas processing equipment; or
  - (b) in the case of a flare stack, flare pit or flare line installed before January 1, 2008, shall be placed or remain:
    - (i) within 45 metres of a well or oil storage tank; or
    - (ii) within 23 metres of any oil or gas processing equipment.
- (8) Notwithstanding subsections (1) to (7), an operator may apply to the minister pursuant to section 6 for approval of any variation of the requirements of this section.

5 Apr 2012 cO-2 Reg 6 s51.

**Commingling of production prohibited**

**52** The production from a pool shall not be commingled with that from another pool before measurement unless the minister, on application pursuant to section 6, approves the commingling.

5 Apr 2012 cO-2 Reg 6 s52; 21 Sep 2018 SR 65/2018 s30.

**Disposal of waste and other substances**

**53 Repealed.** 21 Sep 2018 SR 65/2018 s31.

(2) **Repealed.** 21 Sep 2018 SR 65/2018 s31.

(3) No person shall dispose of oil-and-gas wastes, including but not limited to drilling fluids and waste oil or refuse from tanks or wells, in a manner other than disposal into a subsurface formation, unless the minister, on application pursuant to section 6, has approved of the disposal.

(4) Notwithstanding any approval granted pursuant to subsection (3), no operator shall allow oil-and-gas wastes or non-oil-and-gas substances to constitute a hazard to public health or safety or to contaminate fresh water or arable land.

(5) Every operator shall test and inspect all injection wells at least once every year to ensure that:

- (a) there are no production casing, tubing or packer failures;

- (b) the tubing-production casing annulus is filled with a satisfactory corrosion inhibiting fluid; and
  - (c) injection flow lines are in good working order without leakage or risk of leakage due to corrossions or material defects.
- (6) **Repealed.** 21 Sep 2018 SR 65/2018 s31.
- (7) In addition to the requirement to test and inspect in subsection (5), the minister may at any time require an operator to:
- (a) conduct additional tests or inspections; and
  - (b) submit the results of the additional tests and inspections within the time and in the manner specified by the minister.
- (8) **Repealed.** 21 Sep 2018 SR 65/2018 s31.

5 Apr 2012 cO-2 Reg 6 s53; 21 Sep 2018 SR 65/2018 s31.

#### **Enhanced recovery projects**

**54(1)** An operator who wishes to conduct any project for the enhanced recovery of oil or gas through the use of re-pressuring, pressure maintenance or other stimulation techniques including the introduction of oil, gas or other substances or energy, shall provide the minister with:

- (a) a plan in an approved form and manner for the enhanced recovery project; and
  - (b) any other information that the minister may require.
- (2) On receipt of a plan pursuant to subsection (1), the minister may:
- (a) if the minister is satisfied that the plan complies with the Act and these regulations, approve the plan, subject to any terms and conditions that the minister considers appropriate; or
  - (b) refuse to approve the plan.
- (3) If the minister approves a plan for the enhanced recovery of oil or gas pursuant to subsection (2), the operator shall notify the minister of:
- (a) the commencement date of operations, within 14 days after the commencement; and
  - (b) the discontinuance of the operations and of the reasons for the discontinuance, within 14 days after the discontinuance.

21 Sep 2018 SR 65/2018 s32.

#### **Salt water storage and emergency earthen pits**

**55(1)** In areas determined by the minister, the operator shall provide:

- (a) if the facility handles not more than 120 cubic metres of produced water per day, equivalent tankage; and

- (b) if the facility handles more than 120 cubic metres of produced water per day:
  - (i) if the facility has an approved fail-safe shut-down control device, a minimum tank volume of 120 cubic metres; or
  - (ii) if the facility does not have a device mentioned in subclause (i), equivalent tankage.
- (2) All new and replacement tanks must be internally protected against corrosion and surrounded by a dike with a capacity equal to the largest tank or a greater capacity that the minister may require.
- (3) In approved areas, earthen pits may be used to contain salt water on an emergency basis if:
  - (a) the pits are lined with a commercially available lining;
  - (b) pit size does not exceed production requirements;
  - (c) the pits incorporate an approved monitoring system that can monitor both horizontal and vertical seepage;
  - (d) the pits are used in an emergency only and their contents are disposed of within 48 hours in accordance with section 53; and
  - (e) the pits are maintained to prevent the escape of salt water and adequately fenced when fencing is dictated by safety considerations, or by a surface owner's request.
- (4) Notwithstanding subsections (1) to (3), an operator may apply to the minister pursuant to section 6 for approval of any variation of the requirements of this section.

5 Apr 2012 cO-2 Reg 6 s55.

## PART IX

### **Decommissioning and Reclaiming Wells and Facility Sites**

#### **Decommissioning and reclamation of well and facility sites**

- 56(1)** On completion of abandonment of a well, the licensee or the operator shall:
- (a) conduct an environmental site assessment in a manner specified by the minister;
  - (b) decommission the well site to standards specified by the minister;
  - (c) reclaim the well site to standards specified by the minister;
  - (d) reclaim any area that is beyond the boundaries of the well site and that, in the opinion of the minister, has been damaged, contaminated or otherwise adversely affected by the operations of the well; and
  - (e) conduct a detailed site assessment in the manner specified by the minister.

- (2) On decommissioning of a facility, the licensee or the operator shall:
  - (a) conduct an environmental site assessment in a manner specified by the minister;
  - (b) decommission the facility site to standards specified by the minister;
  - (c) reclaim the facility site to standards specified by the minister;
  - (d) reclaim any area that is beyond the boundaries of the facility site and that, in the opinion of the minister, has been damaged, contaminated or otherwise adversely affected by the operations of the facility; and
  - (e) conduct a detailed site assessment in the manner specified by the minister.
- (3) If a site has been prepared, disturbed, constructed or contaminated and no well or facility has been drilled or constructed on the site, the minister may require the licensee or operator to:
  - (a) conduct an environmental site assessment in a manner specified by the minister;
  - (b) decommission the site to standards specified by the minister;
  - (c) reclaim the site to standards specified by the minister;
  - (d) reclaim any area that is beyond the boundaries of the site and that, in the opinion of the minister, has been damaged or contaminated; and
  - (e) conduct a detailed site assessment in the manner specified by the minister.
- (4) On abandonment of a well or decommissioning a facility, the licensee shall abandon any associated flowlines.
- (5) Within 6 months after the completion of the activities mentioned in subsection (1), (2) or (3) as the case may be, the licensee or the operator shall submit to the minister:
  - (a) an application for acknowledgement of reclamation; and
  - (b) any other information required by the minister.
- (6) The minister shall issue an acknowledgement of reclamation if the minister is satisfied that the licensee or operator has complied with subsections (1) to (5).
- (7) The issuance of an acknowledgement of reclamation does not relieve a licensee, operator or working interest participant of his or her past, present or future environmental liability associated with the well or facility site that is the subject of the acknowledgement of reclamation.
- (8) The minister may:
  - (a) impose any conditions or terms in an acknowledgement of reclamation that the minister considers appropriate; or
  - (b) cancel an acknowledgement of reclamation if the minister considers it appropriate to do so.

(9) Notwithstanding subsections (1), (2) and (3), a licensee or operator may apply to the minister pursuant to section 6 for approval of any variation of the requirements of subsections (1), (2) and (3).

21 Sep 2018 SR 65/2018 s33.

**Shooting and chemical treatment of wells**

**57(1)** If damage is done to a well by perforating, chemically treating or fracturing, the operator shall promptly repair or abandon the well to the satisfaction of the minister if the repair or abandonment is reasonably necessary to prevent wasteful operations, to protect human health, public safety, property or the environment or to prevent fire or explosion.

(2) The operator shall provide notice to the minister of any repair or abandonment conducted pursuant to subsection (1).

5 Apr 2012 cO-2 Reg 6 s57.

**Tests and remedial measures**

**58** If it appears to the minister that oil, gas, water or any other substance in a well is not effectively shut off, the minister may require an operator to do any of the following:

- (a) conduct tests, logs or analyses of the well;
- (b) take remedial measures.

5 Apr 2012 cO-2 Reg 6 s58.

**Liability for improper abandonment and reclamation**

**59(1)** If abandonment of the well or facility and reclamation of the well site, facility site and associated flowline and any off-site contamination caused by the construction or operation of the well or facility do not meet the standards set out in these regulations or specified by the minister, the minister may require the licensee or operator to remedy the default or defect within the period specified by the minister.

(2) If a licensee or operator does not comply with a requirement of the minister pursuant to subsection (1), the minister may take the steps necessary to carry out abandonment and reclamation in accordance with these regulations.

(3) All costs and expenses incurred by the minister in carrying out the abandonment and reclamation are a debt due to the Crown in right of Saskatchewan by the licensee or operator and may be recovered in the manner authorized by *The Financial Administration Act, 1993* or in any other manner authorized by law.

5 Apr 2012 cO-2 Reg 6 s59.

PART X  
Prevention of Losses, Injuries, Damages and Fires

**Permissible receptacles for storage**

**60(1)** A pressure vessel that is regulated pursuant to *The Boiler and Pressure Vessel Act, 1999* is exempt from the requirements of this Part other than the provisions respecting the spacing of equipment.

(2) No earthen structure or excavation shall be used as a receptacle for oil, condensate, refined chemicals, oil and gas waste or non-oil-and-gas substances.

(3) No oil, salt water or other fluids, and no solids produced from a well, shall be stored in storage receptacles that, in the opinion of the minister, are inadequate or likely to cause waste or loss or result in leakage, environmental or volatile organic compound evaporation hazards.

(4) Notwithstanding subsection (3), materials that are used, produced or generated at a well site or facility, other than fresh water and inert solids, must be stored in a manner specified by the minister.

(5) Above-ground tanks, underground tanks, containers, lined earthen excavations and bulk pads must meet the requirements for construction and design standard, scheduled integrity verification, secondary containment, leak detection and weather protection in a manner specified by the minister.

(6) All tanks or batteries of tanks must be surrounded by an impermeable dike that is designed and constructed to the requirements specified by the minister, and the dike must be maintained in good condition and free from high grass, weeds or combustible material.

(7) Notwithstanding subsections (1) to (6), on the application of an operator pursuant to section 6, the minister may approve storage methods, systems or devices alternative to those specified in this section if, in the opinion of the minister, the level of environmental protection provided is satisfactory.

5 Apr 2012 cO-2 Reg 6 s60.

**Location of tanks and batteries**

**61(1)** Notwithstanding any conditions of a licence or minister's order and subject to *The Fire Safety Act*, an oil tank, or two or more above-ground storage tanks, used to store materials that are used, produced or generated at a well site or facility, other than fresh water and inert solids, must be located so that the outer perimeter of any dike is not less than:

(a) 75 metres from any right of way of any surface improvement, occupied dwelling, permanent farm building, public facility or urban centre, unless the minister, on application pursuant to section 6, approves otherwise; and

(b) 100 metres from a water body.

(2) Unless otherwise approved by the minister on an application pursuant to section 6, no oil tank or battery of tanks shall be located:

- (a) in the case of an oil tank or battery of tanks installed at a well on or after January 1, 2008, within 50 metres of any well; or
- (b) in the case of an oil tank or battery of tanks installed at a well before January 1, 2008, within 45 metres of any well.

5 Apr 2012 cO-2 Reg 6 s61; 7 Jly 2017 SR  
70/2017 s6.

**Well or facility housekeeping**

**62(1)** In this section:

- (a) **“contaminated product”** includes:
  - (i) spilled material that has come in contact with another substance so that it cannot be used for the purpose it was originally intended for, or in any other process; and
  - (ii) any snow, soil, water or debris that the spilled material comes in contact with;
- (b) **“spilled material”** includes oil, salt water, condensate, natural gas liquids, refined chemicals and any other substances produced, generated or used at a well or facility and any combination of those materials.

(2) Immediately after the completion of an oil or gas well, the operator shall clear the area around the well of all refuse material and, as soon as weather conditions permit:

- (a) dispose of drilling waste and decommission the drilling waste sump in a manner specified by the minister;
- (b) drain and fill all excavations;
- (c) level the surface around the well; and
- (d) maintain the well site in a neat and orderly condition.

(3) Unless otherwise approved by the minister on an application pursuant to section 6, all oil and gas waste from tanks or wells must be drained into proper receptacles that are located:

- (a) in the case of a receptacle installed on or after January 1, 2008, not less than 50 metres from any tank, well or building, and immediately removed from the well site or facility site; or
- (b) in the case of a receptacle installed before January 1, 2008, not less than 45 metres from any tank, well or building, and immediately removed from the well or facility site.

(4) No inflammable substances, contaminated products or waste products of any kind from an oil or gas well or facility shall be allowed to flow over the land, run into a water body or onto any highway or public road.

- (5) **Repealed.** 21 Sep 2018 SR 65/2018 s34.
- (6) The operator shall process all spilled materials:
  - (a) at a facility that is licensed pursuant to the Act; or
  - (b) in a manner that is satisfactory to the minister.

5 Apr 2012 cO-2 Reg 6 s63; 21 Sep 2018 SR 65/2018 s34.

**Fire equipment and engine exhaust safety**

- 63(1)** Every operator shall safeguard all fires used at the operator's well by sufficient mechanical or other means to prevent the creation of any hazard.
- (2) Unless the well is a water supply well or a water injection well, no flame-type equipment, including a steam boiler, generator or heater, shall be placed or remain within:
  - (a) in the case of flame-type equipment installed on or after January 1, 2008, 25 metres of a well or oil storage tank; or
  - (b) in the case of flame-type equipment installed before January 1, 2008, 23 metres of a well or oil storage tank.
- (3) Unless the air intake of the burner of the flame-type equipment is fitted with an adequate flame arrester, no flame-type equipment shall be placed or remain within:
  - (a) in the case of flame-type equipment installed on or after January 1, 2008, 25 metres of any separator or dehydrator; or
  - (b) in the case of flame-type equipment installed before January 1, 2008, 23 metres of any separator or dehydrator.
- (4) No flame-type equipment shall be located in the same building as any other flame-type equipment, separator or dehydrator unless:
  - (a) the flues of all burners are located outside the building;
  - (b) relief valves, safety heads and other sources of ignitable vapours are vented outside the building and discharged above roof level; and
  - (c) the building is adequately cross-ventilated.
- (5) An exhaust pipe from an internal combustion engine must be constructed in the manner set out in subsection (6) if it is located:
  - (a) in the case of an exhaust pipe installed on or after January 1, 2008, within 25 metres of any oil or gas well, separator, oil storage tank or other unprotected source of ignitable vapour; or
  - (b) in the case of an exhaust pipe installed before January 1, 2008, within 23 metres of any oil or gas well, separator, oil storage tank or other unprotected source of ignitable vapour.

- (6) If subsection (5) applies to an exhaust pipe, it must be constructed so that:
- (a) any emergence of flame along its length or at its end is prevented; and
  - (b) the end is not closer than six metres to the vertical centre line of the well and is directed away from the well.
- (7) All vessels and equipment from which ignitable vapours may issue must be safely vented to the atmosphere, and all vent lines from oil storage tanks that are vented to flare pits must be provided with flame arresters or other equivalent safety devices.
- (8) All battery piping must be properly arranged and provided with control valves for shutting off oil or gas in the event of fire in the battery installations.
- (9) Notwithstanding subsection (2), the minister may, on application pursuant to section 6, approve the use of open flame tank heaters in oil fields and pools where heavy gravity oil is produced.
- (10) Notwithstanding any other provision of this section, the minister may, on application pursuant to section 6, approve any distance shorter than those set out in this section.

5 Apr 2012 cO-2 Reg 6 s63.

**Use of direct well pressures prohibited**

**64** No direct well pressure shall be used to operate any machinery, except gas-operated valves, regulators and chemical injector pumps.

5 Apr 2012 cO-2 Reg 6 s64.

**Vacuum devices prohibited**

**65(1)** No person shall use a device for the purpose of creating a vacuum in a gas or oil-bearing stratum unless the minister, on application pursuant to section 6, approves the use of the device.

(2) On receipt of an application pursuant to subsection (1), the minister may provide public notice of the application.

5 Apr 2012 cO-2 Reg 6 s65.

**Uncontrolled well flow prohibited**

**66** No well shall be allowed to flow uncontrolled.

5 Apr 2012 cO-2 Reg 6 s66.

**Drill stem testing**

**67** No drill pipe shall be disconnected during a drill stem test unless:

- (a) the rig is adequately lighted by:
  - (i) natural light; or
  - (ii) floodlights that may be located within 25 metres of the wellhead, but only if the floodlights have no electrical equipment capable of igniting gas or oil; and
- (b) there is no possibility of any oil or gas being present in the drill pipe.

5 Apr 2012 cO-2 Reg 6 s67.

**Diesel engine operations**

**68(1)** Unless the minister, on application pursuant to section 6, approves otherwise, an operator shall provide a diesel engine with the devices and systems mentioned in subsection (2) if the diesel engine is working:

- (a) in the case of a diesel engine installed on or after January 1, 2008, within 25 metres of the well; or
  - (b) in the case of a diesel engine installed before January 1, 2008, within 23 metres of the well.
- (2) An operator shall provide a diesel engine to which subsection (1) applies with:
- (a) either:
    - (i) adequate air intake shut-off valves, equipped with a remote control readily accessible from the driller's station; or
    - (ii) a system for injecting an inert gas into the engine's cylinders, equipped with a remote control readily accessible from the driller's station; and
  - (b) a suitable duct so that air for the engine is obtained:
    - (i) in the case of a diesel engine installed on or after January 1, 2008, at least 25 metres from the well; or
    - (ii) in the case of a diesel engine installed before January 1, 2008, at least 23 metres from the well.
- (3) When an installation is made in accordance with clause (1)(a) or (b), the operator shall test for the stopping of the engine by remote control:
- (a) before the cement plug at the shoe of the surface casing is drilled out or, if the well has been completed, before any servicing operations commence; and
  - (b) at least once in each seven-day period during the drilling or servicing of the well.
- (4) Every operator shall maintain records with respect to tests conducted pursuant to this section for a period of 30 days following completion of drilling or servicing operations.

5 Apr 2012 cO-2 Reg 6 s68.

**Use of high vapour pressure hydrocarbon**

**69(1)** In this section, "**high vapour pressure hydrocarbon**" means any hydrocarbon and stabilized hydrocarbon mixture with a Reid vapour pressure greater than 14 kilopascals.

- (2) Before the operator of a well uses more than 1.5 cubic metres of high vapour pressure hydrocarbons in well completions or stimulations, the operator shall notify the minister.
- (3) If the operator of a well uses more than 1.5 cubic metres of high vapour pressure hydrocarbons in well completions or stimulations pursuant to subsection (2), the operator shall:
- (a) not use open tanks for storing or gauging or measuring the pump rate;

- (b) maintain a minimum distance of 50 metres between the wellhead and tank;
  - (c) install positive shut-off valves between the tank and pump and between the pump and wellhead;
  - (d) install a check valve between the pump and the well to prevent back flow from the well;
  - (e) pressure test all surface lines downstream from the pump to 10 000 kilopascals above the anticipated maximum pressure to be encountered; and
  - (f) ensure that no wasteful operations occur.
- (4) Unless the minister, on application pursuant to subsection (5), approves otherwise, no operator shall blend high vapour pressure hydrocarbons with propping agents for the purpose of hydraulically fracturing a formation.
- (5) On the application of an operator pursuant to section 6, the minister may approve the blending of high vapour pressure hydrocarbons with propping agents if the minister is satisfied that there is no other carrying fluid available that will be similarly effective.

5 Apr 2012 cO-2 Reg 6 s69.

## PART XI

### Drilling and Servicing Blow-out Prevention

#### General drilling blow-out prevention

**70(1)** Subject to subsection (9) and sections 71 to 73, the operator of a well being drilled shall install and at all times maintain blow-out prevention equipment containing:

- (a) a hydraulically operated annular-type preventer that is capable of closing over the open hole or any tool or drilling string utilized while drilling is in progress;
- (b) either:
  - (i) two hydraulically operated single-gate type preventers, one a blind-ram type and one a pipe-ram type; or
  - (ii) a hydraulically operated double-gate type preventer utilizing pipe-rams and blind-rams;
- (c) a drilling spool containing flanged side outlets, one of which has a minimum inside diameter of 63.5 millimetres;
- (d) a flanged surface casing bowl, with the flange as an integral part of the bowl and with valves on both side outlets, which may not be removed without the permission of the minister;
- (e) a bleed-off line, located above the lowest ram-type preventer that:
  - (i) has a minimum inside diameter of 63.5 millimetres;

- (ii) is connected to the drilling spool by means of two flanged valves, each with a minimum inside diameter of 63.5 millimetres;
- (iii) has flanged connections with a minimum inside diameter of 63.5 millimetres from the drilling spool down to and including the last control valve;
- (iv) has, in the discretion of the operator, screwed connections on that section of the bleed-off line downstream from the last choke manifold control valve;
- (v) terminates at a flare pit that:
  - (A) is a minimum of 50 metres from the well bore; and
  - (B) is securely tied down; and
- (vi) is constructed of:
  - (A) straight pipe or pipe with 1.57 radian bends consisting of running tees bull-plugged on fluid turns; or
  - (B) an approved fireproof flexible hose that, at a minimum:
    - (I) has a pressure rating equal to that of the blow-out preventer system;
    - (II) has factory installed connections;
    - (III) is sheathed to provide an adequate fire resistant rating;
    - (IV) is marked so that its manufacturer can be readily determined;
    - (V) does not contain any bends with a radius less than the manufacturer's specified minimum bending radius; and
    - (VI) is secured to prevent stresses on the connecting valves and piping and is protected from mechanical damage;
- (f) a kill line that is:
  - (i) located above the lowest ram preventer by means of two full opening valves; and
  - (ii) constructed of:
    - (A) steel lines; or
    - (B) a fireproof flexible hose constructed to the same minimum standards for the bleed-off line as specified in paragraph (e)(vi)(B); and
    - (C) connected to the rig pump manifold;

- (g) a choke manifold that:
    - (i) contains a gauge connection at which well pressure may be measured;
    - (ii) is located:
      - (A) outside of, but not attached to, the substructure; or
      - (B) at some approved predetermined point;
    - (iii) is at all times readily accessible;
    - (iv) has a centre run of the choke manifold with a minimum inside diameter of 63.5 millimetres containing flanged connections;
    - (v) has side wings, which may be constructed of 50 millimetre nominal diameter fittings and contain screwed connections, but that are equipped with two chokes at least one of which is adjustable;
  - (h) a valve in the kelly assembly or at the base of the drill string that can keep undue pressure off the kelly hose; and
  - (i) stabbing valves that can be connected to the top of any drill pipe in the well.
- (2) All blow-out prevention components in the blow-out prevention stack, bleed-off line and manifold are required to have a minimum safe working pressure of 14 000 kilopascals.
- (3) Before any drilling below the surface casing shoe, the complete blow-out prevention system must be satisfactorily pressure tested to 7 000 kilopascals, or an approved pressure, down to and including the last valve on the choke manifold.
- (4) The operating controls for each blow-out preventer and any hydraulically operated valve that may be installed on the bleed-off line must be located with unrestricted access near the driller's station, and an additional set of clearly marked operating controls must be located at least 20 metres from the well.
- (5) If fluid under pressure is used to operate blow-out preventers, the operator shall use an accumulator system:
- (a) subject to clause (b), of sufficient pressure and capacity to:
    - (i) effect full closure of the annular preventer and to open the hydraulically operated valve on the bleed-off line; or
    - (ii) simultaneously close the annular preventer and one element of the ram-type preventer if the valve on the bleed-off line is not hydraulically operated;
  - (b) that retains a pressure of 8 400 kilopascals at the pressure source and following the activity described in subclause (a)(i) or (ii), recovers the accumulator pressure drop within five minutes after effecting the activity described in subclause (a)(i) or (ii); and
  - (c) that is connected to a nitrogen emergency source of not less than 12 500 kilopascals, and with nitrogen containers having pressure gauges installed or readily available for installation, is capable of opening the hydraulically operated valve on the bleed-off line, and closing both the annular preventer and one element of the ram-type preventer.

- (6) All ram-type blow-out preventers that are not equipped with automatic ram locking devices must have hand wheels installed or readily accessible for installation.
- (7) While a well is being drilled, the operator shall:
- (a) operate appropriate blow-out prevention equipment daily and, if the operator finds the equipment to be defective, the operator shall make it serviceable before operations are resumed; and
  - (b) report the full particulars of all testing in the daily drilling record including, in the case of a pressure test, the pressure applied and the duration of the test.
- (8) The operators of all drilling blow-out prevention equipment shall:
- (a) ensure that all persons employed on the drilling rigs have an adequate understanding of, and are able to operate, the blow-out prevention equipment; and
  - (b) maintain blow-out prevention equipment so that its operation will not be impaired by low temperatures.
- (9) Notwithstanding subsections (1) to (8), an operator may apply to the minister pursuant to section 6 for approval of any variation in blow-out prevention equipment.
- (10) In addition to any approval granted pursuant to subsection (9), the minister may, on the minister's own initiative, direct any variation in blow-out prevention equipment that the minister considers appropriate.

5 Apr 2012 cO-2 Reg 6 s70.

#### **Tangleflags Area**

**71(1)** In this section, “**Tangleflags Area well**” means any well drilled within Township 50, 51 or 52, in Ranges 22 to 26, inclusive, west of the Third Meridian, in Saskatchewan.

(2) Subject to subsection (3), the operator of a Tangleflags Area well being drilled shall install and at all times maintain blow-out prevention equipment in compliance with section 70, with the following equipment specification exceptions:

- (a) one of the flanged side outlets on the drilling spool must have a minimum inside diameter of 76.2 millimetres;
- (b) the minimum inside diameter for all bleed-off line specifications is 76.2 millimetres; and
- (c) the centre run of the choke manifold must have a minimum inside diameter of 76.2 millimetres.

(3) The operator of a Tangleflags Area well may, in lieu of the 76.2-millimetre inside diameter specifications mentioned in subsection (2), substitute 76.2-millimetre nominal equipment, but only if an additional 76.2-millimetre nominal line from the blow-out prevention stack to the flare pit is incorporated.

(4) The outlet for the additional line mentioned in subsection (3) may be incorporated directly in the blow-out prevention stack or spool, but only if a flanged connection is an integral part of the blow-out prevention stack or spool.

5 Apr 2012 cO-2 Reg 6 s71.

#### **Medicine Hat Area**

**72(1)** In this section, “**Medicine Hat Area well**” means any well drilled to develop the Medicine Hat formation in south-west Saskatchewan as designated by the minister.

(2) The operator of a Medicine Hat Area well being drilled shall install and at all times maintain blow-out prevention equipment in compliance with section 70, with the following equipment specification exceptions:

- (a) either:
  - (i) a hydraulically operated annular type preventer must be installed; or
  - (ii) a hydraulically operated double-gate type preventer utilizing pipe-rams and blind-rams must be installed;
- (b) the surface casing bowl must have two 50-millimetre side outlets;
- (c) the bleed-off line may contain flanged or screwed connections but must:
  - (i) have a minimum inside diameter of 50 millimetres for all bleed-off line specifications; and
  - (ii) be connected to one outlet of the surface casing bowl by means of a valve having a nominal diameter of 50 millimetres;
- (d) the choke manifold must have:
  - (i) a centre run with a minimum nominal diameter of 50 millimetres, but it may contain screwed fittings; and
  - (ii) side wings that are constructed with 50-millimetre nominal diameter fittings, but they may contain screwed fittings.

5 Apr 2012 cO-2 Reg 6 s72.

#### **Milk River Area**

**73(1)** In this section, “**Milk River Area well**” means any well drilled to develop the Milk River formation as designated by the minister.

(2) The operator of a Milk River Area well being drilled shall install and at all times maintain blow-out prevention equipment in compliance with section 70, with the following equipment specification exceptions:

- (a) the equipment specifications are those provided for a Medicine Hat Area well in section 72;

- (b) if air drilling is undertaken, equipment specifications are those set out in subsection (3); or
  - (c) if mud drilling with the use of a conductor pipe is undertaken, equipment specifications are those set out in subsection (4).
- (3) If the operator of a Milk River Area well undertakes air drilling, the blow-out prevention stack of the well must contain:
- (a) a full opening drill through valve;
  - (b) a rotary stripper head;
  - (c) a drilling spool containing an outlet with a nominal diameter of at least 100 millimetres;
  - (d) a surface casing bowl containing a valve on each of two 50-millimetre side outlets; and
  - (e) a bleed-off line that:
    - (i) has a minimum nominal diameter of 100 millimetres;
    - (ii) is connected to one of the 100-millimetre nominal diameter outlets of the drilling spool; and
    - (iii) contains flanged or screwed fittings.
- (4) If the operator of a Milk River Area well undertakes mud drilling, the operator may use conductor pipe but only if the blow-out prevention stack of the well contains:
- (a) a hydraulically operated annular type preventer;
  - (b) a surface casing bowl or a drilling spool that has two 50-millimetre side outlets;
  - (c) a bleed-off line that:
    - (i) has a minimum nominal diameter of 50 millimetres;
    - (ii) is connected to one outlet of either the surface casing bowl or the drilling spool by means of a valve having a nominal diameter of 50 millimetres; and
    - (iii) contains flanged or screwed fittings; and
  - (d) a conductor pipe that may be used in lieu of surface casing only if:
    - (i) the conductor pipe is set to a minimum depth of 18 metres, is equipped with at least one centralizer and is cemented along its full length by the circulation method;
    - (ii) the conductor pipe portion of the well bore is at least 100 millimetres greater in diameter than that of the conductor pipe; and
    - (iii) when the conductor pipe is used, the bleed-off line valve is never shut in because it must be used as a diverter system only.

**Servicing blow-out prevention equipment and requirements**

74(1) The operator of a well being completed, serviced or reconditioned, any of which involves the movement of tubing, shall install and at all times maintain blow-out prevention equipment containing:

- (a) an annular-type preventer;
  - (b) two single gate ram-type preventers, one a blind-ram type and one a pipe-ram type; or
  - (c) a double-gate type preventer utilizing pipe rams and blind rams.
- (2) All servicing blow-out preventer installation components are to have a minimum safe working pressure of 14 000 kilopascals or a pressure specified by the minister as adequate.
- (3) Manually operated gate type preventers may be used, in which case the operator shall have clearly marked manual controls located behind steel shields at least six metres from the well.
- (4) All servicing blow-out preventers that are hydraulically operated are to:
- (a) be equipped with an accumulator system capable of providing fluid of sufficient volume and pressure to effect full closure of the preventers a minimum of two times without being recharged;
  - (b) have one set of clearly marked operating controls immediately at the operator's station and an additional set of clearly marked controls located behind the furthest extremity of the rig; and
  - (c) have hand wheels either installed or readily accessible for installation for ram-type blow-out preventers that are not equipped with a ram locking device.
- (5) The rig hydraulic system may be utilized to re-charge the accumulator.
- (6) The operators of all servicing blow-out prevention equipment shall:
- (a) ensure that all persons employed on the rigs have an adequate understanding of and are able to operate the servicing blow-out prevention equipment; and
  - (b) maintain servicing blow-out prevention equipment so that its operation will not be impaired by low temperatures.
- (7) The operator shall ensure that stabbing valves are maintained in good working condition and are readily accessible at all times for any tubing or pipe in the well.
- (8) The operator shall operate the servicing blow-out prevention equipment daily and, if the operator finds any equipment defective, the operator shall make it serviceable before operations are resumed.
- (9) Notwithstanding subsections (1) to (8), an operator may apply to the minister pursuant to section 6 for approval of any variation in servicing blow-out prevention equipment.
- (10) In addition to any approval granted pursuant to subsection (9), the minister may, on the minister's own initiative, direct any variation in servicing blow-out prevention equipment that the minister considers appropriate.

**PART XII**  
**Suspension and Shutting Down of Wells and Facilities**

**When minister may make orders pursuant to section 17.01 of the Act**

**75** For the purposes of section 17.01 of the Act, the minister may make an order pursuant to that section if, in the opinion of the minister, it is necessary to do so for the purpose of preventing a well, facility or flowline from contaminating an oil-bearing, gas-bearing, oil-and-gas bearing, fresh water or other mineral-bearing formation.

21 Sep 2018 SR 65/2018 s35.

**Enforcement of regulations and orders**

**76** If the minister is satisfied that a well, drilling rig, servicing rig or facility is operated in contravention of the Act or any regulations or orders made pursuant to the Act, the minister may, after giving any notice that the minister considers reasonable, shut down or cause the shut-down of the contravening well, drilling rig, servicing rig or facility or equipment and prohibit its operation until the minister authorizes otherwise.

5 Apr 2012 cO-2 Reg 6 s76.

**Sealing**

**77(1)** The minister may, whenever the minister considers it necessary, seal or cause to be sealed any valve or meter installed at a well, facility, flowline, tank or other receptacle used for the storage or transportation of oil, gas, water, products or other substances produced or withdrawn from the well, injected into the well, or stored at the facility.

(2) The minister shall notify the licensee of the affixing of any seal and the reasons for the affixing of the seal, except if a seal is affixed for an infraction of an order.

(3) Except in the case of an emergency, no person shall tamper with or remove a seal affixed pursuant to subsection (1) without the permission of the minister.

(4) The minister may give public notice of any seal affixed pursuant to this section.

5 Apr 2012 cO-2 Reg 6 s77.

**PART XIII**  
**Well Testing and Well Data**

**DIVISION 1**  
**Well Testing and Measurement**

**78 Repealed.** 21 Sep 2018 SR 65/2018 s36.

**Gas well tests**

**79(1)** Subject to subsection (2), the absolute open flow potential of every gas well must be determined within 30 days after any completion, stimulation, reconditioning or recompletion.

(2) The minister may waive the requirement in subsection (1) if the minister is satisfied that there are circumstances that require the test to be conducted after the 30-day period.

- (3) The test to be used to determine the absolute open flow potential pursuant to subsection (1) is:
- (a) the 4-point isochronal or modified isochronal test; or
  - (b) any other approved test.
- (4) The minister may require an operator to conduct a test to verify the stabilized flow capability of a gas well after the first year of production using an approved method.
- (5) The operator of a well shall notify the minister at least 24 hours in advance of any gas well test.
- (6) The operator of a gas well shall submit to the minister the results of all gas well tests conducted, including any tests run that exceed the minimum requirements, within 30 days after the date on which the test was completed.
- (7) **Repealed.** 21 Sep 2018 SR 65/2018 s37.
- (8) This section does not apply to wells in reservoirs used for gas storage unless otherwise ordered by the minister.

5 Apr 2012 cO-2 Reg 6 s79; 21 Sep 2018 SR 65/2018 s37.

**80 Repealed.** 21 Sep 2018 SR 65/2018 s38.

**81 Repealed.** 21 Sep 2018 SR 65/2018 s38.

**82 Repealed.** 21 Sep 2018 SR 65/2018 s38.

**83 Repealed.** 21 Sep 2018 SR 65/2018 s38.

**84 Repealed.** 21 Sep 2018 SR 65/2018 s38.

**Measurement of production and injection**

**85(1)** If oil, gas, water, products or other substances are being produced from or injected into a well, the operator of the well shall measure the production or injection in a manner satisfactory to the minister.

(2) Individual well production or injection must, in all cases, be separately measured unless permission has been obtained from the minister to combine production with the production from another well or wells before battery measurement.

5 Apr 2012 cO-2 Reg 6 s85.

**86 Repealed.** 21 Sep 2018 SR 65/2018 s39.

**87 Repealed.** 21 Sep 2018 SR 65/2018 s39.

DIVISION 2  
Well Data

**88 Repealed.** 21 Sep 2018 SR 65/2018 s40.

**Cores and submission of cores**

**89(1)** Unless otherwise directed by the minister, all cores taken from a core barrel, except those portions of cores that may reasonably be necessary to retain for analytical purposes, must be protected from theft or misplacement and submitted prepaid within the time and in the manner specified by the minister.

(2) **Repealed.** 21 Sep 2018 SR 65/2018 s41.

(3) **Repealed.** 21 Sep 2018 SR 65/2018 s41.

(4) No person shall destroy any core, except any portion that may be reasonably necessary for analytical purposes, without the approval of the minister.

(5) No person shall take any core out of Saskatchewan without the consent of the minister.

(6) All core analyses made on cores from every well drilled in Saskatchewan must be submitted to the minister within 30 days after the analyses are completed.

(7) Every operator shall, within 10 days after the finished drilling date of a well from which cores are taken, submit to the minister a statement showing the number of cores taken and the number of standard size core-boxes used to hold the cores.

(8) The minister may, as a condition for issuing a licence, require the licensee of a well being drilled for oil or gas in a designated field or pool to core and test any formation from which production of oil or gas may be expected and, in the event that information is required, the licensee shall submit the core and test results within the time and in the manner specified by the minister.

(9) **Repealed.** 21 Sep 2018 SR 65/2018 s41.

(10) **Repealed.** 21 Sep 2018 SR 65/2018 s41.

5 Apr 2012 cO-2 Reg 6 s89; 21 Sep 2018 SR  
65/2018 s41.

**Log surveys for well**

**90(1)** The operator shall run logs in the manner specified by the minister.

(2) In selecting the log to be taken as required pursuant to this section, the operator shall consider the general condition of the well and the fluid in the bore hole and select the log that gives the optimum information under existing conditions.

(3) Unless otherwise directed by the minister, the operator shall submit any logs to the minister within the time and in the manner specified by the minister.

21 Sep 2018 SR 65/2018 s42.

**Bottom-hole pressure surveys**

**91** If a bottom-hole pressure survey of a well is made either on the operator's initiative or at the minister's direction:

- (a) the procedure regarding testing of wells and calibration of pressure gauges must be in accordance with the approved standards and procedures; and
- (b) the operator shall submit the results of the survey within the time and in the manner specified by minister.

5 Apr 2012 cO-2 Reg 6 s91; 21 Sep 2018 SR 65/2018 s43.

**Reservoir surveys**

**92(1)** The minister may require surveys of reservoirs containing oil, gas or any other substances to be made at any time and in any manner that the minister considers advisable.

(2) **Repealed.** 21 Sep 2018 SR 65/2018 s44.

(3) Reservoir surveys may include:

- (a) the static bottom-hole pressures of shut-in wells;
- (b) flowing bottom-hole pressures of producing wells included in the survey;
- (c) the bottom-hole sample analysis of oil, if available;
- (d) the productivity indices of individual wells in any pool; or
- (e) any other information that the minister may require.

(4) If a reservoir survey is required to be made pursuant to subsection (1), operators shall permit and assist the minister in making tests that may be required by it, including bottom-hole pressure determinations.

(5) The minister is not liable for any damage incurred as a result of making tests or surveys that may be required by this section.

(6) **Repealed.** 21 Sep 2018 SR 65/2018 s44.

5 Apr 2012 cO-2 Reg 6 s92; 21 Sep 2018 SR 65/2018 s44.

**Requirement to perform production test**

**93** The minister may require the operator of a well:

- (a) to conduct a production test that may be witnessed by the minister; and
- (b) to submit the results of the production test within the time and in the manner specified by the minister.

21 Sep 2018 SR 65/2018 s45.

**Oil, gas and water analyses**

**93.1(1)** The minister may require an operator to take and analyse a sample of oil, gas, water, products or other substances from a well within the time and in the manner specified by the minister.

(2) The operator shall submit to the minister the results of each analysis of a sample of oil, gas, water, products or other substances recovered that:

- (a) the operator causes to be made on the operator's own initiative; or
- (b) is required to be made pursuant to subsection (1).

21 Sep 2018 SR 65/2018 s46.

## PART XIV Records and Reporting

### DIVISION 1 Notifications

**94 Repealed.** 21 Sep 2018 SR 65/2018 s48.

**95 Repealed.** 21 Sep 2018 SR 65/2018 s48.

**96 Repealed.** 21 Sep 2018 SR 65/2018 s48.

**97 Repealed.** 21 Sep 2018 SR 65/2018 s48.

**98 Repealed.** 21 Sep 2018 SR 65/2018 s48.

**99 Repealed.** 21 Sep 2018 SR 65/2018 s48.

### DIVISION 2 Records

#### Well, facility and plant records

**100(1)** Every person who produces, sells, purchases, acquires, stores, transports, refines or processes oil, gas, water, products or other substances shall keep and maintain complete and accurate records of the quantities of the oil, gas, water, product or other substances.

(2) **Repealed.** 21 Sep 2018 SR 65/2018 s49.

(3) Every person who is the owner or has the control or management of a refinery or processing plant in Saskatchewan shall keep and maintain complete and accurate records of:

- (a) oil, gas, water, products or other substances received at the refinery or processing plant;
- (b) the name and address of every person from whom the oil, gas, water, products or other substances was received;
- (c) the quantity and quality of oil, gas, water, products or other substances, and the quantity and type of water received from each person;
- (d) the price payable with respect to that oil, gas or water or those products or other substances; and

- (e) every disposition by the person of any product or other substance obtained from refining, treating or processing the oil, gas, water, products or other substances.
- (4) If a well is producing or is capable of producing oil, gas, water, products or other substances, the owner shall keep a daily record of the well showing:
- (a) the oil, gas, water, products or other substances, including sediment, produced from the well;
  - (b) the average separator pressure or, if a separator is not in use, the average treater pressure; and
  - (c) full particulars of the disposition of all products of the well.
- (5) If oil, gas, water, products or other substances are injected or disposed of into a well, the owner shall keep a daily record of the well showing:
- (a) the oil, gas, water, products or other substances injected or disposed of into the well;
  - (b) the source from which the oil, gas, water, products or other substances were obtained;
  - (c) the particulars of any treatment to which the oil, gas, water, products or other substances have been subjected; and
  - (d) the pressure used in the injection of the fluid.
- (6) The owner shall keep any other records that the minister may require.
- (7) Every person operating a plant for processing oil, gas or products shall keep a daily record of the oil, gas or products processed during each month.
- (8) The records mentioned in subsections (1) to (7) must be made available for examination by the minister on request.

5 Apr 2012 cO-2 Reg 6 s100; 21 Sep 2018  
SR 65/2018 s49.

**Submission of contracts and other information**

- 101(1)** The minister may request that a producer, operator or purchaser who is a seller or buyer of oil, gas, products or other substances produced in Saskatchewan submit to the minister:
- (a) an executed copy of the written sales contract for the oil, gas, products or substances;
  - (b) a statement in writing of the terms and conditions of the unwritten sales contract for the oil, gas, products or substances; or
  - (c) an actual purchase statement or invoice that contains all of the details of the sale and purchase of the oil, gas products or substances.
- (2) If the minister makes a request pursuant to subsection (1), the producer, operator or purchaser shall submit the information within 14 days after the request.

(3) If a producer, operator or purchaser becomes aware that any information submitted pursuant to subsection (1) is incorrect, the producer, operator or purchaser shall submit the correct information to the minister within 14 days after the day on which the producer, operator or purchaser becomes aware that the information previously submitted is incorrect.

5 Apr 2012 cO-2 Reg 6 s101; 21 Sep 2018  
SR 65/2018 s50.

### DIVISION 3

#### Reporting

##### Geological report or summary

**102** An operator who drills a horizontal well or who, at any time, drills a new horizontal section from a horizontal well shall, within the time and in the manner specified by the minister, create and submit the following:

- (a) a geological report;
- (b) lithological description logs.

21 Sep 2018 SR 65/2018 s51.

##### Tour reports

**103(1)** Every operator shall keep records of all of the following information at every drilling rig:

- (a) any cementing operation conducted, including:
  - (i) the name of the cementing company;
  - (ii) the method of cementing;
  - (iii) the type and amount of cement and additives used;
  - (iv) the weight and volume of slurry;
  - (v) the volume of cement returned to the surface;
  - (vi) the time for plug-down;
- (b) any kick or flow encountered;
- (c) any log, drill stem test, cored interval or other survey performed;
- (d) any abandonment plug used, including:
  - (i) the length;
  - (ii) the setting depth;
  - (iii) the amount and type of cement and additives;
  - (iv) the weight and volume of slurry;
  - (v) the depth felt;

- (e) the elevation of the kelly bushing of the drilling rig; and
  - (f) the date and time of the rig release.
- (2) Every operator shall, within the time and in the manner specified by the minister, submit the following:
- (a) the information listed in subsection (1);
  - (b) any other information that the minister may require.

5 Apr 2012 cO-2 Reg 6 s103; 21 Sep 2018 SR  
65/2018 s52.

#### Well completion data reports

- 104(1)** Every operator shall, within the time and in the manner specified by the minister, submit a report of any completion activity or workover activity that may be reasonably construed as having been carried out to change the producing characteristics of a well.
- (2) The report submitted pursuant to clause (1)(c) must include details on acidizing, formation fracturing, squeeze cementing perforations, reperforating and abandoning of a producing well.
- (3) The operator shall, within the time and in the manner specified by the minister, submit reports and records showing gun perforating, hydraulic fracturing, cementing, shooting or chemical treatment respecting any well.

5 Apr 2012 cO-2 Reg 6 s104; 21 Sep 2018 SR  
65/2018 s53.

#### Submission of reports and statements

**105(1)** In this section and section 106.1:

- (a) **“assigned heating value”** means the assigned heating value determined by the minister for gas produced from oil wells in a month pursuant to subsection (5);
- (b) **“crude oil recovery facility”** means a crude oil recovery facility as defined in *The Freehold Oil and Gas Production Tax Act, 2010*;
- (c) **“financial operator”** means:
  - (i) an operator as defined in:
    - (A) clause 2(ff) of *The Crown Oil and Gas Royalty Regulations, 2012*;
    - (B) clause 2(dd) of *The Freehold Oil and Gas Production Tax Regulations, 2012*; and
    - (C) clause 2(b) of *The Recovered Crude Oil Tax Regulations, 2012*; and
  - (ii) a special operator as defined in:
    - (A) clause 2(pp) of *The Crown Oil and Gas Royalty Regulations, 2012*;
    - (B) clause 2(ll) of *The Freehold Oil and Gas Production Tax Regulations, 2012*; and
    - (C) clause 2(e) of *The Recovered Crude Oil Tax Regulations, 2012*;

(d) **“heating value”** means the total joules obtained by the complete combustion of one cubic metre of natural gas or residue gas and air under the following conditions:

- (i) the combination reaction is at constant standard pressure;
- (ii) the gas, including acid gas components, is free of all water vapour;
- (iii) the temperature of the gas, air and products of combustion are at standard temperature;
- (iv) all water formed by the combustion reaction is condensed to a liquid state;

(e) **“recovered crude oil”** means recovered crude oil as defined in *The Freehold Oil and Gas Production Tax Act, 2010*;

(f) **“volumetric submission date”** means the date set for the submission of volumetric information pursuant to subsection (3), (4) or (7) or clause 108(2)(a).

(2) Every report, statement, application, document, record, notification or other information required pursuant to this section:

- (a) must be complete and accurate;
- (b) must be submitted to the minister through the registry; and
- (c) unless otherwise approved by the minister on an application pursuant to section 6, must be submitted within the time mentioned in this section.

(3) Subject to subsection (4), every operator of a well or facility that produces, stores, processes or handles oil, condensate, gas, water or any other substance during any month shall submit the following information on or before the 20th day of the month following the month with respect to which the information is being submitted:

- (a) the oil, condensate, gas, water, and other substances, including sediment, produced from each well in that facility during the month;
- (b) the number of hours during which each well was on production in the month;
- (c) the particulars of any production, load or completion activities, inventories, consumption or losses of oil, condensate, gas, water or any other substance associated with the operation of a well or facility;
- (d) the particulars of any receipts from and deliveries to other facilities, including facilities outside Saskatchewan;
- (e) in the case of a gas well, the heating value of the gas produced from that well;
- (f) the total amount of oil, water, gas, or any other substance recovered from each well in a storage reservoir or storage cavern during the month.

(4) In the case of an oil well from which gas is produced during a month, the operator may, on or before the 20th day of the month following the month with respect to which information is required to be submitted pursuant to subsection (3):

- (a) submit the heating value of the gas produced from that well; or
- (b) opt not to submit the heating value of the gas produced from that well and as a result have the minister use an assigned heating value.

- (5) For the purposes of subsection (4), the minister may determine an assigned heating value for a month after consideration of the following:
- (a) heating values determined from information entered on the registry;
  - (b) any event or other information that, in the opinion of the minister, may have affected the level of heating values in Saskatchewan.
- (6) On or before the last business day of the month following the month with respect to which the information is being submitted, every operator or financial operator who disposes of oil, condensate or any substance other than gas produced from or allocated to a well or facility during any month shall submit the particulars of any disposition and sale, including:
- (a) details of deliveries and sales, including those deliveries and sales occurring outside of Saskatchewan; and
  - (b) the purchaser, custody transfer point, allowable transportation expenses, volume, price and value of sales.
- (7) Every operator of a well into which oil, water, gas or any other substance is injected during any month and any associated facility shall submit the following information on or before the 20th day of the month following the month with respect to which the information is being submitted:
- (a) the amount of oil, water, gas, or any other substance received from each supplying well, facility or other source during the month, including receipts from sources outside Saskatchewan;
  - (b) the total amount of oil, water, gas or any other substance injected into each well, facility or storage reservoir or storage cavern during the month;
  - (c) the number of hours during which the well was on injection or recovery during the month;
  - (d) details of any inventories, consumption, losses and deliveries of oil, water, gas or any other substance associated with the operation of that well or facility during the month, including details of deliveries to facilities outside Saskatchewan.
- (8) Every operator of a new well shall notify the minister on or before the earlier of:
- (a) 30 days after the date of first production or injection; and
  - (b) the volumetric submission date.
- (9) Every operator of a well:
- (a) who undertakes any operation to change the well's status or recomplete the well to a different zone shall notify the minister on or before the earlier of:
    - (i) 30 days after the date of first production or injection related to the change in the well's status or recompletion to a different zone; and
    - (ii) the volumetric submission date;

- (b) who suspends production or injection operations at a well shall notify the minister on or before the earlier of:
  - (i) 30 days after the day of suspension; and
  - (ii) the volumetric submission date; and
- (c) who resumes production or injection operations at a well, in the same zone that the production or injection operations were suspended, shall notify the minister on or before the earlier of:
  - (i) 30 days after the day the well resumes production or injection operations; and
  - (ii) the volumetric submission date.
- (10) Every operator of a well or facility shall:
  - (a) in the case of a new single-well battery, obtain from the registry a facility code on or before the earliest of:
    - (i) 30 days after the day of any initial load or completion activity at the well;
    - (ii) 30 days after the date of first production or injection; and
    - (iii) the volumetric submission date; and
  - (b) in the case of a new facility that is not a single-well battery, obtain from the registry a facility code on or before the earlier of:
    - (i) 30 days after the date on which the facility commences operations; and
    - (ii) the volumetric submission date.
- (11) Every operator of a crude oil recovery facility shall notify the minister of the delivery of recovered crude oil on or before the earlier of:
  - (a) 30 days after the day on which the recovered crude oil is delivered from the crude oil recovery facility; and
  - (b) the volumetric submission date.
- (12) Every operator of a facility shall notify the minister of any change in the status or operation of the facility on or before the earlier of:
  - (a) 30 days after the change; and
  - (b) the volumetric submission date.
- (13) Subject to subsection (14), every operator of a well, facility or unit shall continue to submit information pursuant to this section until:
  - (a) the operator notifies the minister that the well is suspended pursuant to clause (9)(b);
  - (b) the operator notifies the minister of a change in the status or operation of the facility pursuant to subsection (12);
  - (c) the unit is terminated pursuant to the terms of the unit agreement;

- (d) the well is abandoned in accordance with these regulations;
  - (e) the facility is decommissioned pursuant to section 56; or
  - (f) the minister notifies the operator that the operator no longer needs to submit information for any other reason.
- (14) Subsection (13) does not relieve an operator of any obligation to submit information with respect to the period preceding the date on which one or more of the circumstances mentioned in clauses (13)(a) to (f) becomes applicable.
- (15) Every operator and financial operator shall submit any other reports, statements, documents, records, notifications or other information that the minister may require.

5 Apr 2012 cO-2 Reg 6 s105; Sep 12 2014 SR  
73/2014 s54.

**106 Repealed.** 21 Sep 2018 SR 65/2018 s55.

**Enhanced valuation audit program**

**106.1(1)** Every financial operator shall submit information to the minister pursuant to subsection (2) if, during a calendar year, that financial operator:

- (a) blends oil produced in Saskatchewan with liquid hydrocarbons other than oil before selling the oil for the first time pursuant to an arm's-length agreement;
  - (b) enters into an arrangement with a single shipper pipeline that is considered by the minister to be a buy-sell arrangement for the purpose of accessing a downstream market before selling the oil or condensate for the first time pursuant to an arm's-length agreement;
  - (c) delivers oil or condensate downstream of any facility specified by the minister before selling the oil or condensate for the first time pursuant to an arm's-length agreement; or
  - (d) enters into an arrangement in which the price of oil, in the opinion of the minister, cannot be directly validated by the purchaser of the oil or condensate.
- (2) Every financial operator subject to subsection (1) shall submit to the minister through the registry:
- (a) a declaration, signed by senior executives of the financial operator, that the well-head price of oil submitted for each month in the previous calendar year was determined in accordance with applicable Saskatchewan Acts and regulations;
  - (b) the supporting documentation specified in the declaration, including any appendices; and
  - (c) any other information that the minister may require.
- (3) The materials required pursuant to clauses (2)(a) and (b) must be submitted on or before the last business day of February of the year following the calendar year with respect to which the information is being submitted, unless the minister, on application pursuant to section 6, approves a change in the submission requirements.

- (4) On review of the materials submitted pursuant to subsection (2), the minister may:
- (a) if the minister is satisfied that the materials comply with the Act and these regulations, approve the declaration;
  - (b) if the minister is satisfied that the materials comply with the Act and these regulations, approve the declaration subject to terms and conditions; or
  - (c) refuse to accept the declaration.
- (5) If the minister refuses to accept the declaration pursuant to clause (4)(c), the minister may do either or both of the following:
- (a) require additional information;
  - (b) conduct an audit with respect to the materials that were required to be submitted.
- (6) The information requested by the minister pursuant to clause (2)(c) or (5)(a) must be submitted within the time required by the minister.
- (7) On receipt of additional information or on completion of an audit pursuant to subsection (5), the minister may:
- (a) require a financial operator to submit through the registry:
    - (i) a revised declaration, signed by senior executives of the financial operator, that the well-head price of oil for each month in the calendar year for which the original declaration was submitted was determined in accordance with applicable Saskatchewan Acts and regulations; and
    - (ii) revised supporting documentation specified in the revised declaration, including any appendices; or
  - (b) assess a penalty in accordance with subsection 122(4.1).

12 Sep 2014 SR 73/2014 s6.

**107 Repealed.** 21 Sep 2018 SR 65/2018 s55.

**Transporters' statements**

**108(1)** Every person who during a month receives and stores or transports oil, gas, products or other substances that are produced in Saskatchewan shall submit to the minister the following information for that month:

- (a) for transporters located in Saskatchewan, quantities received from supply sources, including receipts from supply sources that are outside Saskatchewan;
- (b) for transporters located outside Saskatchewan, quantities received from supply sources located in Saskatchewan;
- (c) the supply details and receipts, including source well, facility, system, cavern, pool, field, gathering or tariff area, receipt point, meter station, source province or state, source producer, and quality information;
- (d) the quantities delivered or transported;

- (e) delivery details, including the names of shippers, oil stream type, receiving system, receiving facility, delivery point and final consumer;
  - (f) inventories, losses, adjustments and consumption;
  - (g) any other information that the minister may require.
- (2) The information submitted pursuant to subsection (1) must be submitted:
- (a) through the registry, on or before the 20th day of the month following the month with respect to which the information is being submitted; and
  - (b) in paper form, or in any other approved form, on or before the 30th day of the month following the month with respect to which the information is being submitted.

5 Apr 2012 cO-2 Reg 6 s108.

#### Refiners' submissions

**109** On or before the last business day of the month immediately following the month with respect to which the information is being submitted, every person who during a month operates a refinery or upgrader shall submit the following information to the minister:

- (a) quantities of oil, gas, products or substances received from supply sources, including receipts from supply sources that are outside Saskatchewan;
- (b) supply details, including source supplier, stream type, quality information, source pipeline, source facility and source province or state;
- (c) values of each quantity received;
- (d) quantities of refined products produced, consumed, delivered, transported or sold;
- (e) refined product disposition details, including value of sales and destination;
- (f) inventories, losses, adjustments and consumption;
- (g) any other information that the minister may require.

21 Sep 2018 SR 65/2018 s56.

**110 Repealed.** 21 Sep 2018 SR 65/2018 s57.

**111 Repealed.** 21 Sep 2018 SR 65/2018 s57.

## PART XV Confidentiality

#### Release of drilling information and confidential status

**112(1)** In this section, “**defined pool**” means a pool established pursuant to clause 17(1)(a) of the Act.

(2) If the bottom hole location of the boss wellbore of a well is not within the surface boundaries of a defined pool on the well's finished drilling date, the minister shall hold in confidence all information obtained from the drilling of the well submitted to the minister as required by the Act, these regulations or an order made pursuant to the Act:

- (a) for a period of one year from the finished drilling date; or
- (b) any longer period, on application and approval pursuant to section 6.

(3) If the bottom hole location of the boss wellbore of a well is within the surface boundaries of a defined pool on the well's finished drilling date, the minister shall hold in confidence all information obtained from the drilling of the well submitted to the minister as required by the Act, these regulations or an order made pursuant to the Act for a period of:

- (a) 30 days from the finished drilling date; or
- (b) one year from the finished drilling date if, on application and approval pursuant to section 6, the well is completed exclusively in a stratigraphic unit that is more than 150 metres below the average producing depth of all wells that:
  - (i) have a bottom hole location within three lateral kilometres of the bottom hole location of the boss wellbore; and
  - (ii) have a completion in the lower-most producing stratigraphic unit of the deepest defined pool whose surface boundaries include the bottom hole location of the boss wellbore.

(4) Unless otherwise specified by the minister in an order made by the minister pursuant to clause 17(1)(a) of the Act, the confidential status and the period for which that status is maintained are not to be changed if a defined pool is altered to exclude or include wells that were previously located within or not located within that defined pool.

(5) No person shall release for public inspection, without the written consent of the licensee of the well, any information obtained from drilling a well and submitted to the minister as required by the Act and these regulations or orders made pursuant to the Act before the time that information ceases to have confidential status.

21 Sep 2018 SR 65/2018 s58.

**Confidentiality of information submitted**

**113(1)** Subject to subsection (2), information submitted to or acquired by the minister pursuant to sections 101, 108 and 109 and Directive PNG032: *Volumetric, Valuation and Infrastructure Reporting in Petrinix* is confidential.

(2) Subject to subsection (3), the following information is not confidential and may be made available to the public:

- (a) the surface and bottom hole locations, operator, well type and status, producing or injection horizon, crude type and producing or activity dates of a well or facility;
- (b) monthly, yearly and cumulative totals of oil, gas, water, products or any other substance produced from a well and the hours on production;

- (c) monthly, yearly and cumulative totals of fluid or any other substance injected into a well and the hours on injection;
  - (d) monthly, yearly and cumulative totals of oil, gas, water, products or any other substance produced from or allocated to a pool, unit, project or facility;
  - (e) monthly, yearly and cumulative totals of fluid or any other substance injected into a pool, unit, project or facility;
  - (f) monthly, yearly and cumulative totals, on a facility basis, of oil, gas, water, products or any other substance that is received, delivered, disposed, transported, sold, purchased, consumed or inventoried;
  - (g) monthly, yearly and cumulative totals, on an aggregated provincial basis, of oil, gas, water, products or any other substance that is produced, injected, received, delivered, disposed, transported, sold, purchased, consumed or inventoried;
  - (h) any information collected pursuant to Directive PNG014: *Incident Reporting Requirements*.
- (3) Clauses (2)(b) to (f) do not apply to:
- (a) the total amount of oil, water, gas or any other substance recovered from each well in a storage reservoir or storage cavern during the month;
  - (b) the total amount of oil, water, gas or any other substance injected into each storage reservoir or storage cavern during the month; and
  - (c) the number of hours during which each well in a storage reservoir or storage cavern was on injection or on recovery during the month.
- (4) If information submitted to or acquired by the minister is not available to the public because it is confidential, the minister may, with the written consent of the person by whom it was submitted or from whom it was acquired, make the information available to the public.
- (5) Notwithstanding subsection (1), the minister may make any information available to a peace officer or to any of the following if the minister considers it to be in the public interest to do so and if the minister is satisfied that the recipient of the information will, to the extent consistent with the intended use of the information, keep the information confidential:
- (a) the government of a foreign country or state;
  - (b) the Government of Canada;
  - (c) the Government of another province or territory of Canada;
  - (d) a municipality;
  - (e) any other ministry of the Government of Saskatchewan;
  - (f) an agency of any of the entities mentioned in clauses (a) to (e).

PART XVI  
Oil and Gas Orphan Fund

**Interpretation of Part**

**114** In this Part:

- (a) **“depositor”** means a person who, as a licensee or on behalf of a licensee, has deposited an amount with the minister pursuant to section 115, and includes the heirs, successors and administrators of that person;
- (b) **“fiscal year”** means the fiscal year of the orphan fund set out in section 121;
- (c) **“orphan”** means a well, facility or associated flowline, or their respective sites, if, in the opinion of the minister, a person responsible for the well, facility, associated flowline, well site or facility site:
  - (i) does not exist;
  - (ii) cannot be located; or
  - (iii) does not have the financial means to contribute to the costs of meeting the obligations pursuant to the Act, these regulations, any orders made pursuant to the Act or any terms and conditions of a licence;
- (d) **“orphan fund levy”** means the fee to be levied on wells and facilities pursuant to Part III.2 of the Act and calculated and administered in accordance with section 119;
- (e) **“site”**, when used in reference to a well site, facility site or associated flowline, does not include any part of a site that:
  - (i) has been designated or re-designated as a contaminated site pursuant to section 11 or 13 of *The Environmental Management and Protection Act, 2002*; or
  - (ii) is the subject of an order that is made pursuant to section 55 or 56 of *The Environmental Management and Protection Act, 2010*.

5 Apr 2012 cO-2 Reg 6 s114; 7 Jly 2017 SR  
70/2017 s7.

**Security deposit for a well or facility**

**115(1)** The minister may specify any relevant factors at any time to calculate the amount of a security deposit required to be submitted by the depositor:

- (a) at the minister’s initiative; or
  - (b) on application by the depositor.
- (2) For the purposes of section 15 of the Act, the minister may require a licensee or a transferor or transferee of a licence to submit a security deposit to the ministry:
- (a) before approving, issuing or transferring a licence;
  - (b) at any time the licensee fails a licensee liability rating assessment conducted by the minister pursuant to section 117; or

- (c) at any time if, in the opinion of the minister, the drilling, construction or operation of a well or facility poses a risk, or may be having an impact on property or the environment as described in section 17.01 of the Act, or is a source of contamination described in section 75.
- (3) If the minister determines that the security deposit amount held by the minister is inadequate for the purposes provided for in subsection 15(1) of the Act, the minister may require the licensee to provide any additional amounts that the minister considers necessary to meet those purposes.
- (4) A security deposit must be in the form of an irrevocable letter of credit or in any other form satisfactory to the minister.
- (5) The minister may require that the security deposit be submitted:
- (a) as a lump sum; or
  - (b) in portions in the amounts and at the times specified by the minister.
- (6) On the written request of a depositor, the minister may return the security deposit if the minister is satisfied that the licensee or its agent has met all of the obligations and corrected any infractions, non-compliance, deficiencies, threats or problems specified in subsection 116(1) and carried out all of the activities with respect to which the security deposit was provided.
- (7) On the written request of a depositor, the minister may return part of a security deposit if the minister is satisfied that the licensee or its agent has met all of the obligations and corrected any infractions, non-compliance, deficiencies, threats or problems specified in subsection 116(1) and partially carried out all of the activities with respect to which the security deposit was provided.

5 Apr 2012 cO-2 Reg 6 s115; 21 Sep 2018 SR  
65/2018 s60.

**Forfeiture of security deposit for a well or facility**

**116(1)** The minister may declare any or all of the security deposit required pursuant to section 115 to be forfeited to the Crown in right of Saskatchewan if, in the opinion of the minister:

- (a) the licensee with respect to the construction, drilling, operation, abandonment or reclamation of a well or a facility has failed to comply with:
  - (i) the Act;
  - (ii) any regulations made pursuant to the Act;
  - (iii) any order issued pursuant to the Act;
  - (iv) any term or condition of a licence; or
  - (v) any term or condition of a ministerial approval;
- (b) the drilling, construction or operation of a well, facility, associated flowline or their respective sites poses a risk described in section 17.01 of the Act or may be a source of contamination described in section 75;

- (c) the licensee:
    - (i) cannot be located;
    - (ii) is insolvent, bankrupt or defunct; or
    - (iii) is incapable of operating the well or facility;
  - (d) the licensee has failed to submit the security deposit as required by subsection 115(2); or
  - (e) the licensee has failed to submit the specified amount of orphan fund levy within the period specified in subsection 119(2).
- (2) The minister may apply any or all of the security deposit forfeited pursuant to subsection (1), and any moneys recovered from sales of machinery, equipment or materials pursuant to subsection (5), towards the cost required to:
- (a) suspend the operations of and secure a well, facility or their respective sites;
  - (b) take control of, operate, maintain, monitor, repair or care for a well, facility or their respective sites;
  - (c) investigate, audit or inspect a well, facility, their respective sites or any area on or off the sites that has been affected as a result of the operation;
  - (d) conduct environmental site assessment, install monitoring equipment and systems, acquire water, soil and air samples or analyse the samples at a well, facility, their respective sites or any other area on or off the sites that has been contaminated as a result of the operation;
  - (e) contain, manage, secure, stabilize, excavate, treat, process, handle, transport and dispose of materials, contaminated materials and wastes generated, used or stored at the well, facility, associated flowline or their respective sites;
  - (f) abandon, decommission or reclaim a well, facility, their respective sites or any other area on or off the sites that has been damaged, contaminated or otherwise adversely affected as a result of the operation;
  - (g) account, make an inventory of, advertise, sell, transfer, donate or dispose of machinery, equipment or materials on the well, facility or their respective sites;
  - (h) acquire legal, administrative, engineering, scientific, professional and technical advice, services or work; or
  - (i) undertake any other activities deemed necessary in the opinion of the minister.
- (3) If a person other than the licensee or the depositor is authorized by the minister to carry out any of the activities described in subsection (2), the minister may pay any or all of the security deposit to that person for that purpose.

- (4) If the security deposit provided by the licensee does not cover the cost or the expense of carrying out the activities specified in subsection (2), the licensee shall pay the difference to the minister on the written demand of the minister and within the period specified by the minister in the written demand.
- (5) If the licensee fails to pay the difference within the period specified by the minister in the written demand made pursuant to subsection (4), the minister may do all or any of the following:
- (a) use any amount of money in the orphan fund to make up the shortfall if the situation is one to which section 118 applies;
  - (b) recover any portion of the difference from the working interest participants based on their percentage of interest;
  - (c) in accordance with section 17.06 of the Act, sell any machinery, equipment or materials that are at the site of a well or facility to make up the shortfall.
- (6) The minister may deposit any amount of money from the security deposit that has been forfeited pursuant to subsection (1) in the orphan fund at any time.
- (7) The minister may deposit any amount of any proceeds recovered or acquired pursuant to subsection (5) in the orphan fund at any time.
- (8) Notwithstanding section 118, the minister may withdraw any amount less than or equal to the amount of money that was deposited in the orphan fund pursuant to subsections (6) or (7) at any time for the purpose of covering the cost of activities specified in subsection (2).
- (9) On completion of the activities described in subsection (2) and on the written request of a depositor, the minister may return the balance of the forfeited security deposit to the depositor.

5 Apr 2012 cO-2 Reg 6 s116.

#### Licensee Liability Rating

117(1) In this section, “**LLR**” means the Licensee Liability Rating for a licensee rounded to the nearest hundredth as determined by the minister for a month in accordance with the following formula:

$$LLR = \frac{AOE \times \text{Industry Netback} \times \text{Return Period}}{\sum_{\substack{\text{all wells} \\ \text{and} \\ \text{facilities} \\ \text{licensed} \\ \text{to a} \\ \text{licensee}}} [(Deemed Abandonment Liability + Deemed Reclamation Liability) \times PVS]}$$

where:

AOE is the amount determined in accordance with subsection (3);

Deemed Abandonment Liability is the deemed liability associated with the abandonment of a well or facility;

Deemed Reclamation Liability is the deemed cost associated with the reclamation of a well site or facility site;

Industry Netback is the three-year industry average netback as determined by the minister, expressed in dollars per cubic metre and rounded to the nearest penny;

PVS is the present value salvage factor assigned to the site of a well or facility to reflect the timing of abandonment and reclamation and the future value of equipment salvage;

Return Period is, subject to subsection (2), the average payback period for a licensee's well taking into consideration the expected rate of return on the licensee's investment and the production decline rate of the well.

(2) Unless determined by the minister to be another period, the return period for the purposes of subsection (1) is deemed to be three years.

(3) For the purposes of the formula set out in subsection (1), AOE is the annual oil equivalent production volume attributed to a licensee in cubic metres as determined by the minister in accordance with the following formula rounded to the nearest tenth:

$$AOE = AOP + [(AGP/C_f) \times (1-S_p)]$$

where:

AOP is the sum of the most recent 12 months of oil production in cubic metres rounded to the nearest tenth that is attributable to the licensee's wells;

AGP is the sum of the most recent 12 months of gas production in thousand cubic metres rounded to the nearest tenth that is attributable to the licensee's wells;

$C_f$  is a conversion factor that, when divided into a gas production volume in thousand cubic metres, provides the economic equivalent volume of oil in cubic metres and is a rolling three-year industry average expressed to the nearest ten-thousandth;

$S_p$  is a shrinkage factor that expresses the percentage of total provincial gas production that is not sales gas and is a rolling three-year industry average expressed to the nearest hundredth.

(4) The minister shall determine the Industry Netback,  $C_f$ ,  $S_p$ , Deemed Abandonment Liability, Deemed Reclamation Liability and PVS values mentioned in this section on an annual basis as soon as possible after the beginning of each fiscal year.

(5) Notwithstanding subsection (4), the minister may make any changes to values pursuant to subsection (4) at any time the minister considers it necessary to do so.

(6) Notwithstanding subsection (4), if site specific assessments have been conducted, the minister may use the results of those assessments to determine the reclamation liability for a site rather than the Deemed Reclamation Liability mentioned in this section.

- (7) If a licensee has an LLR of less than 1.00, the licensee:
  - (a) shall be considered as having failed the licensee liability rating conducted pursuant to this section; and
  - (b) shall submit any amount of security deposit reasonably required by the minister pursuant to subsection 115(2).
- (8) Notwithstanding subsection (4), a licensee may apply to the minister to have other values used in place of those determined pursuant to subsections (4) and (5) for the calculation of the licensee's monthly licensee liability ratings.
- (9) The minister may or may not approve an application pursuant to subsection (8).

5 Apr 2012 cO-2 Reg 6 s117.

**Use of the orphan fund**

**118(1)** The minister is authorized to use the money in the orphan fund for the following purposes:

- (a) to reimburse the ministry or a person authorized by the minister:
  - (i) for undertaking the abandonment, decommissioning or reclamation of an orphan well, an orphan facility, their respective sites or any other area on or off the sites that has been damaged, contaminated or otherwise adversely affected as a result of the operation; or
  - (ii) for undertaking any other activities that the minister considers necessary and that are associated with the orphan well, the orphan facility and their respective sites mentioned in subclause (i);
- (b) to pay the costs to carry out the following activities:
  - (i) the abandonment or decommissioning of all or part of the flowline associated with the orphan well or orphan facility and the reclamation of the area around the flowline or any other associated activities that the minister considers necessary with respect to them;
  - (ii) any action specified in section 17.04 of the Act;
  - (iii) the undertaking of any steps to contain and secure a risk if the licensee or operator is missing or not readily identifiable and if, in the opinion of the minister a well, flowline or facility has an impact on or off the site that poses a risk to an oil, gas or fresh water formation or to life or property;
- (c) to pay for technical, administrative, legal or other costs related to acquiring professional services that are incurred in pursuing reimbursement for the costs mentioned in clauses (a) and (b) from the person responsible for paying them;
- (d) to pay for a defunct working interest participant's share of suspension, decommissioning, abandonment and related reclamation costs if those costs:
  - (i) in the opinion of the minister, are reasonable and necessary to do the work; and
  - (ii) have been incurred by a working interest participant;

- (e) to pay for any other costs directly related to the administration and operation of the orphan fund; and
  - (f) to pay for any expense related to the advisory committee that is approved by the minister, including any expense incurred pursuant to subsection 120(6).
- (2) The minister may determine when money in the orphan fund may be used for the purposes mentioned in subsection (1).
- (3) The minister shall consult with the fund advisory committee appointed pursuant to section 120 with respect to the manner generally in which the purposes of the orphan fund are carried out.
- (4) Nothing in this Part requires the minister to consult with the fund advisory committee respecting the use of a security deposit or equipment and materials forfeited pursuant to subsection 116(2) or (5).

5 Apr 2012 cO-2 Reg 6 s118; 21 Sep 2018 SR  
65/2018 s61.

#### **Orphan fund levy**

**119(1)** A licensee shall pay an orphan fund levy for each fiscal year, as required by clause 20.98(c) of the Act, calculated in accordance with the following formula:

$$\text{Orphan fund levy} = A/B \times \text{Annual Budget}$$

where:

A is the licensee's liability for all facilities, wells and unreclaimed sites licensed to the licensee, as calculated at a date and in a manner specified by the minister;

B is the sum of the oil and gas industry's liability for all licensed facilities, wells and unreclaimed sites, as calculated at a date and in a manner specified by the minister; and

Annual Budget is the amount that is required to conduct work specified in subsection 118(1) for a fiscal year as determined by the minister after any consultation with the fund advisory committee appointed pursuant to section 120 that the minister considers necessary.

- (2) A licensee shall pay the amount of the orphan fund levy not later than the 30th day following the mailing date shown on the notice sent by the minister.
- (3) If a licensee does not pay the levy within the period set out in subsection (2), the amount of the levy is a debt due to the Crown in right of Saskatchewan and may be recovered by the minister in any manner authorized by *The Financial Administration Act, 1993* or in any other manner authorized by law.
- (4) The minister may recover all or part of the money expended from the orphan fund for the purpose of carrying out any of the activities mentioned in clauses 118(1)(a) to (d):
- (a) from the licensee;
  - (b) from the working interest participants based on their percentage of interest;

- (c) from any other person whom the minister considers responsible for the well, well site, facility or facility site; or
  - (d) from the proceeds of the sale of any machinery, equipment or materials that were forfeited pursuant to section 17.06 of the Act.
- (5) Pursuant to subsection (4), the minister shall deposit any amount of money or proceeds recovered pursuant to subsection (4) in the orphan fund. (6) The minimum amount to be retained in reserve in the orphan fund is \$2,000,000.
- (7) In determining the Annual Budget mentioned in subsection (1), the minister shall provide for a total levy that will be sufficient, in the minister's opinion, to cover:
- (a) the anticipated costs mentioned in subsection 118(1) for the fiscal year; and
  - (b) any surplus for emergency or contingencies and non-budgeted expenditures.
- (8) After any consultation with the fund advisory committee that the minister considers necessary, the minister may adjust the Annual Budget mentioned in subsection (1) in order to maintain the minimum amount specified in subsection (6).

5 Apr 2012 cO-2 Reg 6 s119.

**Fund advisory committee**

- 120(1)** The minister may appoint as members of the fund advisory committee:
- (a) four persons nominated by the oil and gas industry associations that, in the opinion of the minister, represent the general and diverse interests of the oil and gas industry in Saskatchewan; and
  - (b) two other persons.
- (2) Each member of the fund advisory committee holds office for a term of two years and until a successor is appointed.
- (3) If a member of the fund advisory committee nominated by an oil and gas industry association resigns or is no longer able to serve, that oil and gas industry association may:
- (a) nominate another person to be a member for the remainder of the term of the former member; or
  - (b) choose to have the former member's position remain vacant until the end of the term of the former member.
- (4) A member of the fund advisory committee is eligible to be reappointed as a member.
- (5) The members of the fund advisory committee shall:
- (a) assist the minister in the development of an annual program to abandon orphan wells and facilities and the respective sites by advising on the determination and selection of orphan wells and facilities for that program;

- (b) provide the minister with advice and expertise in the development of the Annual Budget described in subsection 119(1), for the payment of the costs associated with the annual abandonment program mentioned in clause (a); and
  - (c) make recommendations to the minister respecting the amount of the Annual Budget described in subsection 119(1) for a fiscal year.
- (6) Members of the fund advisory committee are entitled to reimbursement for their expenses incurred in the performance of their responsibilities in accordance with rates paid to members of the public service of Saskatchewan.
- (7) The fund advisory committee may:
- (a) appoint or engage any professional, administrative, technical and clerical personnel that may be required for the purposes described in clauses (5)(a) to (c); and
  - (b) determine the salaries and other remuneration of the personnel appointed or engaged pursuant to clause (a).
- (8) A person who performs services at the request of the fund advisory committee for the purposes described in clauses (5)(a) to (c) is entitled to reimbursement for his or her expenses incurred in the performance of his or her responsibilities in accordance with rates paid to members of the public service of Saskatchewan.

5 Apr 2012 cO-2 Reg 6 s120.

#### **Fiscal year**

**121** For the purposes of clause 20.98(k) of the Act, the fiscal year of the fund is April 1 of one year to March 31 of the following year.

5 Apr 2012 cO-2 Reg 6 s121.

## **PART XVII**

### **Penalties**

#### **Submission penalties**

- 122(1)** The penalties for failing to comply with these regulations and the directives mentioned in section 3.1 with respect to submitting information are set out in Table 1 of Part III of the Appendix.
- (2) The minister shall provide an invoice to each person who is assessed a penalty that sets out the penalty assessed pursuant to this section.
- (3) The payment of the assessed penalty is to be made within 30 days after the date of the invoice provided pursuant to subsection (2).
- (4) A person who is assessed a penalty pursuant to this section and who has paid the associated invoice in full by the invoice due date may apply to the minister for a waiver of the whole or any portion of the penalty by submitting an application in an approved form and manner within 45 days after the date of the invoice provided pursuant to subsection (2).

- (5) On receipt of an application pursuant to subsection (4), the minister may:
- (a) waive the payment of the whole or any portion of a penalty assessed pursuant to this section if the minister is satisfied that:
    - (i) the penalty, or a portion of the penalty, was levied in error;
    - (ii) the failure to comply with these regulations or a directive mentioned in section 3.1 was due to a cause outside the control of the person required to comply with the regulations or the directive and could not have been avoided by the exercise of due care; or
    - (iii) in the minister's opinion, it is appropriate and in the public interest to do so; or
  - (b) refuse to waive the payment of the whole or any portion of the penalty.
- (6) In addition to any application submitted pursuant to this section, the minister may, on the minister's own initiative, waive the whole or any portion of a penalty assessed pursuant to this section if the minister is satisfied that the circumstances mentioned in subclauses (5)(a)(i) to (iii) apply.
- (7) The minister shall give notice of the minister's decision pursuant to subsection (5) or (6) including reasons for the decision to each person affected.

21 Sep 2018 SR 65/2018 s62.

#### **Administrative Penalties**

**122.1** For the purposes of section 58.1 of the Act, the administrative penalties are set out in Table 2 of Part III of the Appendix.

21 Sep 2018 SR 65/2018 s62.

#### **Methods of payment**

**122.2** Any payment required to be paid pursuant to these regulations, except for payments required pursuant to section 115, must be paid:

- (a) subject to clause (b), by one of the following methods that is chosen by the minister:
  - (i) pre-authorized debit;
  - (ii) electronic transfer of funds;
  - (iii) cash or cash equivalent; or
- (b) if, in the opinion of the minister, it would be impracticable for payment to be made pursuant to clause (a), by any other method acceptable to the minister.

21 Sep 2018 SR 65/2018 s62.

PART XVIII  
**Repeal, Transitional and Coming into Force**

**R.R.S. c.O-2 Reg 1 repealed**

**123** *The Oil and Gas Conservation Regulations, 1985* are repealed.

5 Apr 2012 cO-2 Reg 6 s123.

**Transitional**

**124(1)** In this section, “**former regulations**” means *The Oil and Gas Conservation Regulations, 1985* as those regulations existed on the day before the day on which this section comes into force.

(2) Notwithstanding the repeal of the former regulations, the former regulations remain in force and apply with respect to all regulatory activities related to oil and gas conducted before April 1, 2012.

5 Apr 2012 cO-2 Reg 6 s124.

**Coming into force**

**125(1)** Subject to subsection (2), these regulations come into force on the day on which section 1 of *The Oil and Gas Conservation Amendment Act, 2011* comes into force.

(2) If these regulations are filed with the Registrar of Regulations after the day on which section 1 of *The Oil and Gas Conservation Amendment Act, 2011* comes into force, these regulations come into force on the day on which they are filed with the Registrar of Regulations but are retroactive and are deemed to have been in force on and from April 1, 2012.

5 Apr 2012 cO-2 Reg 6 s125.

**Appendix**

PART I

TABLE 1

**Specifications of Core Boxes**

[Section 89]

**Repealed.** 21 Sep 2018 SR 65/2018 s63.

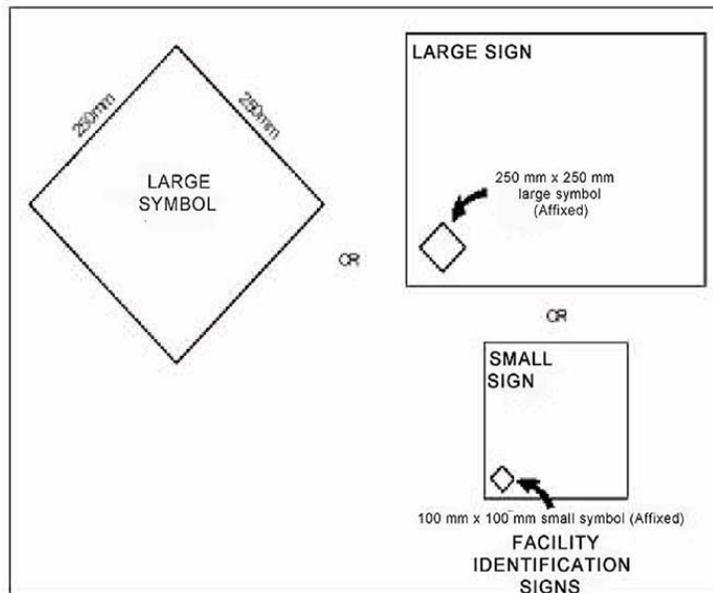
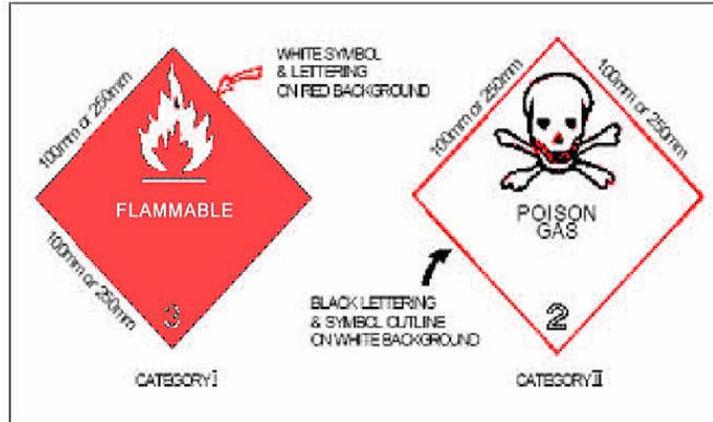
TABLE 2

**Fees**

[Sections 13, 16, 21]

**Repealed.** 2014, c.21, s.17.

PART II  
WARNING SYMBOLS  
[Subsections 19(8), (11)]



PART III  
TABLE 1  
**Submission Penalties**  
[Section 122]

<b>Provision</b>	<b>Penalty</b>
All information required to be submitted pursuant to Directive PNG013: <i>Well Data Submission Requirements</i>	\$100 per day for each submission or filing that is not submitted by the required date or is deficient.
All information required to be submitted pursuant to Directive PNG014: <i>Incident Reporting Requirements</i>	\$100 per day for each submission or filing that is not submitted by the required date or is deficient.
Other information requested pursuant to subsection 5(4) and section 101 of these regulations	\$100 per day for each submission or filing that is not submitted by the required date or is deficient.
All information required to be submitted pursuant to Directive PNG032: <i>Volumetric, Valuation and Infrastructure Reporting in Petrinex</i>	(a) \$500 for each month or part of a month for: (i) each complete submission or filing for a facility, well or unit that is not submitted by the required date; (ii) each submission or filing required due to a change in the infrastructure data of a well or facility that is not submitted by the required date; or (iii) each amendment made to the submission or filing required due to a change in a disposition that is not submitted by the required date; and (b) \$100 for each month or part of a month that the following data discrepancies are not corrected by the required date: (i) a facility, well or unit imbalance error; (ii) a submission that is missing information with respect to one or more wells; (iii) a submission for a facility, well or unit that is incomplete or contains invalid information; or (iv) a facility metering difference error.
All information required to be submitted pursuant to Directive PNG075: <i>Enhanced Valuation Audit Program (EVAP)</i>	\$1,000 per month or part of a month for each submission, filing or amendment that is not submitted by the required date.
All information required to be submitted pursuant to Directive PNG076: <i>Enhanced Production Audit Program (EPAP)</i>	\$1,000 per month or part of a month for each submission, filing or amendment that is not submitted by the required date.

TABLE 2  
**Administrative Penalties**  
[Section 122.1]

<b>Provision</b>	<b>Penalty</b>
Submission of false declaration - Directive PNG075: <i>Enhanced Valuation Audit Program (EVAP)</i>	Maximum penalty of \$250,000 per incident

21 Sep 2018 SR 65/2018 s63.