Oil and Gas Development Policy
Agricultural Crown Land

May 2023

A. Overview

The Oil and Gas Development Policy reflects the Ministry of Agriculture's support for the development of oil and gas deposits under agricultural Crown land through a co- operative procedural framework.

The impact of oil and gas development on agricultural lessees is recognized through one-time cash payments in the year that a new oil and gas development lease is issued or additional wells are drilled on an existing oil and gas lease. Agricultural lessees receive annual rent reductions in subsequent years for as long as the oil and gas lease is active.

Protection of the environment and productivity of the land are of paramount importance. Co-operative partnerships with other governmental ministries and agencies are used to safeguard the land.

All those involved with oil and gas development on agricultural Crown lands are expected to respect the land and those who make their living from the land.

All applicable fees associated with oil and gas development are listed in the table at the end of this policy.

B. Eligibility

Individuals, partnerships or corporations whose line of business consists of, or includes, the exploration, development, production, processing or transportation of oil and gas and their by-products are eligible to apply for an oil and gas lease on agricultural Crown lands. Requests for an oil and gas lease are to be submitted through the Ministry of Energy and Resource's Integrated Resource Information System (IRIS).

C. Compensation to Agricultural Lessees

The Ministry will make a one-time payment of $500 for each oil and gas lease that is issued on an agricultural lease and a further payment of $500 for the second and each subsequent well drilled on an oil and gas lease.

The agricultural lessee will receive an annual rental reduction of $200 for each oil and gas lease on the agricultural lease. Where there are two or more producing wells, the agricultural lessee will also receive an annual reduction of $200 for the second producing well and each subsequent producing well. The rental reductions begin in the calendar year following the issuance of the oil and gas lease or the drilling of the second or subsequent wells.

The maximum aggregate annual agricultural lease rental reduction will not exceed 30 per cent of the annual rent otherwise payable for the agricultural lease.

The agricultural lessee remains responsible for the municipal taxes applicable to any land withdrawn from an agricultural lease for an oil and gas lease.

D. Procedures and Conditions

1. Obtaining an oil and gas lease

Requests to IRIS for an oil and gas lease must include agriculture lessee's consent, project proposal and survey plans.

An oil and gas lease will not be issued unless the reservations and requirements of the various agencies having an interest in the land have been satisfactorily addressed.

The agricultural lessee is to be contacted prior to the application for an oil and gas lease to discuss proposed sites and to obtain the lessee's consent to access the lease, if an oil and gas lease is to be located on leased agricultural Crown land. The ministry will endeavor to mediate the situation to the mutual satisfaction of both parties if a lessee does not consent to entry onto the leased land. However, the ministry may grant permission to enter after establishing requirements based on the legitimate concerns of the agricultural lessee.

2. General Conditions

Oil and gas lease documentation will be as prepared by the ministry. No other lease documentation will be accepted without the prior consent of the ministry.

Rentals and other charges relating to the issuance and ongoing operation of an oil and gas lease are to be calculated according to section 3-19 of *The Provincial Lands (Agriculture) Regulations.*

The rental related to the first year oil and gas development lease fee and the annual oil and gas development lease rent includes well sites and access roads.

The first year battery site fee and annual battery site rental includes roads, pumping stations, compressor stations, pipeline control facilities, storage facilities, etc.

The multiple well head fee is applied to a second and each additional well head located on the parcel.

Oil and gas leases may be assigned only with the prior approval of the ministry. The Ministry of Environment may stipulate environmental terms and conditions that will be included in the oil and gas lease document, when the oil and gas lease is located on lands protected by *The Wildlife Habitat Protection Act (WHPA)*, or defined as environmentally sensitive.

Oil and gas companies may request that leases held by one of their companies be amalgamated with their parent company. The company must provide a copy of the power of attorney and a copy of a certificate of amalgamation under the *Canada Business Corporations Act*. This amalgamation is treated as a name change with fee set out in Table 3 in *The Provincial Lands (Agriculture) Regulations*.

An oil and gas lease must be in place before any work is started on a Crown location. In the first year, the oil and gas company will compensate the agricultural lessee for the value of any growing crops on site. The value of the crop loss will be paid directly to the lessee. The ministry will determine the value of crop loss, if the parties do not arrive at an agreeable amount.

The oil and gas lessee must negotiate and pay the agricultural lessee directly for any crop damage arising from the use of the temporary work space and acquire a temporary workspace disposition from the ministry, if temporary work space outside of the area proposed in the oil and gas lease is authorized by the ministry.

The oil and gas lessee is to use the lands in an environmentally responsible manner in keeping with the conditions of the oil and gas lease agreement and all applicable legislation and regulations.

The oil and gas lessee is responsible for any damages to the facilities and other improvements of the agricultural lessee that arise from the operation of the oil and gas lease by the surface lessee or the lessee's agents.

Once the decision is made to abandon the well, the oil and gas lessee completes the Acknowledgement of Reclamation (AOR). The oil and gas lessee or their environmental consultant completes the AOR, and submits it through the Integrated Resource Information System (IRIS). The ministry signs the AOR as the landowner. If all the standards of well abandonment are met as laid out in *The Oil and Gas Conservation Act* and the corresponding regulations, the Ministry of Energy and Resources will release the site.

The Ministry of Agriculture will release the site if the standards for the area around the well site have been met.

If the oil and gas lease expires during the period that the lessee is restoring the wellsite, and the ministry issues a new lease to the lessee, the lessee shall pay rent at half of the normal rate until the site is released. As well, if the oil and gas lessee is in arrears when the site is released, the oil and gas lessee will not be allowed to assign the subject lease or any other leases they hold until their accounts are current.

Visit **saskatchewan.ca/crownlands** for more information or to contact your local regional office.

Rent and Fees for Oil and Gas Development Leases and Easements

Item	Description	Fee
1	First year oil and gas development lease fee (includes well site and access roads)	$1,651/acre for the first 3.5 acres (1.42 hectares) and $1,222/acre for each additional acre (0.405 hectare)
2	Annual oil and gas development lease rent (includes well site and access roads)	$674/acre for the first 3.5 acres (1.42 hectares) and 245/acre for each additional acre (0.405 hectare)
3	First year battery sites lease fee (includes battery site and access roads)	$1,793/acre for the first 3.5 acres (1.42 hectares) and $1,222/acre for each additional acre (0.405 hectare)
4	Annual battery sites lease rent (includes battery site and access roads)	$816/acre for the first 3.5 acres (1.42 hectares) and $245/acre for each additional acre (0.405 hectare)
5	Temporary work space (one-time charge)	$550 per acre (0.405 hectare)
6	Easement (one-time charge)	$1,100 per acre (0.405 hectare)
7	Multiple well heads	$500 per well head