



From: Ed Dancsok
Assistant Deputy Minister
Ministry of the Economy

Date: May 13, 2015

To: Manager of Saskatchewan Operations

Re: **Forthcoming Changes to Oil and Gas Measurement and Reporting Requirements in Saskatchewan**

The Ministry of the Economy (ECON) is performing a comprehensive review of many of the regulatory processes that impact the oil and gas industry in Saskatchewan and intends to update and modernize those processes over the next several years. As part of that review the current regulatory requirements with respect to oil and gas measurement in Saskatchewan were identified as being dated and lacking in detail.

As a first step towards regulatory modernization, ECON established an industry consultation committee which included a number of oil and gas measurement experts from industry and other regulatory agencies such as the Industry Measurement Group. The committee determined that Saskatchewan's measurement requirements should be harmonized, to the extent practical, with those that exist in Alberta as represented by Alberta Energy Regulator's *Directive 017: Measurement Requirements for Oil and Gas Operations*.

The committee has completed its review and, based on the comments and advice that was provided, ECON is introducing Saskatchewan's *Directive PNG017 – Measurement Requirements for Oil and Gas Operations* (Directive 017). To facilitate implementation of the new measurement requirements:

- Directive 017 has been made available on ECON's website at:
<http://economy.gov.sk.ca/NoticeToOperators>

This version, which contains the measurement requirements for both Alberta and Saskatchewan (differences have been highlighted throughout the document in a tabular format), will not be put into force in Saskatchewan for approximately one year. ECON is providing a one-year grace period to allow industry sufficient time to develop an understanding of the new measurement requirements and to plan for any required adjustments to field operations. This should ensure compliance once the new requirements come into force.

- ECON requests that you review the document in detail over the next few months and welcomes any comments or suggestions with respect to errors, deficiencies, or lack of clarity within the document. Please direct comments by email to: Directive17.ECON@gov.sk.ca
ECON intends to respond to comments through a Question and Answer document which will be posted at the website location in the first bullet point. Revisions to Directive 017 may be posted at various times over the next year prior to being put into force.
- ECON recognizes that Directive 017 is a comprehensive document since it includes specific measurement requirements and procedures, as well as many examples, diagrams, and industry best practices. To enhance industry's ability to understand the new measurement requirements, ECON plans to provide a condensed summary document in the future. Once completed the summary will also be made available on the website.
- ECON will be carrying out regulatory enforcement, including audits and inspections, to ensure compliance with the new measurement requirements in accordance with the following schedule:
 - a. Each operator must be 25 per cent compliant by April 1, 2017.
 - b. Each operator must be 50 per cent compliant by April 1, 2018.
 - c. Each operator must be 75 per cent compliant by April 1, 2019.
 - d. Each operator must be 100 per cent compliant by April 1, 2020.
- ECON expects industry to make continuous progress towards being 100 per cent compliant by April 1, 2020, and will require operators to demonstrate their progress throughout the schedule. ECON will consider proposals from operators with respect to how compliance with the schedule can be demonstrated.
- Changes have already been incorporated into Petrinex, effective for the April 2015 production month reporting, to facilitate the adoption of new facility subtypes that are required to track and monitor compliance with the new measurement requirements. Compliance with these new reporting requirements will be enforced immediately.

Given the scheduled phase-in of the new measurement requirements over the next five years, it should not be necessary to exempt any existing facilities from the new requirements other than the exemptions already provided in Directive 017. Current operations that are not compliant with existing measurement requirements in Saskatchewan will be subject to immediate enforcement.

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Harmonizing oil and gas measurement and reporting requirements with those in Alberta will enable the adoption of an Enhanced Production Audit Program (EPAP) in Saskatchewan in the near future. ECON intends to begin planning the adoption of a Saskatchewan EPAP, similar to the EPAP currently employed in Alberta, before the end of the 2015-16 fiscal year.

Please ensure that all staff in your company that may be impacted the new requirements are aware of the enhancements to both the measurement and reporting requirements. ECON encourages you to review the document and provide any comments by email to:

Directive17.ECON@gov.sk.ca

Sincerely,



Ed Dancsok
Assistant Deputy Minister