

March 19, 2014

**RE: Introduction of New Oil and Gas Well Levy**

Please find attached a news release and backgrounder outlining the details of a new oil and gas well levy that is being implemented as part of this year's provincial budget.

Please be advised, effective April 1, 2014, the Saskatchewan Ministry of the Economy (ECON) will no longer be collecting fees associated with the 10 approvals in the following table. Please note that approvals to conduct the listed activities will still be required. Any fees inadvertently received beyond this date will be returned.

<b>Description</b>	<b>Amount</b>
<i>The Oil and Gas Conservation Regulations, 2012</i>	
Licence for structure test/oil shale core hole (section 13)	\$30.00
Well licence application (subsection 16(1))	\$500.00
Facility licence application (subsection 16(1))	\$500.00
Well licence transfer application (subsection 16(3))	\$50.00
Facility licence transfer application (subsection 16(3))	\$100.00
Abandoned well re-entry application (section 21)	\$225.00
<i>The Pipeline Regulations, 2000</i>	
Pipeline application (section 3(1)(1))	\$350.00
Pipeline construction extension (section 6(2))	\$250.00
Pipeline alteration application (section 7(c))	\$200.00
<i>The Seismic Exploration Regulations, 1999</i>	
Seismic Exploration Licence for oil and gas (section 5(b))	\$250.00

These charges annually resulted in 20,000 transactions. The new levy will result in a single bill being paid by each firm once per year. This will allow those firms access to all the services outlined in the attached materials.

The Government of Saskatchewan recognizes the need for adequate funding to support the necessary licensing and regulatory oversight needed to ensure the safe and efficient operation of the oil and gas industry and to manage and conserve Saskatchewan's oil and gas resources. With these changes Saskatchewan will move to collecting 90 per cent of the regulatory costs, compared with 100 per cent in Alberta and British Columbia. The levy will result in a cost of 55 to 60 cents per cubic metre. In comparison, the levy results in a charge of \$1.02 per cubic metre in Alberta and \$1.16 per cubic metre in British Columbia.

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ECON recognizes that this is a significant change for industry. ECON has consulted with the Canadian Association of Petroleum Producers (CAPP) and the Explorers and Producers Association of Canada (EPAC) as the new program was developed. ECON is committed to an open and transparent process moving forward. Therefore, ECON will provide an annual report of spending in our enforcement areas, as well as details of the amount collected through the levy. In addition, as you can see in the [Backgrounder document](#), we are committing to a number of service standards and open reporting on operations.

ECON looks forward to working cooperatively with industry as we continue to build Saskatchewan's energy sector. For more information pertaining to the roll-out of this new levy and future updates, please refer to the Ministry of Economy website at:

<http://economy.gov.sk.ca/noticetooperators>

Sincerely,

A handwritten signature in blue ink, appearing to read 'Kent Campbell', with a stylized flourish at the end.

Kent Campbell  
Deputy Minister