

The Oil and Gas Emissions Management Regulations

being

[Chapter O-2 Reg 7](#) (effective January 1, 2019).

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

| | | | |
|-----------------------------------|---|---|---|
| PART 1 | | PART 5 | |
| Preliminary Matters | | Qualifying Conservation Projects | |
| 1 | Title | 14 | Qualifying conservation projects |
| 2 | Definitions | PART 6 | |
| 3 | Application | General | |
| 4 | References to volume | 15 | Emissions audit |
| 5 | Associated persons | 16 | Correction to registry – administrative penalty |
| PART 2 | | 17 | Limitation |
| Reporting Requirements and | | 18 | Exception |
| Carbon Dioxide Equivalence | | 19 | When administrative penalty assessed |
| 6 | Measurement and reporting requirements and carbon dioxide equivalent | 20 | Annual report |
| PART 3 | | PART 7 | |
| Emissions | | Coming into Force | |
| 7 | Calculations - actual and potential emissions | 21 | Coming into force |
| 8 | Emissions limit, per production class | APPENDIX | |
| 9 | Calculation of excess emissions, per business associate | Table 1 | Production Classes |
| 10 | Administrative penalty – excess emissions | Table 2 | Emissions Intensity Limit |
| PART 4 | | Table 3 | Dollar amounts |
| Emissions Reduction Plans | | | |
| 11 | Submission of emissions reduction plan | | |
| 12 | Review of emissions reduction plan | | |
| 13 | Approved emissions reduction plan | | |

CHAPTER O-2 REG 7
The Oil and Gas Conservation Act

PART 1
Preliminary Matters

Title

1 These regulations may be cited as *The Oil and Gas Emissions Management Regulations*.

Definitions

2(1) In these regulations:

“**Act**” means *The Oil and Gas Conservation Act*;

“**approved**” means approved by the minister;

“**assessment notice**” means a notice issue in accordance with the Act as a result of emissions exceeding the emissions limit;

“**associated gas**” means gas produced from an oil well;

“**ATE**” or “**actual total emissions**” means, with respect to all oil facilities in a production class that are licensed by a business associate, the mass of greenhouse gas that:

- (a) is actually emitted in a year at the oil facilities; and
- (b) is calculated in accordance with the formula set out in subsection 7(1);

“**business associate**”, subject to section 5, means the person recorded in the registry as the licensee of an oil facility;

“**CE**” or “**combined emissions**” means ATE in all production classes at all oil facilities that are licensed by a business associate;

“**CEL**” or “**combined emissions limit**” means EL in all production classes at all oil facilities that are licensed by a business associate;

“**CO₂e**” or “**carbon dioxide equivalent**” means the mass of carbon dioxide that would produce the same global warming potential as a given mass of another greenhouse gas;

“**combined potential emissions**” means PTE, as determined in accordance with Part 3, in all production classes at all oil facilities that are licensed by a business associate;

“**control person**” means any person, including a corporation, or combination of persons that hold or control more than 20% of the outstanding voting securities of the business associate;

“**EE**” or “**excess emissions**”, other than in section 14, means the amount by which the combined emissions exceed the combined emissions limit, calculated in accordance with subsection 9(2);

“**EFf**” or “**emissions factor for flared gas**” means the emissions factor for associated gas that is reported as flared, as specified by the minister for the production class of the oil facility at which the gas was flared;

“**EFv**” or “**emissions factor for vented gas**” means the emissions factor for associated gas that is reported as vented, as specified by the minister for the production class of the oil facility at which the gas was vented;

“**EIL**” or “**emissions intensity limit**” means the emissions intensity limit for a production class for a year, as set out in Table 2 of the Appendix;

“**EL**” or “**emissions limit**” means an amount of emissions of greenhouse gases calculated in accordance with section 8;

“**emissions**” means the release of greenhouse gas to the atmosphere as a result of the venting or flaring of associated gas at an oil facility, expressed in carbon dioxide equivalent;

“**emissions factor**” means the factor specified by the minister in accordance with subsection 7(3) for converting reported flared gas volumes and vented gas volumes to a mass of carbon dioxide equivalent, expressed in tonnes of CO₂e per thousand cubic metres;

“**FV**” or “**flared gas volume**” means, with respect to all oil facilities in a production class that are licensed by a business associate, the volume of associated gas that is reported as flared at the oil facilities;

“**greenhouse gas**” means carbon dioxide (CO₂) and methane (CH₄);

“**oil**” means oil as defined in *The Oil and Gas Conservation Regulations, 2012*;

“**oil facility**” means a facility recorded in the registry that has as its primary product oil;

“**production class**” means a production class established in Table 1 of the Appendix to which an oil facility is assigned;

“**PTE**” or “**potential total emissions**” means, with respect to all oil facilities in a production class that are licensed by a business associate, the mass of greenhouse gas that:

- (a) could potentially be emitted in a year at the oil facilities;
- (b) is calculated in accordance with the formula set out in subsection 7(2);

“PV” or **“produced volume of associated gas”** means, with respect to all oil facilities in a production class that are licensed by a business associate, the volume of associated gas that is produced in a year at the oil facilities;

“VV” or **“vented gas volume”** means, with respect to all oil facilities in a production class that are licensed by a business associate, the volume of associated gas that is reported as vented at the oil facilities.

(2) For the purposes of these regulations, the global warming potential for a greenhouse gas is the 100-year time horizon global warming potential value as established in the Fourth Assessment Report (AR4) issued by the Intergovernmental Panel on Climate Change.

14 Dec 2018 c O-2 Reg 7 s2.

Application

3 These regulations apply to every business associate all of whose combined potential emissions are greater than 50,000 tonnes of CO₂e per year.

14 Dec 2018 c O-2 Reg 7 s3.

References to volume

4 Subject to subsection 15(3), a reference in these regulations to volume is deemed to be a reference to the volume reported by a business associate in accordance with section 6.

14 Dec 2018 c O-2 Reg 7 s4.

Associated persons

5(1) The minister may direct that any 2 or more separate business associates are deemed to be 1 business associate if:

- (a) the minister is satisfied that one of the reasons for their separate existence is to reduce the amount of actual emissions they report;
- (b) a business associate has in common with another business associate any directors, officers, partners or control persons;
- (c) the minister is satisfied on reasonable grounds that it is appropriate to do so and in the public interest; or
- (d) 2 or more business associates ask to be considered as 1 business associate.

(2) For the purposes of subsection (1), before making a direction the minister shall:

- (a) give notice of the minister’s intention to treat the business associates as 1 business associate; and
- (b) give the business associates an opportunity to make written representations.

14 Dec 2018 c O-2 Reg 7 s5.

PART 2

Reporting Requirements and Carbon Dioxide Equivalence**Measurement and reporting requirements and carbon dioxide equivalent**

6(1) Every business associate shall accurately measure and report volumes of associated gas at all oil facilities that are licensed by the business associate in accordance with all of the following:

- (a) the requirements of Directive PNG017: *Measurement Requirements for Oil and Gas Operations*;
 - (b) the requirements of Directive PNG076: *Enhanced Production Audit Program (EPAP)*;
 - (c) the requirements of Directive PNG032: *Volumetric, Valuation and Infrastructure Reporting in Petrinex*.
- (2) The minister shall cause the directives mentioned in subsection (1) to be made public in any manner the minister considers appropriate, including publishing them on the ministry's website.
- (3) For the purposes of these regulations, all emissions are to be calculated and expressed in the form of carbon dioxide equivalent.

14 Dec 2018 c O-2 Reg 7 s6.

PART 3

Emissions**Calculations - actual and potential emissions**

7(1) For the purpose of the definition of "ATE" as set out in section 2, ATE at oil facilities is to be calculated in accordance with the following formula:

$$ATE = (FV \times EF_f) + (VV \times EF_v)$$

where:

ATE is the actual total emissions at the oil facilities;

FV is the flared gas volume at the oil facilities;

EF_f is the emissions factor for flared gas for the production class applicable to the oil facilities;

VV is the vented gas volume at the oil facilities;

EF_v is the emissions factor for vented gas for the production class applicable to the oil facilities.

(2) For the purposes of the definition of “PTE” as set out in section 2, PTE at oil facilities is to be calculated in accordance with the following formula:

$$\text{PTE} = \text{PV} \times \text{EFv}$$

where:

PTE is the potential total emissions at the oil facilities;

PV is the produced volume of associated gas at the oil facilities; and

EFv is the emissions factor for vented gas for the production class applicable to the oil facilities.

(3) For the purposes of these regulations, the minister shall issue an order specifying emissions factors.

(4) For the purposes of specifying an emissions factor, the minister may:

(a) determine a representative composition of associated gas for a production class based on:

(i) volumes measured in accordance with Directive PNG017: *Measurement Requirements for Oil and Gas Operations* and reported in accordance with Directive PNG032: *Volumetric, Valuation and Infrastructure Reporting in Petrinex*; and

(ii) composition analysis; and

(b) include in the emissions factor the representative composition of associated gas mentioned in clause (a).

(5) In the order specifying the emissions factor mentioned in subsection (3), the minister is to specify how the carbon dioxide equivalence of the greenhouse gases is to be quantified.

(6) The minister shall cause every order issued pursuant to subsection (3) to be made public in any manner the minister considers appropriate, including publishing it on the ministry’s website.

14 Dec 2018 c O-2 Reg 7 s7.

Emissions limit, per production class

8 In any year, the emissions limit for all oil facilities that are in the same production class and that are licensed by a business associate is the amount EL for that year for its oil facilities, calculated in accordance with the following formula:

$$\text{EL} = \text{PTE} \times \text{EIL}$$

where:

EL is the emissions limit for all oil facilities that are in the same production class and that are licensed by that business associate;

PTE is the potential total emissions for all oil facilities that are in the same production class and that are licensed by that business associate; and

EIL is the emissions intensity limit for that production class for that year as set out in Table 2 of the Appendix.

14 Dec 2018 c O-2 Reg 7 s8.

Calculation of excess emissions, per business associate

9(1) In each year, every business associate shall ensure that the combined emissions at its oil facilities do not exceed the combined emissions limit for those oil facilities.

(2) In any year, the combined emissions at the oil facilities that are licensed by a business associate exceed the combined emissions limit for those oil facilities if the amount EE for that year for those oil facilities, calculated in accordance with the following formula, is an amount greater than zero:

$$EE = CE - CEL$$

where:

EE is the excess emissions for that year;

CE is the combined emissions for that year;

CEL is the combined emissions limit for that year.

14 Dec 2018 c O-2 Reg 7 s9.

Administrative penalty – excess emissions

10(1) For the purposes of section 58.1 of the Act, the minister may assess an administrative penalty with respect to a contravention of subsection 9(1) against any business associate in accordance with subsection (2).

(2) Subject to Part 5, in any year, a business associate whose oil facilities produce combined emissions that exceed the combined emissions limit determined in accordance with subsection 9(2) shall pay to the minister within the period specified by the minister an administrative penalty for producing excess emissions calculated in accordance with the following formula:

$$AP = EE \times D$$

where:

AP is the amount of the administrative penalty;

EE is the excess emissions for that year; and

D is the dollar amount per tonne of excess emissions set out in Table 3 of the Appendix.

(3) If the business associate who is recorded in the registry as the licensee of an oil facility changes during a year, the business associate on December 31 of that year is deemed to be the sole business associate for the purposes of this section and is responsible for paying any administrative penalty assessed pursuant to this section respecting excess emissions for that year.

14 Dec 2018 c O-2 Reg 7 s10.

PART 4
Emissions Reduction Plans

Submission of emissions reduction plan

11(1) Every person who is a business associate on the day on which these regulations come into force shall submit to the minister by September 1, 2019, in an approved form and manner, an emissions reduction plan setting out the measures that the business associate intends to take to bring its licensed facilities into compliance with these regulations and to meet the emissions limits set out in these regulations.

(2) Every person who becomes a business associate after the day on which these regulations come into force shall:

(a) in the case of a person who becomes a business associate on or before July 1, 2019, submit an emissions reduction plan described in subsection (1) to the minister by September 1, 2019;

(b) in the case of a person who becomes a business associate after July 1, 2019, submit an emissions reduction plan described in subsection (1) to the minister no later than 60 days after becoming a business associate.

(3) Notwithstanding any other provision of these regulations, the minister may extend the time to submit an emissions reduction plan, whether or not the time at or within which it must be submitted has expired, if:

(a) the person required to submit the emissions reduction plan satisfies the minister that the person has reasonable grounds for requesting an extension; and

(b) the minister is satisfied that it is appropriate and not contrary to the public interest to do so.

(4) A business associate shall submit a new emissions reduction plan described in subsection (1) or (2) if:

(a) there has been a substantial change to the emissions reduction plan;

(b) the minister issues an assessment notice requiring that the business associate pay an administrative penalty pursuant to subsection 10(1); or

(c) the minister requests a new emissions reduction plan.

14 Dec 2018 c O-2 Reg 7 s11.

Review of emissions reduction plan

12(1) On review of an emissions reduction plan, the minister may:

(a) approve the emissions reduction plan with any changes that the minister considers necessary to bring the business associate into compliance with these regulations; or

(b) refuse to approve the emissions reduction plan.

(2) If the minister refuses to approve the emissions reduction plan pursuant to clause (1)(b), the business associate shall prepare a new plan that complies with any requirements specified by the minister.

14 Dec 2018 c O-2 Reg 7 s12.

Approved emissions reduction plan

13(1) No business associate shall fail to comply with an emissions reduction plan that is approved in accordance with section 12.

(2) The minister may specify that any or all of the requirements of the plan mentioned in subsection (1) are terms and conditions of the licence held by the business associate that submitted the plan.

(3) Before the minister acts pursuant to subsection (2), the minister must provide the business associate that submitted the emissions reduction plan:

(a) written notice of the minister's intended action and the reasons for that intended action; and

(b) an opportunity to make written representations to the minister, within a period set by the minister, as to why the intended action should not be taken.

(4) The minister is not required to give an oral hearing to any business associate to whom notice has been provided pursuant to subsection (3).

(5) After considering the representations mentioned in subsection (3), the minister shall give written notice of the decision with reasons and shall serve a copy of the decision on the business associate that made the representations.

14 Dec 2018 c O-2 Reg 7 s13.

PART 5

Qualifying Conservation Projects

Qualifying conservation projects

14(1) In this section:

“AP” or **“assessed penalty”** means the administrative penalty assessed on a business associate in accordance with subsection 10(1) for that assessment year;

“assessment year” means the year with respect to which the excess emissions were assessed;

“DP” or **“deferred penalty”** means the amount calculated in accordance with subsection (5);

“EE” or **“excess emissions”** means the excess emissions for the assessment year as set out in the assessment notice issued to the business associate;

“PER” or **“projected emissions reductions”** means the annual projected emissions reductions for a qualifying conservation project undertaken by a business associate, as approved by the minister, expressed in tonnes of CO₂e;

“qualifying conservation project” means any of the following:

- (a) a gas plant and associated infrastructure capable of receiving and processing associated gas for commercial sale;
 - (b) a transmission pipeline capable of:
 - (i) delivering gas to an existing gas plant; or
 - (ii) connecting to an existing transmission pipeline;
 - (c) an electrical generation facility and associated infrastructure capable of using gas to generate electricity for commercial sale or own use;
 - (d) any other project that uses gas for purposes other than flaring or incineration and that is a productive use of gas.
- (2) Subject to subsection (8), a business associate who is assessed an administrative penalty pursuant to subsection 10(1) may apply to the minister in an approved form and manner within 30 days after receipt of the assessment notice to defer payment of all or part of the assessed penalty.
- (3) On receipt of an application, the minister may:
- (a) approve the application in the amount specified in subsection (5) if the minister is satisfied that:
 - (i) the business associate is undertaking a qualifying conservation project;
 - (ii) the qualifying conservation project mentioned in subclause (i) could not have been completed within the assessment year;
 - (iii) the qualifying conservation project mentioned in subclause (i) will achieve a reduction of emissions that is capable of offsetting all or part of the excess emissions; and
 - (iv) the qualifying conservation project mentioned in subclause (i) will be completed and capable of operating no later than 12 months after the assessment year; or
 - (b) may refuse the application.
- (4) The minister shall notify the applicant of the minister’s decision and, in the case of a decision pursuant to clause (3)(b), provide written reasons for the decision.
- (5) The deferred penalty is an amount equal to the following:
- (a) if the PER is greater than or equal to the EE, the AP;

(b) if the PER is less than the EE, the amount DP calculated in accordance with the following formula:

$$DP = AP \times \frac{PER}{EE}$$

where:

DP is the deferred penalty;

AP is the assessed penalty;

PER is the projected emissions reductions;

EE is the excess emissions.

(6) If the business associate completes the qualifying conservation project and it is capable of operating by the end of the year following the assessment year, the business associate is not required to pay the deferred penalty.

(7) If the business associate does not complete the qualifying conservation project or if the qualifying conservation project is not capable of operating by the end of the year following the assessment year, the business associate shall pay to the minister:

(a) the deferred penalty; and

(b) interest on the deferred penalty from the date the deferred penalty would have been due if it had not been deferred to the date of payment.

(8) No application may be made pursuant to this section after April 1, 2024 and all qualifying conservation projects must be completed and capable of operating by January 1, 2025.

14 Dec 2018 c O-2 Reg 7 s14.

PART 6 General

Emissions audit

15(1) The minister may, at any time, audit the measurement and reporting of volumes of associated gas at oil facilities that are licensed by a business associate in order to determine if the measurement and reporting have been carried out in accordance with the Act, these regulations and any applicable directives.

(2) Every business associate shall comply with all requests of the minister made for the purpose of carrying out the audit.

(3) If the minister determines by means of an audit conducted pursuant to subsection (1) that a business associate has incorrectly reported volumes of associated gas at oil facilities that are licensed by the business associate, the minister may direct that the information recorded in the registry be changed to reflect the actual volumes of associated gas in any year.

14 Dec 2018 c O-2 Reg 7 s15.

Correction to registry – administrative penalty

16 If a correction made in accordance with section 15 results in a change in the combined emissions for a business associate for a year, the business associate on December 31 of the year with respect to which the combined emissions are calculated shall pay to the minister within the period specified by the minister:

- (a) an administrative penalty on any amount by which the combined emissions at the oil facilities that are licensed by the business associate exceed the combined emissions limit calculated in accordance with subsection 9(2) in addition to any administrative penalty already paid for that year; and
- (b) interest calculated at a rate of 10% per year.

14 Dec 2018 c O-2 Reg 7 s16.

Limitation

17 No audit of the measurement or reporting of volumes of associated gas with respect to a year may be conducted by the minister more than 3 years after the end of the year with respect to which the emissions were reported.

14 Dec 2018 c O-2 Reg 7 s17.

Exception

18 Notwithstanding sections 10 and 16, if the total amount of the administrative penalty assessed for a year pursuant to these regulations is less than \$5,000, no administrative penalty is due and payable.

14 Dec 2018 c O-2 Reg 7 s18.

When administrative penalty assessed

19 An administrative penalty is to be assessed pursuant to these regulations only after 60 days after the end of the year in which the emissions were produced.

14 Dec 2018 c O-2 Reg 7 s19.

Annual report

20(1) The minister shall publish an annual report setting out the following:

- (a) the total of combined emissions at all oil facilities in Saskatchewan;
- (b) the total of combined potential emissions at all oil facilities in Saskatchewan;
- (c) the emissions for all oil facilities that are licensed by each business associate for the year.

(2) The minister shall make the report mentioned in subsection (1) available on the ministry's website and in any other manner that the minister considers appropriate.

14 Dec 2018 c O-2 Reg 7 s20.

PART 7
Coming into Force

Coming into force

21(1) Subject to subsection (2), these regulations come into force on January 1, 2019.

(2) If these regulations are filed with the Registrar of Regulations after January 1, 2019, these regulations come into force on the day on which they are filed with the Registrar of Regulations.

14 Dec 2018 c O-2 Reg 7 s21.

Appendix

TABLE 1
[Subsection 2(1)]

Production Classes

| Class | Description |
|--------------|-----------------------------------|
| 1 | Lloydminster Heavy and Non-Heavy |
| 2a | Kindersley Heavy |
| 2b | Kindersley Non-Heavy |
| 3 | Swift Current Heavy and Non-Heavy |
| 4 | Estevan Heavy and Non-Heavy |

14 Dec 2018 c O-2 Reg 7.

TABLE 2
[Sections 2 and 8]

Emissions Intensity Limit

| Year | Production Class | | | | |
|-------------|-------------------------|-------|-------|-------|-------|
| | 1 | 2a | 2b | 3 | 4 |
| 2020 | 0.359 | 0.064 | 0.238 | 0.086 | 0.149 |
| 2021 | 0.359 | 0.064 | 0.238 | 0.086 | 0.149 |
| 2022 | 0.359 | 0.064 | 0.238 | 0.086 | 0.149 |
| 2023 | 0.251 | 0.046 | 0.167 | 0.072 | 0.127 |
| 2024 | 0.230 | 0.043 | 0.154 | 0.070 | 0.124 |
| 2025 | 0.209 | 0.039 | 0.141 | 0.068 | 0.120 |
| 2026 | 0.209 | 0.039 | 0.141 | 0.068 | 0.120 |
| 2027 | 0.209 | 0.039 | 0.141 | 0.068 | 0.120 |
| 2028 | 0.209 | 0.039 | 0.141 | 0.068 | 0.120 |
| 2029 | 0.209 | 0.039 | 0.141 | 0.068 | 0.120 |
| 2030 | 0.209 | 0.039 | 0.141 | 0.068 | 0.120 |

14 Dec 2018 c O-2 Reg 7.

TABLE 3
[Subsection 10(2)]

Dollar amounts

| Year | Administrative penalty (\$/tonne of excess emissions) |
|-------------|--|
| 2020 | \$10 |
| 2021 | \$20 |
| 2022 | \$30 |
| 2023 | \$40 |
| 2024 | \$50 |
| 2025 | \$50 |
| 2026 | \$50 |
| 2027 | \$50 |
| 2028 | \$50 |
| 2029 | \$50 |
| 2030 | \$50 |

14 Dec 2018 c O-2 Reg 7.

