

The Petroleum Research Incentive Regulations

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Chapter F-13.4 Reg 20 (effective November 18, 1999) as amended by Saskatchewan Regulations [16/2003](#), [140/2005](#), [58/2010](#), [13/2012](#) and [96/2015](#).

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

1	Title	8	Minister to maintain record of credits
2	Interpretation	9	Minister to receive information and access to records
3	Projects eligible for approval	10	Determination by minister
4	Application for project approval	11	Operator to reimburse ministry
5	Minister may approve by entering into agreement	12	Final technical report
6	Credits towards remission of royalties and taxes	13	Coming into force
7	Other royalty payers or taxpayers	14	Expiry

CHAPTER F-13.4 REG 20
The Financial Administration Act, 1993

Title

- 1** These regulations may be cited as *The Petroleum Research Incentive Regulations*.

Interpretation

- 2** In these regulations:

- (a) **“agreement”** means an agreement entered into pursuant to section 5, and includes an agreement amended pursuant to that section;
- (b) **“credits”** means credits earned by an operator pursuant to section 6;
- (c) **Repealed.** 6 Nov 2015 SR 96/2015 s3.
- (d) **“eligible research costs”** means those costs that are described as eligible research costs in an agreement and that are incurred on or after April 1, 1998 and before the earlier of April 1, 2022 and the date specified in the agreement for the completion of the project and the submission of the final technical report;
 - (d.1) **“EOR project”** means an EOR project as defined in *The Crown Oil and Gas Royalty Regulations, 2012* or *The Freehold Oil and Gas Production Tax Regulations, 2012*;
- (e) **“field pilot project”** means:
 - (i) a pilot EOR project; or
 - (ii) an activity that:
 - (A) is conducted in Saskatchewan in an existing or potential oil field, gas field, waste disposal site or related facility;
 - (B) is undertaken primarily to test full-scale application of oil and gas technology or expertise that is, in the minister’s opinion, sufficiently novel and is related to:
 - (I) oil and gas exploration, production, treatment, transportation, upgrading, processing or refining; or
 - (II) the environmental impact of the activities mentioned in subparagraph (I); and
 - (C) in the minister’s opinion, benefits the oil and gas industry generally and can be cost-effective when applied full-scale;
- (f) **“gas”** means gas as defined in *The Crown Oil and Gas Royalty Regulations, 2012*;
- (g) **Repealed.** 4 Apr 2003 SR 16/2003 s3.

- (h) “**minister**” means the minister to whom, for the time being, the administration of these regulations is assigned;
- (h.1) “**ministry**” means the ministry over which the minister responsible for *The Crown Minerals Act* presides;
- (i) “**oil**” means oil as defined in *The Crown Oil and Gas Royalty Regulations, 2012*;
- (j) “**operator**” means:
 - (i) an operator:
 - (A) as defined in clause 2(ff) of *The Crown Oil and Gas Royalty Regulations, 2012*;
 - (B) as defined in clause 2(dd) of *The Freehold Oil and Gas Production Tax Regulations, 2012*; or
 - (C) as defined in clause 2(b) of *The Recovered Crude Oil Tax Regulations, 2012*; or
 - (ii) a special operator:
 - (A) as defined in clause 2(pp) of *The Crown Oil and Gas Royalty Regulations, 2012*;
 - (B) as defined in clause 2(ll) of *The Freehold Oil and Gas Production Tax Regulations, 2012*; or
 - (C) as defined in clause 2(e) of *The Recovered Crude Oil Tax Regulations, 2012*;
- (j.1) “**pilot EOR project**” means an activity that the minister is satisfied is undertaken primarily to test the full-scale application of an EOR project;
- (k) “**project**” means a project mentioned in section 3;
- (l) **Repealed.** 4 Apr 2003 SR 16/2003 s3.
- (m) “**royalties**” means royalties payable on Crown minerals pursuant to *The Crown Oil and Gas Royalty Regulations, 2012*;
- (n) “**royalty payer**” means a royalty payer as defined in *The Crown Oil and Gas Royalty Regulations, 2012*;
- (o) “**taxes**” means the taxes imposed by sections 4 and 17 of *The Freehold Oil and Gas Production Tax Act, 2010*;
- (p) “**taxpayer**” means a taxpayer as defined in clauses 3(b) and 16(1)(b) of *The Freehold Oil and Gas Production Tax Act, 2010*.

26 Nov 99 cF-13.4 Reg 20 s2; 4 Apr 2003 SR
 16/2003 s3; 30 Dec 2005 SR 140/2005 s3; 11 Jne
 2010 SR 58/2010 s3; 5 Apr 2012 SR 13/2012 s3;
 6 Nov 2015 SR 96/2015 s3.

Projects eligible for approval

3 Subject to these regulations, field pilot projects are eligible for approval pursuant to these regulations.

4 Apr 2003 SR 16/2003 s4.

Application for project approval

4 An operator may apply to have a project approved by submitting an application to the ministry in a form acceptable to the minister that contains any information that the minister may require.

26 Nov 99 cF-13.4 Reg 20 s4; 6 Nov 2015 SR 96/2015 s4.

Minister may approve by entering into agreement

5(1) Subject to subsection (2), if the minister is satisfied that a project meets the requirements of these regulations and that it is in the public interest to do so, the minister may approve the project by entering into an agreement with the operator that contains terms respecting the following matters:

- (a) a description of the project and the eligible research costs that may be incurred in carrying out the project;
- (b) the maximum amount of credits towards the remission of royalties and taxes that may be earned in relation to the project;
- (c) an indemnification by the operator respecting possible claims against the Government of Saskatchewan in relation to the project by royalty payers, taxpayers or other persons;
- (d) the obligations of the operator in the event the operator fails to complete the project or submit a final technical report within the prescribed time;
- (e) the confidentiality of information provided to the ministry by the operator;
- (f) the date by which the project must be completed and the final technical report submitted;
- (g) the preparation and submission to the ministry of periodic reports;
- (h) any other matters that the minister considers appropriate.

(2) The minister shall not approve a project if, in the minister's opinion, the amount of credits that may be earned in relation to the project, when added to the amount of credits that may be earned in relation to all projects that have been previously approved pursuant to these regulations in the period commencing on April 1, 2015, will exceed \$30 million.

(3) The operator and the minister may, from time to time, agree to amend the agreement.

26 Nov 99 cF-13.4 Reg 20 s5; 4 Apr 2003 SR 16/2003 s5; 30 Dec 2005 SR 140/2005 s4; 11 Jne 2010 SR 58/2010 s4; 6 Nov 2015 SR 96/2015 s5.

Credits towards remission of royalties and taxes

6(1) Subject to subsection (1.1), if an agreement is entered into with respect to a field pilot project, the operator may earn credits towards the remission of royalties and taxes as follows:

- (a) for eligible research costs incurred with the Petroleum Technology Research Centre in Regina, Saskatchewan, in an amount equal to 50% of the eligible research costs approved by the minister; and
- (b) for that portion of the eligible research costs incurred with the Petroleum Technology Research Centre that is in excess of the amount that earns a credit pursuant to clause (a) and for all other eligible research costs, in an amount equal to 30% of the eligible research costs approved by the minister.

(1.1) The maximum amount of credits that an operator may earn respecting a field pilot project pursuant to subsection (1) is:

- (a) in the case of eligible costs mentioned in clause (1)(a), \$1 million; and
- (b) in the case of eligible costs mentioned in clause (1)(b), \$3 million.

(2) Credits may be earned for eligible research costs respecting a project that were incurred on and from April 1, 1998.

(3) Credits earned pursuant to this section are to be applied in accordance with:

- (a) section 59 of *The Freehold Oil and Gas Production Tax Regulations, 2012*;
- (b) section 51 of *The Crown Oil and Gas Royalty Regulations, 2012*; and
- (c) section 10 of *The Recovered Crude Oil Tax Regulations, 2012*.

(4) Subject to the following sections, the operator may accumulate the credits earned pursuant to this section and may apply them towards the remission of royalties or taxes at a later date:

- (a) section 59 of *The Freehold Oil and Gas Production Tax Regulations, 2012*;
- (b) section 51 of *The Crown Oil and Gas Royalty Regulations, 2012*; and
- (c) section 10 of *The Recovered Crude Oil Tax Regulations, 2012*.

(5) Where an operator elects to apply an amount of credits towards the remission of royalties or taxes, the accumulated total of credits earned by the operator is reduced by the amount applied.

(6) **Repealed.** 30 Dec 2005 SR 140/2005 s5.

(7) In this section, “**approved by the minister**” means approved by the minister after the eligible research costs have been incurred and does not mean approved in the agreement.

Other royalty payers or taxpayers

7(1) Eligible research costs approved by the minister may include costs for the project that are borne, directly or indirectly, by royalty payers or taxpayers other than the operator, based on contracts or arrangements between the operator and those royalty payers or taxpayers.

(2) Neither these regulations nor any agreement create any right on the part of any person other than an operator whose project has been approved.

(3) The application of credits towards the remission of royalties or taxes pursuant to these regulations is at the election of the operator and any right that another person may have pursuant to a contract or arrangement with the operator is a private right that can only be exercised against the operator.

26 Nov 99 cF-13.4 Reg 20 s7.

Minister to maintain record of credits

8 The minister shall ensure that a record of the following matters is maintained for each project the minister approves:

- (a) the eligible research costs approved by the minister in relation to the project;
- (b) the credits earned by the operator based on those eligible research costs;
- (c) the amounts from those credits that the operator elects to apply from time to time towards the remission of royalties or taxes;
- (d) the balance of credits that the operator has remaining at any given time.

26 Nov 99 cF-13.4 Reg 20 s8.

Minister to receive information and access to records

9 Every operator who has entered into an agreement with the minister shall, for the purpose of providing information to the minister necessary to audit the calculation of credits and eligible research costs:

- (a) provide to the minister any information that the minister may request; and
- (b) permit representatives of the minister to have access to any records or documents in the possession or control of the operator.

26 Nov 99 cF-13.4 Reg 20 s9.

Determination by minister

10(1) Notwithstanding that the minister has approved eligible research costs pursuant to section 6, if, after conducting an audit pursuant to section 9, the minister is not satisfied that the operator has earned all of the credits mentioned in the record maintained pursuant to section 8, the minister shall determine the correct amount of credits that have been earned by the operator and shall notify the operator of the determination.

(2) An operator may, within 30 days after receiving notice of a determination, request in writing that the minister review the determination.

(3) After reviewing the determination, the minister may vary or confirm it, and shall notify the operator of the decision.

(4) The minister shall cause notice of a determination or decision made pursuant to this section to be given to the operator by mail, electronic transmission or any other manner that the minister considers appropriate to ensure that the operator receives the notice.

(5) Every notice of a determination or decision given pursuant to subsection (4) is deemed to have been received seven days after the date that the minister has caused the notice to be given, unless the operator to whom the notice is given establishes that, through no fault of the operator, the operator did not receive the notice or received the notice at a later date.

26 Nov 99 cF-13.4 Reg 20 s10; 30 Dec 2005 SR 140/2005 s6.

Operator to reimburse ministry

11(1) If a determination by the minister indicates that an operator has elected to apply more credits towards the remission of royalties or taxes than the operator has earned, the operator shall pay to the ministry an amount of money equal to the difference between the amount of credits applied and the amount of credits earned.

(2) The amount to be paid by the operator pursuant to subsection (1) is:

- (a) a debt due to and recoverable by the minister; and
- (b) deemed to be payable 30 days after the date on which the operator receives notice of the determination pursuant to subsection 10(1).

(3) Subject to subsection (4), in addition to the amount required to be paid pursuant to subsection (2), the operator shall pay to the minister a monthly charge at the rate of 1.5% of the amount required to be paid that remains outstanding at the end of the month.

(4) If an operator is required to pay a monthly charge pursuant to subsection (3), the minimum monthly charge is \$10.

6 Nov 2015 SR 96/2015 s6.

Final technical report

12(1) As soon as is reasonably practicable, and in no case more than three months after the project is completed, the operator shall submit to the ministry seven copies of a draft of a final technical report describing the project and its results in detail.

(2) The minister shall cause the draft report to be reviewed and may direct the operator to make revisions to the report.

(3) The operator shall make the revisions, if any, directed by the minister as soon as is reasonably practicable, and in no case more than three months after the minister directs that the revisions are to be made, and shall submit to the ministry one original final technical report, in a reproducible form acceptable to the minister, plus seven copies.

26 Nov 99 cF-13.4 Reg 20 s12; 6 Nov 2015 SR 96/2015 s7.

Coming into force

13 These regulations come into force on the day on which they are filed with the Registrar of Regulations.

26 Nov 99 cF-13.4 Reg 20 s13.

Expiry

14 These regulations expire and are repealed on April 1, 2025.

26 Nov 99 cF-13.4 Reg 20 s14; 4 Apr 2003 SR
16/2003 s7; 30 Dec 2005 SR 140/2005 s8; 11 Jne
2010 SR 58/2010 s5; 6 Nov 2015 SR 96/2015 s8.

