

The Oil and Gas Incentive Regulations, 1978

Repealed

by Saskatchewan Regulations 93/2000
(effective November 2, 2000).

Formerly

Saskatchewan Regulations 209/78 (effective July 1, 1978)
as amended by Saskatchewan Regulations 101/81,
164/82, 70/83, 187/83, 117/87 and 12/90.

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 I	305	Certification
		Short Title	306	Refusal to certify and conditional certification
101	Short title		307	Review of refusal
		INTERPRETATION	308	Powers on review
102	Interpretation		309	Lapse of certification
103	Definitions		310	Lapse of certification on notice
		PART II	311	Further certification
		Approved Expenditure Grants	312	Priority among applications
201	Interpretation		313	Statement of expenditures
202	Applicants		314	Lapse and revival
203	Joint participants		315	Limitation on certification
204	Application for approval of expenditure		316	No further wells to be certified
205	Approval of expenditure			
206	Amount of credit			PART IV
207	Transfer of benefit			General
208	Grants		401	Delegation
209	Limitation on approval			
210	No further amounts to be credited			PART V
211	No further credits to be assigned			Well Servicing Assistance Program
212	Grants not to apply to certain credits		501	Purpose of Part
		PART III	502	Interpretation
		Certified Exploratory Well Grants	503	Saskatchewan Heritage Fund
301	Interpretation		504	Application for Grant
302	Grants		505	Grant to Operator
303	Application for certification		506	Grant Conditional
304	Form of application		507	Review by Minister
			508	<i>Oil Well Income Tax Act</i>
			509	Powers of Minister

SASKATCHEWAN REGULATION 209/78
under *The Mineral Resources Act – Section 10*

THE OIL AND GAS INCENTIVE REGULATIONS, 1978

PART I
Short Title

Short title

101 These regulations may be cited as *The Oil and Gas Incentive Regulations, 1978*.

INTERPRETATION

Interpretation

102 Subject to section 103, these regulations shall be construed with reference to the terms and interpretation of *The Mineral Resources Act*.

30 Jne 78 SR 209/78 s102.

Definitions

103 In these regulations:

(a) **“abandoned”**, when used in reference to a well, means a well that has been drilled and either:

- (i) plugged; or
- (ii) cased for production, where, in the opinion of the minister, casing for production was not warranted;

and **“abandonment”** has a corresponding meaning;

(b) **“approved expenditure”** means any expenditure that is approved in writing by the minister, and that was made or incurred wholly or primarily in respect of:

- (i) research into the conservation, development, production or use of oil or natural gas in the province;
- (ii) exploration for oil or natural gas in the province and development of the oil or natural gas resources of the province, other than by the drilling or testing of wells mentioned in subclauses (iii) and (iv);
- (iii) drilling and testing a well, other than a well mentioned in subclause (iv), to:
 - (A) completion; or
 - (B) abandonment; or

- (iv) drilling and testing to abandonment of a well located on a road allowance as defined in *The Oil and Gas Conservation Act* and the regulations made thereunder;
- (c) **“certified exploratory well”** means an exploratory well that has been certified by the minister under Part III of these regulations;
- (d) **“completed”**, when used in reference to a well, means a well that has been drilled and cased for production, other than in the circumstances mentioned in subclause (ii) of clause (a);
- (e) **“drainage unit”** means a drainage unit as defined in *The Oil and Gas Conservation Act* and the regulations made thereunder, but where a drainage unit is less than forty acres in area it shall be treated as having an area of forty acres for the purposes of these regulations;
- (f) **“drainage unit group”** means a parcel the area of which is delineated by a notional three-drainage-unit by three-drainage-unit group where the size of each of the eight surrounding drainage units is, for the purposes of these regulations, equal to the area of the central drainage unit;
- (g) **“exploratory well”** means an opening in the ground within the province drilled for the purpose of determining the existence, location, extent or quality of an accumulation of oil or natural gas, but does not include a well drilled on a road allowance as defined in *The Oil and Gas Conservation Act* and the regulations made thereunder;
- (h) **“minister”** means the Minister of Mineral Resources or such other person or persons as may be designated from time to time pursuant to section 401;
- (i) **“rig release date”** means the date upon which the removal of the rig from the well site has been authorized by the person who has the authority to do so;
- (j) **“well”** means an opening in the ground within the province, other than a seismic shot hole or structure test hole, made or being made by drilling or boring, or in any other manner, and through which oil or natural gas is or may be obtained or obtainable, or made or being made for the purpose of obtaining oil or natural gas or for the injection of any fluid to assist in the obtaining of oil or natural gas;
- (k) **“working interest”** means a working interest as defined in *The Oil Well Income Tax Regulations, 1978*, but shall not include any such interest in oil and gas rights in a producing tract, as defined in section 37 of *The Oil Well Income Tax Act, 1978*, to the extent that such interest is held by the owner of such oil and gas rights where such owner is an owner mentioned in section 37 of *The Oil Well Income Tax Act, 1978* with respect to such oil and gas rights.

PART II

Approved Expenditure Grants

Interpretation

201(1) In this Part:

(a) **“applicant”** means the person mentioned in section 202 or the participant who makes the application pursuant to section 203;

(a.1) **“enhanced recovery project”** means any waterflood project, thermal recovery project or other enhanced recovery project that has been approved under *The Oil and Gas Conservation Act* and the regulations made thereunder;

(a.2) **“new incentive oil”** means all oil:

(i) that is that proportion of all oil produced after 1982 from the oil pool with respect to which an enhanced recovery project commenced operation after 1973 and before 1983, that:

(A) the additional recoverable reserves of oil in the pool, as determined by the minister from time to time, that are attributable to the project;

is of:

(B) the total recoverable reserves of oil in the pool, as determined by the minister from time to time;

(ii) that is produced after 1982 from a well the drilling of which was finished after 1973 and before 1983, other than any such oil that, in the opinion of the minister, is attributable to:

(A) an enhanced recovery project that commenced operation after 1982; or

(B) a well drilled within a unit after the effective date of unitization, except to the extent mentioned in subclause (i); or

(iii) that is otherwise approved by the minister from time to time as new incentive oil for the purposes of these regulations;

(a.3) **“old incentive oil”** means all oil that is produced after 1982 from a well the drilling of which was finished before 1983, other than any such oil that, in the opinion of the minister, is attributable to an enhanced recovery project that commenced operation after 1982;

(b) **“participant”** means a person who actually made or incurred all or any portion of an approved expenditure;

(c) **“unit”** means a unit area in respect of which there is in effect either an agreement for unit operation or a unit operation order made pursuant to *The Oil and Gas Conservation Act* and the regulations thereunder.

Approved expenditure credit bank

(2) The approved expenditure credit bank of a person at any time is the amount by which the aggregate of:

(a) the credits issued in respect of any approved expenditure made or incurred, after June 30, 1978 and prior to that time, either:

(i) by him, where the benefit of the credit issued in respect of the expenditure has not been assigned by him to any other person pursuant to section 207; or

(ii) by any other person, where the benefit of the credit issued in respect of the expenditure has been assigned to him pursuant to section 207; and

(b) his 1978 credit amount;

exceeds the aggregate of

(c) all amounts granted to him prior to that time pursuant to section 208;

(d) all credits approved pursuant to section 208.1 of *The Freehold Oil and Gas Production Tax Regulations, 1983* or that would otherwise have been approved if proper application had been submitted prior to March 1, 1991; and

(e) all credits approved pursuant to section 39.1 or 63D of *The Petroleum and Natural Gas Regulations, 1969* or that would otherwise have been approved if proper application had been submitted prior to March 1, 1991.

1978 credit amount

(3) The 1978 credit amount of a person is the aggregate amount of the credits accumulated by him under Part II of *The Oil and Gas Exploration, Development and Production Incentive Regulations, 1974* or under section 63 of *The Petroleum and Natural Gas Regulations, 1969* prior to July 1, 1978 that have not been deducted or redeemed by him, or refunded to him, under such regulations prior to July 1, 1978.

Approved expenditure grant account

(4) The approved expenditure grant account of a person at any time at which a grant is to be paid to such person pursuant to section 208 in respect of any particular approved expenditure made or incurred after June 30, 1978 is the amount by which:

(a) in respect of oil produced in any period before 1983, \$5.034 multiplied by his share, as the holder of a working interest, of the production of oil (measured in cubic metres) produced from all wells in which he is the holder of a working interest during the period from and after the first day of the month that is twelve months prior to the date on which the particular approved expenditure was made or incurred;

(a.1) in respect of oil produced in each month after 1982 and before 1986, the greater of:

(i) \$3.80 multiplied by his share, as the holder of a working interest, of the production of old incentive oil (measured in cubic metres) produced in the month from all wells in which he is the holder of a working interest; and

(ii) \$10.05 multiplied by his share, as the holder of a working interest, of the production of new incentive oil (measured in cubic metres) produced in the month from all wells or enhanced recovery projects in which he is the holder of a working interest; and

(a.2) in respect of oil produced in any period after 1985, nil;

exceeds the aggregate of:

(b) in the case of any such production of oil produced after June 30, 1977 and prior to July 1, 1978, the aggregate amount of the credits that were deducted or redeemed by him, or refunded to him, in respect of such production under Part II of *The Oil and Gas Exploration, Development and Production Incentive Regulations, 1974* or under section 63 of *The Petroleum and Natural Gas Regulations, 1969* prior to July 1, 1978;

(c) in the case of any such production of oil produced after June 30, 1977, the aggregate amount of all amounts granted to him prior to that time in respect of such production pursuant to section 208; and

(d) all credits approved pursuant to section 208.1 of *The Freehold Oil and Gas Production Tax Regulations, 1983* or that would otherwise have been approved if proper application had been submitted prior to March 1, 1991; and

(e) all credits approved pursuant to section 39.1 or 63D of *The Petroleum and Natural Gas Regulations, 1969* or that would otherwise have been approved if proper application had been submitted prior to March 1, 1991.

(5) Notwithstanding any other provision of this Part, where the minister has determined that one of the purposes for a transaction or transactions effected on or after January 1, 1983 was the improper or undue maximization of the amount of any grant to be paid to any person pursuant to section 208, the minister:

(a) may direct that the approved expenditure credit bank and the approved expenditure grant account of any person who is a party to or otherwise participates in such transaction or transactions shall be calculated without regard to such transaction or transactions; and

(b) may give such further or other directions as he considers appropriate to counteract the improper or undue maximization.

(6) Maximization of the amount of any grant to be paid to any person pursuant to section 208 may be regarded by the minister as improper or undue for the purposes of subsection (5) although not otherwise illegal or unlawful.

(7) A direction of the minister under subsection (5) shall name or designate the person or persons affected thereby, and written notice of the direction shall be mailed or delivered to the person or persons so named or designated.

(8) Where a direction of the minister has been given under subsection (5), the approved expenditure credit bank and the approved expenditure grant account of any person named or designated in such direction shall be calculated in accordance with such direction, notwithstanding any other provision of these regulations, or any provision of any other statute or regulations.

Applicants

202 Subject to section 203, any person who has made or incurred an expenditure of the kind mentioned in subclauses (i) to (iv) of clause (b) of section 103 may make an application under section 204 for the approval of such expenditure.

30 Jne 78 SR 209/78 s202.

Joint participants

203 Where there are two or more participants in a project, only one of the participants may make an application for approval under section 204, and such application shall be made on behalf of all participants in the project.

30 Jne 78 SR 209/78 s203.

Application for approval of expenditure

204 On or before the last day of the sixth month following the month in which an expenditure was made or incurred, the applicant may deliver to the minister an application, in form satisfactory to the minister, for the approval of such expenditure, setting out the following:

- (a) the nature and extent of the expenditure made or incurred;
- (b) the names of the participants who made or incurred the expenditure;
- (c) the names of the persons who are to share in any credit to be issued in respect of the expenditure and the proportion of such credit to be allocated to each such person; and
- (d) the name of any person to whom any part of the benefit of any credit to be issued in respect of the expenditure has been assigned under subsection (1) of section 207.

30 Jne 78 SR 209/78 s204.

Approval of expenditure

205 If the minister is satisfied, after reviewing the application, that:

- (a) the information provided in the application is complete and accurate;
- (b) the expenditure was made or incurred by the participants named in the application;
- (c) the expenditure was of the kind mentioned in subclauses (i) to (iv) of clause (b) of section 103; and
- (d) all other requirements of the laws in force in the province have been complied with;

he shall approve the expenditure and shall issue credits in respect thereof, calculated in accordance with section 206, to the persons mentioned in clause (c) of section 204.

30 Jne 78 SR 209/78 s205.

Amount of credit

206(1) The amount of the credit in respect of an approved expenditure mentioned in subclauses (i) and (ii) of clause (b) of section 103 shall be equal to seventy-five per cent of the amount of such approved expenditure.

(2) The amount of the credit in respect of an approved expenditure mentioned in subclauses (iii) and (iv) of clause (b) of section 103 shall be equal to seventy-five per cent of the amount of such approved expenditure or, if the applicant so elects, shall be equal to seventy-five per cent of the amount determined under the appropriate one of the following formulas:

(a) in respect of an approved expenditure for a completed well mentioned in item (A) of subclause (iii) of clause (b) of section 103:

amount (in dollars) =

$[(0.00085 \times \text{the square of the total depth of the well in feet}) + (1.35 \times \text{the total depth of the well in feet}) + 4,000] \times 3.0;$

(b) in respect of an approved expenditure for an abandoned well mentioned in item (B) of subclause (iii) of clause (b) of section 103:

amount (in dollars) =

$[(0.00074 \times \text{the square of total depth of the well in feet}) + (3.0 \times \text{total depth of the well in feet}) - 1,500] \times 2.0;$ and

(c) in respect of an approved expenditure for a road allowance well mentioned in subclause (iv) of clause (b) of section 103:

amount (in dollars) =

$[(0.00085 \times \text{the square of total depth of the well in feet}) + (1.35 \times \text{total depth of the well in feet}) + 4,000] \times 0.50.$

30 Jne 78 SR 209/78 s206.

Transfer of benefit

207(1) A participant may assign the benefit of any credit to be issued in respect of any expenditure made or incurred by him, and any other person may receive that benefit, if, at the time the application for approval of the expenditure is made pursuant to section 204, the person assigning that benefit notifies the minister, in writing, of the assignment and the person to receive that benefit notifies the minister, in writing, of his acceptance of that benefit.

(2) Notwithstanding any other provision of these regulations, the benefit of any credit to be issued in respect of any approved expenditure shall not be assigned or transferred except in the manner provided for in subsection (1), and no part of the approved expenditure credit bank or of the approved expenditure grant account of any person shall be assigned or transferred in any manner whatsoever.

30 Jne 78 SR 209/78 s207.

Grants

208(1) The minister shall grant to each person from time to time, out of such person's approved expenditure credit bank at that time, an amount not exceeding the lesser of:

(a) the amount of such person's approved expenditure credit bank at that time; and

(b) the amount of such person's approved expenditure grant account at that time.

(2) Amounts granted to any person pursuant to subsection (1) from time to time shall be paid to such person out of the Saskatchewan Heritage Fund.

30 Jne 78 SR 209/78 s208.

Limitation on approval

209 No expenditure shall be approved under this Part if such expenditure was made or incurred in respect of an exploratory well that has been certified by the minister under Part III and financial assistance under Part III has been granted in respect of such exploratory well.

30 Jne 78 SR 209/78 s209.

No further amounts to be credited

210 Notwithstanding any other provision of these regulations, from and after January 1, 1983 no further amount shall be credited to the approved expenditure credit bank of any person pursuant to this Part in respect of any expenditure made or incurred after December 31, 1982 except as otherwise expressly approved by the minister.

24 Dec 82 SR 164/82 s3.

No further credits to be assigned

211 Notwithstanding section 207 or any other provision of these regulations, from and after January 15, 1983 no person may assign the benefit of any credit to be issued in respect of any expenditure made or incurred by him, and no person may receive that benefit, unless, on or before January 14, 1983:

- (a) the person to receive that benefit has notified the minister in writing, in form satisfactory to the minister, of his intention to accept that benefit; and
- (b) the person to assign that benefit has confirmed to the minister, in a manner satisfactory to the minister, his intention to make the assignment.

24 Dec 82 SR 164/82 s3.

Grants not to apply to certain credits

212 Notwithstanding any other provision of these regulations, certain credits any person who:

- (a) is eligible for credits pursuant to:
 - (i) section 208.1 of *The Freehold Oil and Gas Production Tax Regulations, 1983*; or
 - (ii) section 39.1 or 63D of "The Petroleum and Natural Gas Regulations, 1969"; and
- (b) for any reason, fails to make proper application for these credits prior to March 1, 1991;

is not entitled to receive any grant or amount pursuant to these regulations to the extent of those credits.

9 Mar 90 SR 12/90 s4.

PART III
Certified Exploratory Well Grants

Interpretation

301 In this Part, “**participant**” means a person who proposes to share in the cost of drilling an exploratory well in respect of which an application is or has been submitted.

30 Jne 78 SR 209/78 s301.

Grants

302(1) In order to assist participants in bearing the cost of drilling certified exploratory wells, the minister, after:

- (i) a certified exploratory well has been completed or abandoned;
- (ii) he has received the statement of expenditures mentioned in section 313 within the time limits therein specified; and
- (iii) he is satisfied that all conditions of certification of the exploratory well have been met;

shall grant financial assistance in accordance with the following formula:

financial assistance (in dollars) =

$5,400 + (1.82 \times \text{total depth of well in feet}) + (0.00115 \times \text{the square of the total depth of the well in feet}).$

(2) All financial assistance granted under subsection (1) shall be paid out of the Saskatchewan Heritage Fund.

30 Jne 78 SR 209/78 s302.

Application for certification

303 An application for certification of an exploratory well shall be delivered to the minister, by the person applying for a drilling licence in respect of such well, at the time of the submission of the application for a licence to drill the well or not earlier than one week prior thereto.

30 Jne 78 SR 209/78 s303.

Form of application

304 The application for certification shall include:

- (a) the names of all participants in the well;
- (b) the percentage contribution to be made by each participant to the cost of drilling the well and the manner and form of such contribution;
- (c) the proposed allocation of the financial assistance being sought; and
- (d) a programme for the proposed exploratory drilling.

30 Jne 78 SR 209/78 s304.

Certification

305(1) The minister may certify the exploratory well if he is satisfied that the application complies in all material respects with this Part and that the well should be certified.

(2) Unless the minister otherwise determines, an exploratory well shall be certified only if it is located:

- (a) outside any drainage unit group centred on a drainage unit that contains a completed oil well;
- (b) more than three miles from the nearest completed gas well; and
- (c) more than three miles from the nearest certified exploratory well that has not been abandoned or completed.

(3) Notwithstanding subsection (2), the minister may certify an exploratory well that is located within an area mentioned in subsection (2) if there is evidence acceptable to the minister that there is a discontinuity in the geological environment or structure of the subsurface lying between the well mentioned in subsection (2) and the exploratory well that is proposed to be certified.

30 Jne 78 SR 209/78 s305.

Refusal to certify and conditional certification

306 The minister may in his absolute discretion refuse to certify a well or impose conditions on certification, and without restricting the generality of the foregoing he may refuse to certify or impose conditions on the certification of a well for any one or more of the following reasons:

- (a) the programme for proposed exploratory drilling is not economically feasible or is otherwise unsatisfactory;
- (b) the productivity of the area in which it is proposed to drill the exploratory well does not warrant certification;
- (c) the level of drilling activity in the area does not justify further certification of exploratory wells;
- (d) the minister otherwise considers it advisable to refuse to certify the well or to impose conditions on certification.

30 Jne 78 SR 209/78 s306.

Review of refusal

307 If an application for certification of an exploratory well is refused, the applicant may within fifteen days thereafter request in writing that the minister review the refusal of the application.

30 Jne 78 SR 209/78 s307.

Powers on review

308 Except when another well has been certified subsequent to the refusal to certify the first well and the certification of such well prevents the certification of the first well by reason of the provisions of subsection (2) of section 305, when a request for a review is made in accordance with section 307 the minister shall reconsider his decision and may either vary or confirm his initial decision.

30 Jne 78 SR 209/78 s308.

Lapse of certification

309 If the drilling of a certified exploratory well has not commenced within thirty days after certification, the certification shall lapse.

30 Jne 78 SR 209/78 s309.

Lapse of certification on notice

310 Where the drilling of a certified exploratory well and subsequent operations referred to in the programme proposed for that well have not been carried out within a reasonable time or have not been conducted in accordance with the certification granted by the minister, the certification shall lapse upon notification to that effect by the minister to the holder of the drilling licence.

30 Jne 78 SR 209/78 s310.

Further certification

311 Where the certification of a certified exploratory well has lapsed for any reason, or where a certified exploratory well has been abandoned, the minister may consider for certification any other well for which a drilling licence has been granted, upon application by the holder thereof accompanied by the information mentioned in section 304, as though the certified exploratory well originally certified had not been certified.

30 Jne 78 SR 209/78 s311.

Priority among applications

312 Where two or more applications for certification of exploratory wells conflict by reason of the fact that if one were certified at the particular time the other could not be so certified by reason of the provisions of subsection (2) of section 305, priority shall be determined by the order in which applications for drilling licences were received in respect of such exploratory wells.

30 Jne 78 SR 209/78 s312.

Statement of expenditures

313 Not more than six months after the rig release date with respect to a certified exploratory well, the applicant shall deliver to the minister a statement of expenditures in form satisfactory to the minister setting out the actual expenditures incurred with respect to drilling the certified exploratory well, and where the minister so requires the statement shall be reported upon by an accountant satisfactory to the minister.

30 Jne 78 SR 209/78 s313.

Lapse and revival

314(1) Where the certification of a certified exploratory well has lapsed for revival any reason, no financial assistance shall be granted under this Part with respect to such well, and such well shall thereupon cease to be a certified exploratory well for all purposes of these regulations.

(2) Upon application in writing by the holder of the drilling licence, the minister may, in his discretion, revive the certification of any exploratory well that has lapsed for any reason, but such revived certification shall be effective only from and after such date as the minister may determine.

30 Jne 78 SR 209/78 s314.

Limitation on certification

315 Where a credit has been issued under Part II in respect of an approved expenditure made or incurred for the cost of drilling or testing a well, such well shall not be certified under this Part, and, if such well has already been certified, the certification shall lapse upon the issue of such credit.

30 Jne 78 SR 209/78 s315.

No further wells to be certified

316 Notwithstanding any other provision of these regulations, from and after January 1, 1983 no well shall be certified by the minister as a certified exploratory well pursuant to this Part unless the application for certification thereof was delivered to the minister on or before December 31, 1982.

24 Dec 82 SR 164/82 s4.

PART IV GENERAL

Delegation

401 Any person or persons designated by the minister from time to time to do so may exercise any of the powers and perform any of the duties of the minister under these regulations.

30 Jne 78 SR 209/78 s401.

PART V WELL SERVICING ASSISTANCE PROGRAM

Purpose of Part

501 The purpose of this part is to provide emergency assistance to the oil well servicing industry based in the province by permitting the minister to make grants to operators of producing wells to defray a portion of their expenditures for eligible service work carried out by the members of that industry.

15 May 81 SR 101/81 s1.

Interpretation

502 In this Part:

- (a) **“eligible service work”** means repair, service and maintenance work approved by the department that is carried out with respect to a producing well:
 - (i) beneath the surface of the earth; or
 - (ii) on the wellhead or surface pumping unit;
- (b) **“operator”**, with respect to a producing well, means the person who is the operator of that well for the purposes of *The Oil Well Income Tax Act*;

(c) “**producing well**” means an oil well, within the meaning of *The Oil Well Income Tax Act*, that was or was capable of producing oil on October 28, 1980.

15 May 81 SR 101/81 s1.

Saskatchewan Heritage Fund

503 All amounts granted under this Part from time to time shall be paid out of the Saskatchewan Heritage Fund.

15 May 81 SR 101/81 s1.

Application for Grant

504(1) The operator of a producing well may apply for a grant under this Part in respect of any eligible service work carried out with respect to the producing well where such eligible service work is commenced:

- (a) on or after May 1, 1981; and
- (b) on or before October 31, 1981 or such later date or dates as may be established by the minister in accordance with clause 509(1)(a).

(2) An application under this Part shall be submitted by the operator of the producing well to the department within two months after completion of the eligible service work in respect of which a grant is sought, and shall be accompanied by an undertaking by the operator, in form satisfactory to the department, to comply with the condition set out in section 506.

(3) An application under subsection (2) shall be in form satisfactory to the department, and shall set out:

- (a) the name and address of the operator;
- (b) the name and address of the person or persons carrying out the eligible service work;
- (c) a statement of the expenditures actually made by the operator for the eligible service work; and
- (d) such other information as may be required by the department from time to time.

15 May 81 SR 101/81 s1.

Grant to Operator

505(1) Where the minister is satisfied that:

- (a) the eligible service work in respect of which an application is submitted has been completed;
- (b) the application in respect of that eligible service work has been submitted in form satisfactory to the department;
- (c) each part of the eligible service work in respect of which the application is submitted has been carried out by a member or members of the oil well servicing industry based in the province and has been approved by the department;

(d) each of the expenditures actually made by the operator for the eligible service work is reasonable and proper, has been approved by the department, and has not been included in an application previously submitted under this Part; and

(e) all other conditions for the making of the grant pursuant to this Part have been satisfied;

the minister shall grant to the operator of the producing well an amount equal to 60 per cent of the expenditures actually made by the operator that have been approved by the department.

(2) All amounts granted to an operator under subsection (1) shall be paid by the department only to that operator, and any transfer or assignment of the right to receive any such grant is void and of no force or effect.

(3) Notwithstanding subsection (1), no operator may receive grants under this Part that, in the aggregate, exceed the greater of:

(a) \$50,000; and

(b) \$1.25 multiplied by the number of cubic metres of oil produced in the period from May 1, 1980 to October 31, 1980 (both inclusive) from all producing wells of which he is the operator;

or such greater amount or amounts as may be determined by the minister under clause 509(1)(b).

15 May 81 SR 101/81 s1.

Grant Conditional

506(1) Any grant to an operator under section 505 shall be made on the condition that, without the approval of the department, the producing well in respect of which the eligible service work was carried out shall not cease production of oil for a period of 12 months following the completion of the eligible service work, except for temporary periods of shut-down for service, maintenance or inspection purposes or due to lack of sufficient markets or reasons of *force majeure*.

(2) Where the condition set out in subsection (1) is not complied with, the department may deduct and retain from any other amount or amounts payable to the operator under these regulations an amount equal to the grant made to the operator in respect of the producing well that has so ceased production.

15 May 81 SR 101/81 s1.

Review by Minister

507(1) If an application under this Part is refused, or if the amount of the grant is less than that applied for, the operator may request in writing, within 30 days thereafter, that the minister review the initial decision with respect to the application.

(2) Where a request for a review is made in accordance with subsection (1), the minister shall review the initial decision and may either vary or confirm it.

15 May 81 SR 101/81 s1.

Oil Well Income Tax Act

508 Notwithstanding any provision of *The Oil Well Income Tax Act* or any regulations made thereunder, any grant made under this Part shall not reduce the amount of any allowance or deduction to which a taxpayer under that Act may otherwise be entitled.

15 May 81 SR 101/81 s1.

Powers of Minister

509(1) Notwithstanding any other provision of this Part, the minister may from time to time by order:

- (a) extend the date set out in clause 504(1)(b) on or before which eligible service work must be commenced;
 - (b) increase either of the \$50,000 or \$1.25 amounts mentioned in subsection 505(3), or extend the period of time mentioned in clause 505(3)(b);
 - (c) suspend the operation of this Part, in whole or in part, for such period or periods of time as he considers necessary or advisable; or
 - (d) terminate the operation of this Part for any reason that he considers necessary or advisable.
- (2) No order of the minister under clause (c) or (d) of subsection (1) shall be effective until it is published in the *Gazette* and 10 days have elapsed since such publication.

15 May 81 SR 101/81 s1.

