

Saskatchewan Regulatory Update

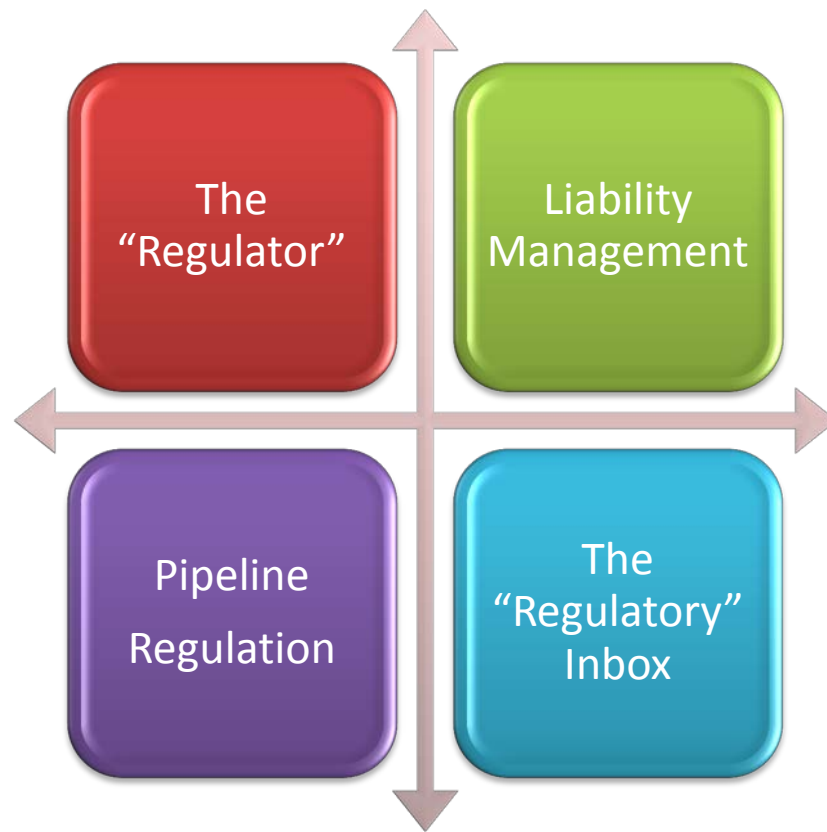
Doug MacKnight

Ministry of the Economy

saskatchewan.ca

Saskatchewan! 

Topics



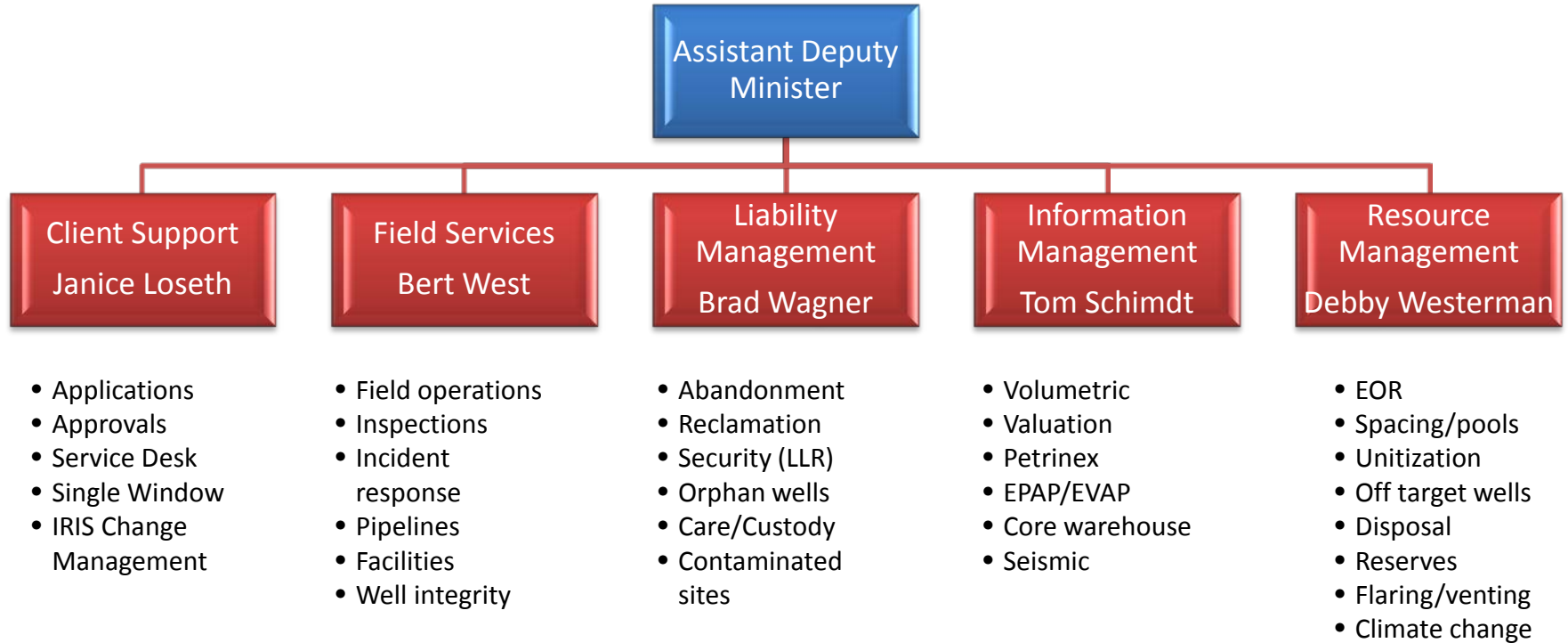
The “Regulator”

- Oil and gas wells, facilities, flowlines and intra-provincial pipelines are regulated by the Ministry of the Economy
- In 2015, the “***Petroleum and Natural Gas Division***” was re-configured to focus solely on industry regulations
- The PNG Division is no longer responsible for royalty and tax policy, tenure and investment attraction

Regulatory Mandate

The PNG Division regulates the lifecycle activities related to the responsible development of Saskatchewan's oil, gas and associated mineral resources.

Division Structure



Regulatory Affiliations

Western Regulators
Forum
(NEB, BCOGC, AER)

Petrinex
(ADOE, AER, MNGD,
BCOGC, CAPP, EPAC)

Interstate Oil and Gas
Compact Commission
(38 State Regulators)

Canadian Standards
Association

Liability Management



BEFORE



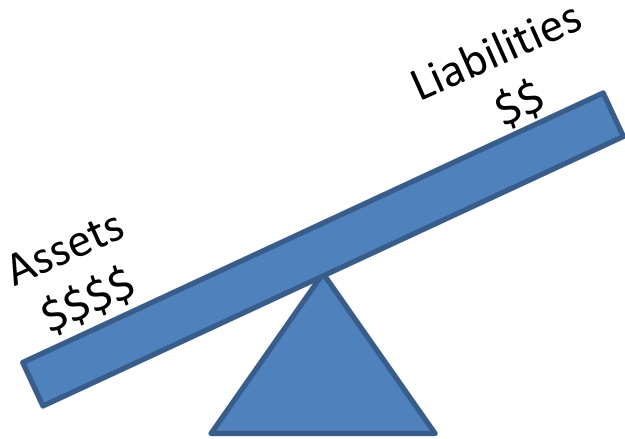
AFTER

Liability Management

- Saskatchewan, Alberta and British Columbia operate equivalent liability management programs
- In 2016, the Alberta Energy Regulator lost a legal challenge by a Receiver in *Redwater* related to its administration of the program
- This decision, which was based on federal paramountcy, was upheld at Court of Appeal on April 24, 2017
- If the decision stands on appeal, it will have a significant impact on the liability programs in all three provinces

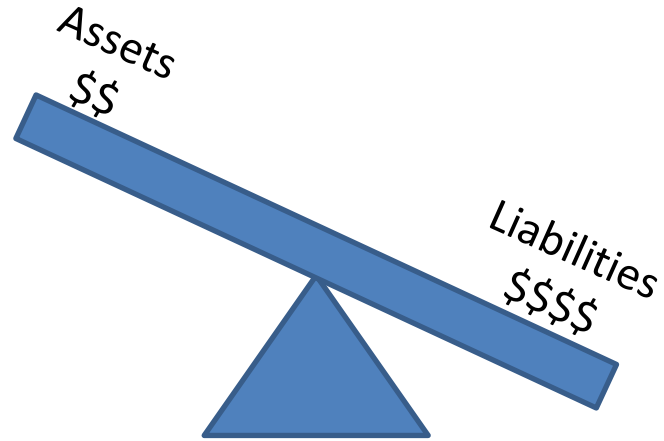
Program Design

Good Asset Inc.



No deposit required!
(LLR > 1)

Hoping 4 Better Days Inc.

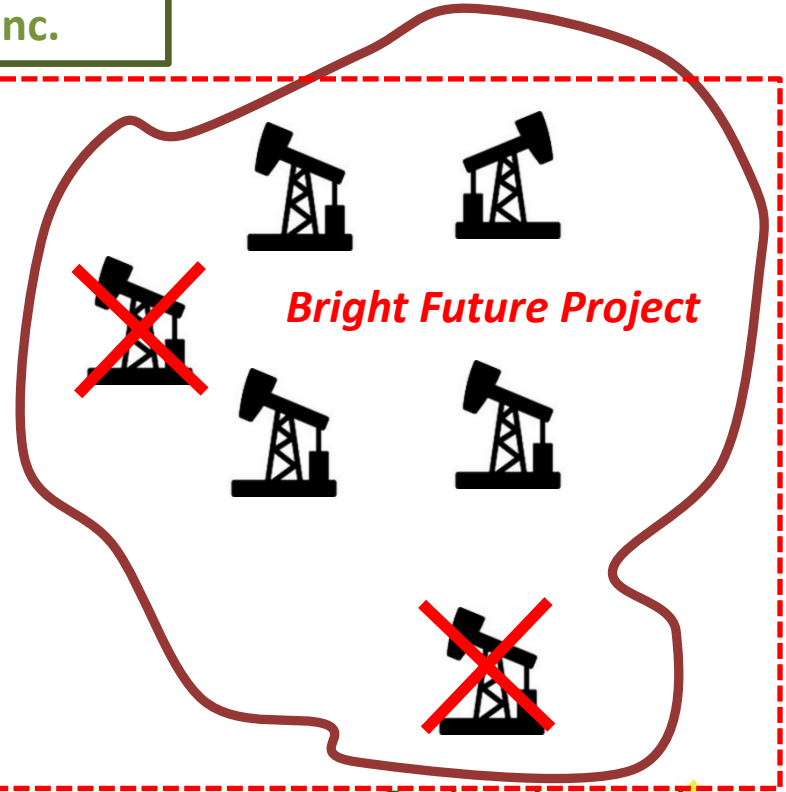
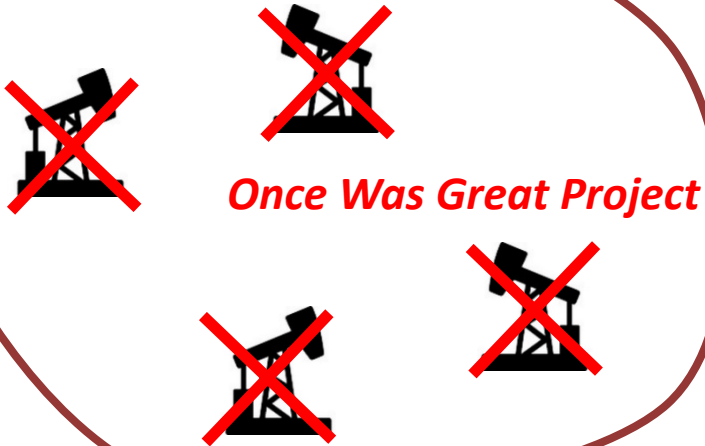


Pay \$\$ the Regulator!
(LLR < 1)

Pre-Redwater Receivership

Disposed as a group

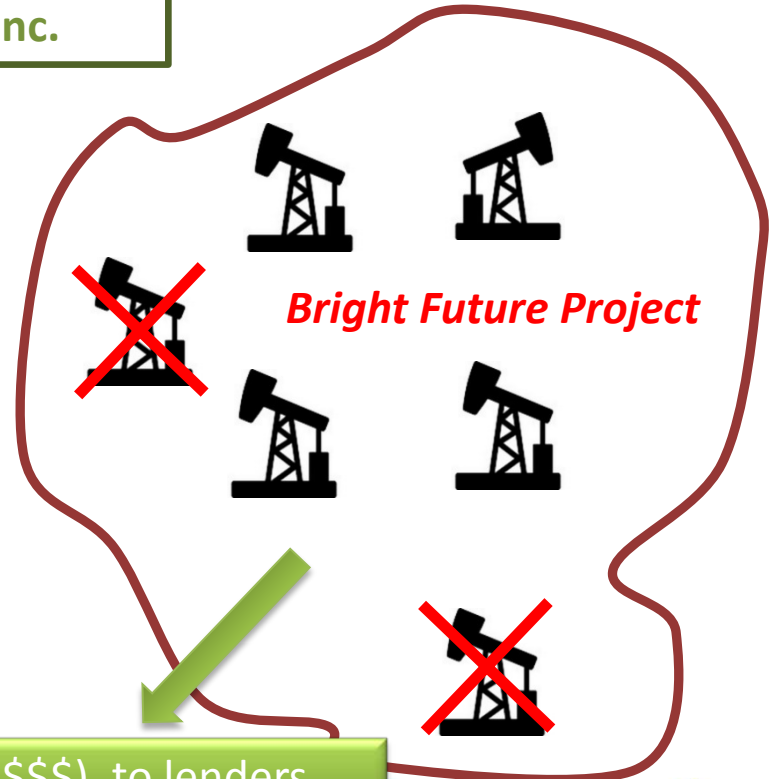
Good Asset Inc.



Post-Redwater Receivership

Liability left to others
(renounced/orphaned)

Good Asset Inc.



Proceeds (\$\$\$) to lenders

What are we doing about it?

- Saskatchewan will continue to intervene in the appeal
- On an interim basis, the Regulator *may* require higher securitization for high-risk transfers (*Please Call Before Buying!!!*)
- The Regulator is working with AB, BC and industry on a longer-term solution

But what is the real problem???

Inactive
Infrastructure
(Idle Wells)

Pipeline Regulation



Pipeline Regulation Enhancement Program

Online Licensing (IRIS)

Retroactive Flowline Licensing

Compliance Audit Programs

Directive/Standards Development

The “Regulatory” Inbox

- Directive PNG017/EPAP (measurement)
- Sour Gas Management
- Carbon Emissions/Climate Change
- IRIS Enhancements

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