

Oil Sands in Saskatchewan – A Brief History and the Proposed Tenure Regulations for the Future

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In the 1970s, some bituminous oil sands potential was identified north of the Primrose Lake Air Weapons Range, but that area has seen limited exploration by industry and no detailed assessment of the resource had been undertaken until a renewed exploration program began in 2005.

In April, 2003, Industry and Resources received an expression of interest from a company to acquire oil sands exploration permits for approximately 570,000 hectares (1.4 million acres) in an area north of the Clearwater River, along the Alberta-Saskatchewan border. This area is about 100 km (60 miles) directly east of Fort McMurray, Alberta.

After considerable review Industry and Resources granted the company 17 contiguous permits free of charge to explore (not produce) oil sands on the permit lands for a period of five years commencing June 1, 2004. This is considered the largest single land position in the entire Athabasca oil sands region, including Alberta.

Under the conditions of the issuance of the permits, the holdings have been reduced in size to 846,000 acres. An initial phase of core-hole drilling was conducted with a 25-well drilling program in the winter of 2005-06 on only one permit out of the 17 issued.

Initial drilling was positive with the first few wells confirming the findings of the 1970s' results, prompting the company to embark this past winter on a second phase of drilling of an additional 250 test wells across all of the permits. As of March 13, 2007, 120 holes have been drilled for the winter 2006/07 exploration program.

Oil shale and oil sands dispositions are currently administered in accordance with The Oil Shale Regulations, 1964. Due to the limited interest shown in these resources over the last several decades, these regulations have not been updated. With the present renewed interest, Industry and Resources is proposing amendments to both The Oil Shale Regulations, 1964 and The Petroleum and Natural Gas Regulations, 1969 to bring them in line with current fiscal, administrative, and technical realities.

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