
Oil and Gas Processing Investment Incentive

Policy Guidelines

November 2022

Revision 4.0

Governing Legislation:

Act: *The Financial Administration Act, 1993*

Regulation: *The Oil and Gas Processing Investment Incentive Regulations*

Record of Change

Revision	Date	Author	Description
1.0	June 5, 2019	RDD	<ul style="list-style-type: none"> • Original
2.0	April 2020	RDD	<ul style="list-style-type: none"> • Additional clarification, formatting
3.0	June 2021	RDD	<ul style="list-style-type: none"> • Program amendments, additional clarification
4.0	November 2022	RDD	<ul style="list-style-type: none"> • Program amendment to include lithium processing facilities as an eligible project type. • Additional clarification for chemical fertilizer facility definition. • Additional clarification for eligible/ineligible costs.

These guidelines serve to define the administrative policy that the Ministry of Energy and Resources will follow for implementation of *The Oil and Gas Processing Investment Incentive (OGPII)*. [The Oil and Gas Processing Investment Incentive Regulations](#) empower the Minister of Energy and Resources (Minister) with the authority to make final determinations concerning whether an application has met the program’s eligibility criteria. In any conflict between these guidelines and the Minister’s determination, the guidelines defer to the Minister’s authority. In any conflict between these guidelines and a signed OGPII Agreement, the guidelines defer to the agreement.

The guidelines are organized as follows:

Section 1: The Regulations.....	3
Section 2: Eligible Projects	4
Enabling Infrastructure	4
Phased Projects	4
Aggregated Multi-Site Projects	7
Section 3: Increase in Processing Capacity	12
Section 4: Minimum Investment Threshold	13
Section 5: Operational Status	16
Section 6: Other Requirements and Considerations	16
Appendix: OGPII/SPII Production Zone Map	19

Section 1: The Regulations

Program eligibility is primarily defined by clause 4 of *The Oil and Gas Processing Investment Incentive Regulations*. For easy reference, the text of that clause states:

4 Subject to these regulations, an oil, gas, associated gas, helium, lithium or chemical fertilizer project is eligible for approval pursuant to these regulations if the applicant satisfies the minister that the project:

(a) is:

- (i) a refinery;*
- (ii) an upgrading facility;*
- (iii) a petrochemical facility;*
- (iv) an associated gas commercialization project;*
- (v) an associated gas pipeline gathering system;*
- (vi) a carbon capture, utilization, and storage for enhanced oil recovery project;*
- (vii) a commercialization of oil and gas production byproducts or waste products projects;*
- (viii) a helium processing or liquefaction facility;*
- (ix) a chemical fertilizer facility; or,*
- (x) a lithium processing facility*

(b) will result in a significant increase in processing capacity as determined by the minister;

(c) involves a minimum investment of \$10 million in eligible costs; and,

(d) has not become operational, as determined by the minister, before the eligible project application is submitted.

The guidelines for interpreting each element of clause 4 are set out in the following sections.

Section 2: Eligible Projects

4 Subject to these regulations, an oil, gas, associated gas, helium, lithium or chemical fertilizer project is eligible for approval pursuant to these regulations if the applicant satisfies the minister that the project:

(a) is:

- (i) a refinery;*
- (ii) an upgrading facility;*
- (iii) a petrochemical facility;*
- (iv) an associated gas commercialization project;*
- (v) an associated gas pipeline gathering system;*
- (vi) a carbon capture, utilization, and storage for enhanced oil recovery project;*
- (vii) a commercialization of oil and gas production byproducts or waste products projects;*
- (viii) a helium processing or liquefaction facility;*
- (ix) a chemical fertilizer facility; or,*
- (x) lithium processing facility.*

An 'oil, gas, associated gas, helium, lithium, or chemical fertilizer project' is intended to capture all activities which add or create value by processing, transforming, and/or upgrading upstream oil, gas, helium, and lithium industry products, by commercializing upstream oil and gas production byproducts and waste products, or by increasing value-added chemical fertilizer production.

Eligible projects can include new (greenfield) facilities or expansions (brownfield) of existing facilities, and all enabling infrastructure required to bring the project into operation. Eligible projects can also be conducted over multiple distinct phases.

Enabling Infrastructure

Enabling infrastructure directly connected to the project or is required to bring the eligible project into operation, including, but not limited to, dedicated transportation systems (including pipelines, rail, and truck), utility connections, and storage infrastructure, is considered eligible.

Phased Projects

For any value-added project planned to be built in distinct phases, the project proponent can submit a single project application that includes all phases of the planned project. Each

subsequent phase of the project must be directly connected or linked to the first phase of the project.

The phased project must meet the eligibility criteria established within *The Oil and Gas Processing Investment Incentive Regulations*, including an incurred minimum investment of CAD\$10 million in eligible costs before any oil and gas royalty/freehold production tax credits can be earned. As identified in the application, the subsequent project phases (i.e., second phase, third phase, etc.) do not need to individually meet the eligible cost threshold of a minimum investment of CAD\$10 million if the preceding phase(s) of the project have already met this part of the program's criteria.

For the summation of all eligible project phases, any eligible costs that would exceed the project's royalty credit maximum of CAD\$75 million for oil, gas, helium, and lithium projects, or CAD\$70 million for chemical fertilizer projects, will not be included in the calculation of earned royalty credits, as per *The Oil and Gas Processing Investment Incentive Regulations*.

Note the following:

- After the minimum investment of CAD\$10 million in eligible costs requirement is met, earned royalty credits will be released as each independent project phase becomes operational, per the terms of the agreement between the project proponent and the Ministry of Energy and Resources.
- A phased project application cannot be considered as part of a regional gas commercialization project application or an aggregated multi-site project application.

Example – New oil upgrading facility

The proposed project has three phases. Phase 1 will be operational prior to Phase 2 and Phase 3 expansions. Phase 1 includes CAD\$8 million in eligible costs, Phase 2 and Phase 3 each have eligible costs of CAD\$4 million. The entire project has eligible costs of CAD\$16 million and meets all other eligibility criteria set out within *The Oil and Gas Processing Investment Incentive Regulations*. Based on eligible costs, the earned credits are awarded as each phase becomes operational. The earned royalty credits would not be awarded until after Phase 2 is complete and becomes operational, as this is the phase when the project meets the program's minimum investment of CAD\$10 million in eligible costs requirement.

Example – New gas processing facility

The proposed project has two phases, with Phase 1 being operational prior to Phase 2. Phase 1 includes CAD\$600 million in eligible costs and Phase 2 has CAD\$300 million in eligible costs. The entire project has eligible costs of CAD\$900 million and meets all other eligibility criteria set out

within *The Oil and Gas Processing Investment Incentive Regulations*. The earned royalty credits, based on eligible costs, are awarded as each phase becomes operational; however, because Phase 1 exceeds the maximum project size under OGPII (i.e., \$500 million in eligible costs), credits are only earned on this portion of the project. The earned royalty credits will be awarded after Phase 1 is complete and becomes operational, and once the participant has submitted a Royalty Credit Application to the Ministry. Royalty credits would not be earned for Phase 2, as this would result in the project's cumulative total credits exceeding the project-specific maximum.

4(a)(i) a refinery;

4(a)(ii) an upgrading facility;

Eligible refinery and upgrading facility projects include facilities where oil is processed into a higher-value product(s). This includes, but is not limited to: oil refineries, oil upgraders and partial upgraders, asphalt production facilities, and sulphur removal units at oil and/or gas processing facilities.

Facilities and/or components of facilities that process agricultural products into higher-value products, including, but not limited to, hydrogenation-derived renewable diesel and biofuel facilities, are not eligible project types.

4(a)(iii) a petrochemical facility;

Eligible petrochemical facilities must use primary feedstock derived from hydrocarbons, such as methane, naphtha, ethane, propane, butane, isobutene, pentane, and pentanes plus. Petrochemical facilities use this feedstock to create industrial and consumer products, which includes, but is not limited to: benzene, methanol, ammonia, olefins, ethylene, dehydrogenation, polypropylene, and styrene.

Note: Secondary and tertiary processing activities (i.e., processing benzene, methanol, ammonia, etc.) created from the original hydrocarbon feedstock are not considered eligible projects.

4(a)(iv) an associated gas commercialization project;

Associated gas is natural hydrocarbon gas produced as a secondary product associated with oil production, and it does not include carbon dioxide. Eligible associated gas commercialization projects seek to capture and commercialize associated gas that is otherwise nonsalable. To be eligible, project proponents must clearly demonstrate that all gas involved in the project will result in commercial use or sale (i.e., non-emergency flaring and incinerators/combustors cannot be a part of any component of an approved project's operations).

Aggregated Multi-Site Projects

For stand-alone associated gas commercialization projects that do not meet the minimum investment threshold of CAD\$10 million in eligible costs criteria but meet all other program eligibility requirements, the aggregation of multiple projects on different sites into the submission of a single project application is permitted. To be considered eligible, the aggregated multi-site associated gas commercialization project must take place exclusively within one of Saskatchewan's following three production areas: Lloydminster/Kindersley – 1, Swift Current – 2, Estevan – 3 (Appendix).

An aggregated multi-site associated gas commercialization project can only include project components by a single corporate entity. A parent company and its subsidiaries would be considered a single corporate entity; a partnership agreement between two stand-alone companies would not be considered eligible.

Note the following:

- The aggregated multi-site gas commercialization project must meet the minimum investment threshold of CAD\$10 million in eligible costs.
- For an aggregated multi-site gas commercialization project, royalty credits will not be earned until all of the project components included within the application are operational.

Example – Project aggregation by a single corporate entity

A company has four flare/waste-gas-to-power projects across its oil production assets in a single provincial production area. Each project will have CAD\$2.5 million in eligible costs, including the costs associated with enabling infrastructure. Each project component will be identified in detail with its eligible costs and anticipated timeline to enter operation, in the company's application form. The aggregated multi-site gas commercialization project

application will be accepted for review as long as all the projects have a combined minimum investment of CAD\$10 million in eligible costs, and each project component meets all other eligibility criteria set out within *The Oil and Gas Processing Investment Incentive Regulations*.

4(a)(v) an associated gas pipeline gathering system;

A gas gathering system is defined by [Directive PNG017: Measurement Requirements for Oil and Gas Operations Version 3.0 in Saskatchewan](#), Section 4.2.3, as: a reporting entity consisting of pipelines that move products (primarily gas) from one facility to another. The facility may also include compressor stations, line heaters, and dehydration equipment located on the system but not associated with any battery, injection facility, gas plant, or other facilities.

This category is for instances where gas gathering systems are developed separately from processing capacity increases. For associated gas pipeline gathering projects, the eligible project can include any new or expanded regional dedicated gas gathering pipeline systems, transmission pipelines, and/or compression infrastructure if it can be clearly demonstrated that all the gas involved in the project will result in commercial use or sale (i.e., non-emergency flaring and incinerators/combustors cannot be a part of any component of an approved project's operations). A series of smaller dedicated associated gas gathering pipeline systems, transmission pipelines, and/or compression infrastructure investments, in a region where they may not be directly integrated/connected to each other, can still be deemed part of a single larger eligible project if they are all independently connected or linked to a commercial use or sale.

Eligible regional gas gathering and commercialization projects can be conducted by a single corporate entity or brought forward as a joint project conducted by multiple corporate entities.

Eligible projects of this nature must occur exclusively within one of the province's three production areas designated in the Appendix.

Note the following:

- Oil effluent pipelines are not eligible under this project type.

- Capital asset turnover, routine maintenance (including costs related to routine well workovers), and other similar activities will not qualify.
- The regional associated gas gathering and commercialization project must meet the minimum investment threshold of CAD\$10 million in eligible costs.
- For regional associated gas gathering and commercialization infrastructure projects, royalty credits will not be earned until all approved project components/undertakings have been constructed and become operational.

Example – Joint project (multiple corporate entities)

Companies X, Y, and Z have identified that they are each planning similar regional gas gathering pipeline system projects within the Kindersley/Lloydminster production area. Company X's project will include \$5 million in eligible costs, Company Y's project will include \$3 million in eligible costs, and Company Z's project will involve \$6 million in eligible costs. Since each project on its own does not qualify for the program, a joint application can be submitted. Each project will be identified in detail in the joint application form, along with its eligible cost and anticipated timelines to enter operation. The application for the joint project will be accepted for review as long as the projects have a combined minimum investment of CAD\$10 million in eligible costs and each project meets all other eligibility criteria set out within *The Oil and Gas Processing Investment Incentive Regulations*. Company X, Y, and Z have privately negotiated agreements on the split of royalty credits and have chosen Company X as the project proponent to earn and transfer the royalty credits.

4(a)(vi) a carbon capture, utilization, and storage for enhanced oil recovery project;

Integrated projects that involve carbon dioxide (CO₂) capture, transportation, and injection for enhanced oil recovery (EOR) are eligible for OGPII. Eligible projects must be fully located in Saskatchewan and must clearly demonstrate one of the following:

- Greater than 50 per cent of all incrementally captured CO₂ will be utilized for EOR, once the project commences operations; or,
- An annual average of at least 25,000 tonnes of the incrementally captured CO₂ will be utilized for EOR, for ten consecutive years following the project's operational commencement.

If the project meets all eligibility criteria, the capital costs related to long-term storage and measurement, monitoring and verification (MMV) as stated in an approved plan may also be considered eligible.

Example – Integrated Carbon Capture, Utilization, and Storage (CCUS) with 51% for EOR

A company has a project to capture 100,000 tonnes of CO₂ annually from an agriculture processing facility and transports the captured CO₂, via pipeline, to EOR injection sites (51,000 tonnes/year) and permanent storage (49,000 tonnes/year). Capital costs for the project are estimated to be CAD\$200 million for the capture component, CAD\$100 million for the pipeline, CAD\$100 million for EOR injection, and CAD\$100 million for permanent storage. Since the majority of captured CO₂ is being utilized for EOR purposes, the entire CAD\$500 million project would be considered eligible.

Example – Integrated CCUS with 25,000 tonnes/year for EOR and 75,000 tonnes/year for Storage

A company has a project that captures 100,000 tonnes of CO₂ annually from an agriculture processing facility and transports the captured CO₂, via pipeline, to EOR injection sites (25,000 tonnes/year) and permanent storage (75,000 tonnes/year). Capital costs for the project are estimated to be CAD\$150 million for the capture component, CAD\$50 million for the pipeline, CAD\$75 million for EOR injection, and CAD\$125 million for permanent storage. Since at least 25,000 tonnes/year of the captured CO₂ is being utilized for EOR purposes, the entire CAD\$400 million project would be considered eligible.

4(a)(vii) a commercialization of oil and gas production byproducts or waste products project;

Projects that seek to capture and commercialize byproducts and/or waste products of oil and gas activities that would otherwise be unsalable are eligible. Types of these value-added eligible projects include, but are not limited to: mineral production, electricity generation, and hydrogen production.

Note: The commercialization of a waste product will be recognized; however, waste products that are considered as secondary or tertiary from the upstream oil and gas sector are ineligible. For example, processing brine water to create lithium hydroxide is an eligible activity but using the produced lithium hydroxide to manufacture batteries would not be considered eligible.

4(a)(viii) a helium processing or liquefaction facility;

Projects that seek to build new or expanded facilities for which the primary function is the value-added processing, purification, or liquefaction of helium gas are considered eligible. These facilities primarily process helium but may also process gases produced in association with helium, including but not limited to CO₂, methane, and nitrogen; these activities, when directly related to an eligible helium project, are also considered eligible.

4(a)(ix) a chemical fertilizer facility;

Eligible chemical fertilizer facilities must use mineral and chemical feedstock to create single or multi-nutrient synthetic fertilizer products. Facilities that are solely dedicated to mixing and blending of fertilizers or facilities that manufacture potash fertilizer products for which potash is the primary feedstock are not considered eligible.

The following are not eligible activities for chemical fertilizer production:

- Bagging, handling, or storage of fertilizer;
- Fertilizer production for which potash is the primary feedstock;
- Production of fertilizer that can be classified as a blend having any of the following characteristics:
 - Difference in size, shape, or density;
 - Segregated granules; and/or,
 - Uneven distribution of nutrients.

4(a)(x) a lithium processing facility;

Projects that seek to build new or expand facilities for which the primary function is the value-added processing or purification of lithium are considered eligible. These facilities primarily process lithium from formation fluids produced via a wellbore. Lithium may also be produced along with trace elements, including but not limited to chlorine, sodium,

calcium, potassium, and magnesium. When directly related to an eligible lithium project, these activities may also be considered eligible.

Section 3: Increase in Processing Capacity

4(b) will result in a significant increase in processing capacity as determined by the Minister; and,

In assessing whether a sufficient increase in processing capacity occurs as a result of a proposed new (greenfield) or existing expansion (brownfield) project being completed, factors to be considered include:

- processing is occurring to create and/or recover a new saleable product at a commercial scale that was not achieved prior to the project; and/or,
- creating a significant increase in the quantity of an existing saleable product; and/or,
- creating or recovering a saleable product of higher quality or value in the marketplace; and/or,
- creating an incremental increase in the commercialization of oil and gas production byproducts and/or waste products; and/or,
- the proportionality between the volume of incremental feedstock (oil, gas, helium, chemicals, etc.) being processed and the scale of the project's total eligible costs.

Note: A saleable product is considered a product that can be monetized, and that is directly and positively impacted by the related processing, value-added, or commercialization activity.

Note: Primary recovery is not considered a processing or value-added activity.

Increase in Processing Capacity at Existing Facilities

In the case of an eligible project application that concerns the expansion of an existing facility (brownfield), the Ministry of Energy and Resources may request that the applicant provide engineering and/or auditing evidence from an expert third party to ensure/confirm that all proposed eligible costs are directly related to the expansion of the facility and do not include any unrelated repair, maintenance (including costs related to routine well workovers), or capital asset turnover costs related to the pre-existing facility (see details below regarding expert third-party verification).

Example – Oil refinery debottlenecking

An existing oil refinery is attempting to increase its processing capacity for the amount of refined petroleum products it produces. By making modifications to the existing facility and equipment (total capital costs of CAD\$20 million), it is demonstrated that a 10 per cent increase in the facility's throughput capacity has occurred. The debottlenecking project would be considered as an eligible project as it is directly related to an increase in the facility throughput capacity and will allow for an increase in the marketing and distribution of refined petroleum products.

Section 4: Minimum Investment Threshold

4(c) Involves a minimum investment of \$10 million in eligible costs.

Estimated eligible costs are evaluated at two stages – the application stage and the agreement stage.

Incurred project costs must be necessary and directly linked to bringing a new or expanded facility into a commercially operable status to be considered eligible. Specifics regarding eligible costs will be described in detail in an agreement between a successful applicant and the Ministry of Energy and Resources.

Final Approved Eligible Costs of a Project

As part of the eligible project application stage [Section 5 of *The Oil and Gas Processing Investment Incentive Regulations*], the Ministry of Energy and Resources will consider whether the proposed project will be highly likely to result in a minimum investment threshold of CAD\$10 million in recognized eligible costs to qualify for *The Oil and Gas Processing Investment Incentive*.

Final eligible project costs – upon which all earned royalty credits are determined – are established as part of the agreement stage [Section 6 of *The Oil and Gas Processing Investment Incentive Regulations*]. The agreement phase is carried out by the project proponent and the Ministry of Energy and Resources after the eligible project application stage is successfully completed. Once the project proponent and the Ministry of Energy and Resources enter into an agreement, the project proponent moves from being a program “applicant” to being a program “participant”.

Once the eligible project is completed, per the terms of the agreement with the Ministry of Energy and Resources, the participant must submit a final detailed itemized breakdown of all approved and actual eligible costs. While estimated contingency costs are considered eligible for approval, all final costs submitted will be actual and under a detail category other than contingency. The costs must be audited by a licensed Chartered Professional Accountant and any other third-party expert required by the Ministry of Energy and Resources.

As previously noted, the agreement established between the project proponent and the Ministry of Energy and Resources will identify a detailed itemized breakdown of eligible costs. Any expense or cost not deemed eligible as established in the agreement or that is claimed in excess of the maximum authorized eligible cost amount as established in the agreement, will not be eligible to be included in the calculation of earned royalty credits.

Note the following:

- Eligible costs must be directly related to the eligible project and must have been incurred on or after January 1, 2018.
- According to Section 10 of *The Oil and Gas Processing Investment Incentive Regulations*, eligible costs may be incurred directly or indirectly by an entity other than the participant.

Eligible Costs

- Any real property and depreciable assets.
- The land on which the project is built and operates.
 - Land costs will be recognized at the lesser of actual costs or fair market value.
 - Costs associated with excess land will be excluded. Excess land includes land the applicant may be able to re-sell, offer for lease, or develop for another purpose.
- The capitalized costs of qualified professional services directly associated and prorated with the project, whether in-house or third party.
- The capitalized costs of installing the depreciable assets, whether in-house, third party, or of a capital lease.
- The capitalized costs of transporting the depreciable assets, whether in-house, third party, or of a capital lease.
- The cost of mobile or modular equipment and infrastructure essential to the successful operation of the project. *
- Intellectual Property licensing costs directly related to the project's design or operation.
- Specialized software costs essential to the successful operation of the project.

- Labour costs directly related to project engineering and design.
- Any site preparation and project construction costs (contracting, labour, equipment leasing or renting, and materials included).
- Any necessary utilities servicing costs directly related to the construction of the eligible project.
- Regulatory, licensing, and other development fees that are necessary and directly related to the project's approval, permitting, and/or construction.
- Direct costs of contracting any independent expert third-party accountants, engineers, and real estate appraisers as requested by the Ministry of Energy and Resources or as required by the terms of the agreement entered into by the project proponent and the Ministry of Energy and Resources.
- Capitalized interest.
- Front-End Engineering Design (FEED) studies.

*Note: For any mobile or modular equipment and infrastructure that the project proponent seeks to include as an eligible cost within the agreement, the project proponent must commit to keeping the assets in Saskatchewan for a minimum of 10 consecutive years. This time period will begin on the date the participant receives their first earned royalty credits in relation to the eligible project.

Ineligible Costs

- Administration and overhead costs.
- Office supplies and furnishings.
- Land that is not directly related to and/or necessary for the eligible project.
- Any travel or subsistence costs.
- Any promotional or advertising costs.
- Operating utility costs.
- Operating transportation costs.
- Operating labour costs.
- Treating, capital asset turnover, maintenance (including costs related to routine well workovers), servicing, and other materials directly related to the operations/functioning of pre-existing assets or the project post-construction.
- Generic software and/or computer costs.
- Feasibility study costs.
- Insurance.
- Selling and marketing costs.
- Costs related to asset ownership transfer.

- Federal Goods and Services Tax (GST).
- Provincial Sales Tax (PST).
- Harmonized Sales Tax (HST).
- Spare equipment.
- Non-compliance fees, fines, and penalties.
- Stakeholder engagement or community benefit agreements
- Costs already submitted under another OGPII submission.
- Non arms length transactions.

Section 5: Operational Status

4(d) has not become operational, as determined by the Minister, before the eligible project application is submitted.

Projects cannot be submitted retroactively. Any project that is operational prior to the submission of the application will be rejected.

The wide variety of project types eligible under OGPII requires that the operational status of each project be assessed individually.

Section 6: Other Requirements and Considerations

Third Party Audit of Eligible Costs

Once the project has become operational, the participant will be allowed to request that the approved eligible costs incurred during the project's construction become officially recognized by the Ministry of Energy and Resources. The credits will be calculated as earned royalty credits per the schedule outlined within *The Oil and Gas Processing Investment Incentive Regulations*.

For the eligible costs to be reviewed by the Ministry of Energy and Resources, the final statement of eligible costs must be audited by a relevant expert third party, as determined in the agreement between the project proponent and the Ministry of Energy and Resources. Unless otherwise noted in the project agreement, this must come in the form of an **Assurance Report**, issued by a licensed Chartered Professional Accountant, that provides the Ministry of Energy and Resources with reasonable assurance in accordance with the guidelines established under the Canadian Auditing Standards (CAS) 805, Special Considerations –

Audits of Single Financial Statements and Specific Elements, Accounts, or Items of a Financial Statement. The Assurance Report will provide an opinion on the project proponent's Eligible Cost Submission Form and should include an audit of the proponent's statement of eligible expenditures, while considering the following:

- All proposed eligible costs were actually incurred;
- All proposed eligible costs (including contingency-related costs) are within eligible cost categories, as established in section 4 of the OGPII Policy Guidelines, and in the project agreement;
- All proposed eligible costs are directly related to the eligible project, as described in the project agreement; and,
- All proposed eligible costs were incurred within the eligible timelines, as established in the project agreement.

Types of Qualified Independent Expert Third Parties

- A licensed Chartered Professional Accountant in good standing with all relevant professional associations and standards, operating at arm's length from the project proponent and all other direct and indirect project partners, for the purpose of assessing eligible costs contained in the agreement and identifying them as either eligible or ineligible.
- A licensed engineer in good standing with the Association of Professional Engineers and Geoscientists (APEGS), operating at arm's length from the project proponent and all direct and indirect project partners, for the purpose of verifying that the eligible costs were directly made for the purpose of expanding productive or value-added capacity at an existing facility.
- An Accredited Appraiser Canadian Institute (AACITM) licensed real estate appraiser, operating at arm's length from the project proponent and all direct and indirect project partners, for the purpose of adjudicating the fair market value of land as an eligible cost.

Amending Eligible Costs in an Agreement

Minor changes to an eligible project's costs are expected to be accommodated through a contingency cost category allocation in an agreement; however, a participant is able to request amendments to the project's signed agreement, for significant eligible cost amendments and/or significant project scope changes, with the Ministry of Energy and Resources at any point prior to the project becoming operational. This significant amendment will only be permitted once per project, and the amended project must continue to meet all eligibility requirements.

If the request to amend the eligible costs, as outlined in the agreement, is an increase from the agreed upon total value of eligible costs (and, therefore, an increase in the resulting conditional earned royalty credits), there must be available credits under the program's total royalty credit allocation amount, as determined by Cabinet, to accommodate the request. Additionally, such a request must not result in the maximum amount of eligible royalty credits above the allowable maximum per project.

To propose an amendment to a signed agreement, please e-mail ogpii@gov.sk.ca.

Asset Ownership Transfer

If assets related to the eligible project are transferred before obligations in the agreement are fulfilled (i.e., the project is completed), the Ministry of Energy and Resources must receive written confirmation from both the participant/applicant (previous owner) and new owner agreeing upon the eligibility of associated costs and distribution of approved royalty credits.

Confidentiality

The Ministry of Energy and Resources complies with *The Freedom of Information and Protection of Privacy Act* (FOIPPA). The protection of commercially sensitive information provided by FOIPPA is indefinite or until the point in time at which the information becomes part of the public record. No project-specific information will be released publicly by the Ministry of Energy and Resources unless companies have provided their consent.

The Government of Saskatchewan's annual *Public Accounts Report* will show aggregated totals, at a company level, for entities that redeem and utilize royalty credits worth \$50,000 or more in a fiscal year. Transfer of royalty credits without utilization will not be recorded in the *Public Accounts Report*.

Appendix: OGPII/SPII Production Zone Map

