

The Oil and Gas Conservation Regulations, 2012 (OGCR) – Overview of Key Changes

NOTE: This document is not intended to provide an exhaustive listing of changes to *The Oil and Gas Conservation Regulations, 2012 (OGCR)*, which are made via *The Oil and Gas Conservation Amendment Regulations, 2021*. Rather, it outlines notable changes to the OGCR and lists the items to be repealed from the OGCR because they have been carried forward into *The Financial Security and Site Closure Regulations (FSSCR)*, are obsolete or have been superseded by technical directives. These changes will take effect upon the coming into force of the FSSCR, expected in Fall 2022.

Existing Section/Wording: OGCR	Amended Section/Wording (highlighted)	Explanation
NEW CLAUSE	Interpretation 2(1) For the purpose of the Act and in the regulations: (f.11) “closure company” means a company: (i) whose primary business is the abandonment and reclamation of inactive infrastructure and sites; and (ii) that has or will acquire the licences for the inactive infrastructure and sites mentioned in subclause (i).	A definition of a “closure company” has been added to section 2 of the OGCR to support the amended section 12 of the OGCR and to support Part 5 of the FSSCR.
Eligibility requirements to hold or be issued a licence 12(1) No person is eligible to hold or be issued a licence for a well or facility unless: (a) that person: (i) in the case of a facility, is a working interest participant; or (ii) in the case of a well: (A) is a working interest participant; and (B) has the right to produce the oil or gas from the well or has	Eligibility requirements to be issued a licence 12(1) No person is eligible to be issued or transferred a licence for a well or facility unless: (a) that person: (i) in the case of a facility, is a working interest participant; or (ii) in the case of a well: (A) is a working interest participant; and (B) has the right to produce the oil or gas from the well or has	The amended section 12: - removes the requirement in the OGCR to pay the orphan fund fee as this fee is repealed; - prescribes risk factors that the minister may consider when deciding whether or not to issue a licence; and - allows a closure company to be eligible to be issued a licence.

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the right to drill or operate the well; and (b) if that person is carrying on a business, that person's business is registered to lawfully carry on business in Saskatchewan. (2) Unless otherwise approved by the minister, no licence shall be issued to, or transferred to or from, a person if: (a) that person: (i) is a first-time applicant and has not paid the required fee pursuant to section 16; (ii) has not paid the required annual orphan fund levy pursuant to section 119; or (iii) owes any money to the Crown in right of Saskatchewan; or (b) that person's business is not registered to lawfully carry on business in Saskatchewan. (3) The minister may suspend or cancel a licence pursuant to section 12 of the Act if the licensee does not meet the eligibility requirements specified in this section.	the right to drill or operate the well; and (b) if that person is carrying on a business, that person's business is registered to lawfully carry on business in Saskatchewan; or (c) that person is a closure company, and is registered to lawfully carry on business in Saskatchewan. (2) Unless otherwise approved by the minister, no licence shall be issued to, or transferred to or from, a person if: (a) that person: (i) has not paid the required annual orphan fund levy; or (ii) owes any money to the Crown in right of Saskatchewan; or (b) that person's business is not registered to lawfully carry on business in Saskatchewan; (c) in the minister's opinion, that person poses an unreasonable risk to the orphan fund, public safety, property or the environment, or poses a risk of contamination as mentioned in section 75, taking the following into consideration: (i) the compliance history of the applicant, including its directors, officers and shareholders; (ii) the experience or lack of experience of the applicant,	

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	including its directors, officers and shareholders; (iii) the financial health of the applicant, including any involvement in former or current insolvency proceedings. (3) The minister may suspend or cancel a licence pursuant to section 12 of the Act if the licensee does not meet the eligibility requirements specified in this section.	
Fire equipment and engine exhaust safety 63(7) All vessels and equipment from which ignitable vapours may issue must be safely vented to the atmosphere, and all vent lines from oil storage tanks that are vented to flare pits must be provided with flame arresters or other equivalent safety devices.	Fire equipment and engine exhaust safety 63(7) All vessels and equipment from which ignitable vapours may issue must be safely vented to the atmosphere, and all vent lines from oil storage tanks that are vented to combustion systems must be provided with flame arresters or other equivalent safety devices.	In this section, “flare pits” have been replaced by “combustion systems”. Flare pits are no longer used at facilities and companies now employ alternate combustion technologies such as flares, incinerators and enclosed combustors.
Enforcement of regulations and orders 76 If the minister is satisfied that a well, drilling rig, servicing rig or facility is operated in contravention of the Act or any regulations or orders made pursuant to the Act, the minister may, after giving any notice that the minister considers reasonable, shut down or cause the shut-down of the contravening well, drilling rig, servicing rig or facility or equipment and prohibit its operation until the minister authorizes otherwise.	Enforcement of regulations and orders 76 If the minister is satisfied that a well, drilling rig, servicing rig or facility is operated in contravention of the Act or any regulations or orders made pursuant to the Act, the minister may: (a) order the shut-down or, after giving any notice that the minister considers reasonable, carry out the shut-down or cause the shut-down, of the contravening well, drilling rig, servicing rig or facility or equipment; and (b) prohibit its operation until the minister authorizes otherwise.	Amended to clarify that the minister may order a licensee to shut down any contravening rig, well, facility etc. or that the minister may carry out the shut down of any contravening rig, well, facility, etc. Ordering the shut-down of a contravening well or facility is more common than the minister carrying out the shutting-in.

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Appendix TABLE 2 Administrative Penalties [Section 122.1] <table><tr><th>Provision</th><th>Penalty</th></tr><tr><td>Submission of false declaration - <i>Directive PNG075: Enhanced Valuation Audit Program (EVAP)</i></td><td>Maximum penalty of \$250,000 per incident</td></tr></table>	Provision	Penalty	Submission of false declaration - <i>Directive PNG075: Enhanced Valuation Audit Program (EVAP)</i>	Maximum penalty of \$250,000 per incident	Appendix TABLE 2 Administrative Penalties [Section 122.1] <table><tr><th>Provision</th><th>Penalty</th></tr><tr><td>Submission of false declaration - <i>Directive PNG075: Enhanced Valuation Audit Program (EVAP)</i></td><td>Maximum penalty of \$250,000 per incident</td></tr><tr><td>Failure to comply with a minister's order issued pursuant to section 17.01 of the Act</td><td>(a) Individuals: \$500/day to a maximum of \$20,000 (b) Corporations: \$5,000/day to a maximum of \$200,000</td></tr></table>	Provision	Penalty	Submission of false declaration - <i>Directive PNG075: Enhanced Valuation Audit Program (EVAP)</i>	Maximum penalty of \$250,000 per incident	Failure to comply with a minister's order issued pursuant to section 17.01 of the Act	(a) Individuals: \$500/day to a maximum of \$20,000 (b) Corporations: \$5,000/day to a maximum of \$200,000	New administrative penalty for failure to comply with an order of the minister issued pursuant to section 17.01 of <i>The Oil and Gas Conservation Act</i>.
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Submission of false declaration - <i>Directive PNG075: Enhanced Valuation Audit Program (EVAP)</i>	Maximum penalty of \$250,000 per incident											
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REPEALED SECTIONS	
Existing Section/Wording: OGCR	Reason for Repealing
16: Orphan fund fee	The \$10,000 orphan fund fee requirement for new licence applicants is being eliminated. This will allow industry to contribute to abandonment and reclamation costs solely through the orphan fund levy.
59: Liability for improper abandonment and reclamation	The FSSCR has a provision for liability for improper abandonment and reclamation. Therefore, this section is no longer needed.
2: Interpretation – clauses (a), (jj) and (ss) 20: Licensee or working interest participant is liable 56: Decommissioning and reclamation of well and facility sites 114: Interpretation of Part (Part XVI: Oil and Gas Orphan Fund) 115: Security Deposit for a well or facility 116: Forfeiture of security deposit for a well or facility 117: Licensee Liability Rating 118: Use of the orphan fund 119: Orphan fund levy 120: Fund advisory committee 121: Fiscal year	Carried forward to the FSSCR as these deal with the “end-of-life” of oil and gas infrastructure.
25: Prohibited areas – drilling	Superseded by <i>Directive PNG004: Surface Lease Construction Requirements</i>
27(2)(c): Further restrictions in commercial potash areas 44(1), (5), (6) and (8): General plugging and abandonment provisions 45: Dry hole abandonment 46: Production well abandonment outside pools 47: Production well abandonment inside pools	Superseded by requirements in <i>Directive PNG015: Well Abandonment Requirements</i> .
85: Measurement of production and injection	Superseded by <i>Directive PNG017: Measurement Requirements for Oil and Gas</i> .
104: Well completion data reports	Superseded by <i>Directive PNG013: Well Data Submission Requirements</i> .
105: Submission of report and statements	Superseded by <i>Directive PNG032: Volumetric, Valuation and Infrastructure Reporting in Petrinex</i> .
106.1: Enhanced valuation audit program	These requirements are superseded by <i>Directive PNG075: Enhanced Valuation Audit Program (EVAP)</i> .