

## **Notice of Red Tape Review**

### ***The Oil and Gas Conservation Regulations, 2012***

#### **Background**

As part of the Government of Saskatchewan's efforts to ensure that current regulations are sensible, easy to follow and do not contain red tape, the Ministry of Energy and Resources (ER) is conducting a red tape review of certain sections of *The Oil and Gas Conservation Regulations, 2012* (OGCR), and its associated policies, processes and forms. Similar reviews were conducted on other sections of OGCR in 2018-19, 2019-20 and 2020-21.

Red tape is any government requirement that can reduce business and industry productivity by unnecessarily using up time and resources. The purpose of this review is to identify any issues of red-tape and to identify opportunities to modernize the regulations. It is not intended to identify any potential new requirements. Input received from stakeholders is important to this process.

Due to the size of OGCR and work previously conducted, only the following sections of OGCR are being reviewed at this time:

- PART I - Preliminary Matters
- PART II - Administrative Matters
- PART II - Administrative Matters
- PART XIII - Well Testing and Well Data
- PART XIV - Notifications, Records and Reporting
- PART XV - Confidentiality
- PART XVII - Penalties
- PART XVIII - Repeal, Transitional and Coming into Force
- Appendix - PART I

#### **The Process**

ER is launching industry consultations on the above OGCR sections and their associated policies, process and forms from June 27, 2023, to August 25, 2023. We are interested in any ideas you may have for reducing red tape and/or identification of any regulatory barriers for your organization and the oil and gas industry. Stakeholder responses will inform regulatory amendments to OGCR at a later date, if amendment is deemed necessary. As a guide, you may wish to consider if the regulations:

1. Result in an unnecessarily heavy regulatory footprint;
2. Result in inefficient government process;
3. Are inflexible;
4. Create inequity or unfairness; and/or,
5. Are misaligned with other jurisdictions.

The attached Appendix A contains applicable sections of OGCR with compliance requirements for your review – repealed sections are not included. In the corresponding columns, please confirm (by Y=Yes; N=No) if there are any identified red tape issues, including a description and any recommended action for consideration.

Please direct any comments, questions and/or your identified red tape concerns to:

ER Service Desk at [er.servicedesk@gov.sk.ca](mailto:er.servicedesk@gov.sk.ca)  
Attn: Simeon Emmanuel

The deadline for submitting written comments is **August 25, 2023**.

Thank you for your participation!

COMPLIANCE PART & THEME	COMPLIANCE SECTION	COMPLIANCE REQUIREMENTS	RED TAPE FOUND Y/N	DESCRIBE RED TAPE	RECOMMENDED ACTION
<b>PART I:</b> Preliminary Matters	1 Title  2 Interpretation  2.1 Arm’s-length agreements  3 Application of regulations  3.1 Directives  4 Inclusion of non-oil and gas substances and exclusions from oil and gas waste	<u>ER Comment:</u> there are no compliance items in these sections. However, the entire text may be viewed on <a href="https://publications.saskatchewan.ca/#/products/63704">https://publications.saskatchewan.ca/#/products/63704</a> ER is considering a revision to certain definitions in Section 2 to remove outdated information and enhance clarity.			
<b>PART II:</b> Administrative Matters	5 Submission of information	5(1) Unless otherwise provided in these regulations, any sample, core, analysis, log, survey, test, form, report, statement, application, document, record or any other information required to be submitted to the minister pursuant to these regulations must be submitted in an approved form and manner. (2) Every person required to file or submit a sample, core, analysis, log, survey, test, form, report, statement, application, document, record or any other information pursuant to the Act, regulations or orders of the minister shall file or submit a complete and accurate sample, core, analysis, log, survey, test, form, report, statement, application, document, record or other information in the form and manner required by the minister and within the time specified by the Act, regulations or orders of the minister, as the case may be. (3) Every sample, core, analysis, log, survey, test, form, report, statement, application, document, record or any other			

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		information submitted in accordance with these regulations must be accurately labelled with the well licence number and unique well identifier of the boss wellbore identifier of the well. (4) In addition to the requirements to file or submit a sample, core, analysis, log, survey, test, form, report, statement, application, document, record or any other information pursuant to the Act, regulations or orders of the minister, every person shall file or submit any other information that the minister considers necessary for the purposes of administering the Act and these regulations in an approved form and manner and within 14 days after the minister requests the additional information or any longer period that may be specified by the minister.			
	6 Applications	6(1) Unless otherwise provided in these regulations, an application pursuant to these regulations: (a) must be made in an approved form and manner; and (b) must be accompanied by any additional information that the minister may require. (2) On receipt of an application pursuant to these regulations, the minister may: (a) if the minister is satisfied that the application complies with the Act and these regulations, approve the application, subject to any terms and conditions that the minister considers appropriate; or (b) refuse to approve the application.			
	7 Manner of publishing orders	<b><u>ER Comment:</u> there are no compliance items in this section.</b>			
	8 Service	<b>8</b> For the purposes of clause 53.01(6)(b) of the Act, every person mentioned in subsection 53(1) of the Act shall provide the minister with an email address.			

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<b>PART XIII:</b> Well Testing and Well Data  DIVISION 1: Well Testing and Measurement	79 Gas well tests	<b>79</b> (1) Subject to subsection (2), the absolute open flow potential of every gas well must be determined within 30 days after any completion, stimulation, reconditioning or recompletion. (2) The minister may waive the requirement in subsection (1) if the minister is satisfied that there are circumstances that require the test to be conducted after the 30-day period. (3) The test to be used to determine the absolute open flow potential pursuant to subsection (1) is: (a) the 4-point isochronal or modified isochronal test; or (b) any other approved test. (4) The minister may require an operator to conduct a test to verify the stabilized flow capability of a gas well after the first year of production using an approved method. (5) The operator of a well shall notify the minister at least 24 hours in advance of any gas well test. (6) The operator of a gas well shall submit to the minister the results of all gas well tests conducted, including any tests run that exceed the minimum requirements, within 30 days after the date on which the test was completed. (7) Repealed. (8) This section does not apply to wells in reservoirs used for gas storage unless otherwise ordered by the minister.  <b>ER Comment:</b> ER may conduct a review of the 24 hours timeframe to provide notification in subsection 79(5).			
<b>PART XIII:</b> Well Testing and Well Data  DIVISION 2: Well Data	89 Cores and submission of cores	<b>89</b> (1) Unless otherwise directed by the minister, all cores taken from a core barrel, except those portions of cores that may reasonably be necessary to retain for analytical purposes, must be protected from theft or misplacement and submitted prepaid within the time and in the manner specified by the minister. (2) Repealed. (3) Repealed.			

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		<p>(4) No person shall destroy any core, except any portion that may be reasonably necessary for analytical purposes, without the approval of the minister.</p> <p>(5) No person shall take any core out of Saskatchewan without the consent of the minister.</p> <p>(6) All core analyses made on cores from every well drilled in Saskatchewan must be submitted to the minister within 30 days after the analyses are completed.</p> <p>(7) Every operator shall, within 10 days after the finished drilling date of a well from which cores are taken, submit to the minister a statement showing the number of cores taken and the number of standard size core-boxes used to hold the cores.</p> <p>(8) The minister may, as a condition for issuing a licence, require the licensee of a well being drilled for oil or gas in a designated field or pool to core and test any formation from which production of oil or gas may be expected and, in the event that information is required, the licensee shall submit the core and test results within the time and in the manner specified by the minister.</p> <p>(9) Repealed.</p> <p>(10) Repealed.</p> <p><b>ER Comment: ER to further review subsections 89(1), (4), (5), and (7) to ensure they are clearly interpreted.</b></p>			
	90 Log surveys for well and structure test holes	<p><b>90(1)</b> The operator shall run logs in the manner specified by the minister.</p> <p>(2) In selecting the log to be taken as required pursuant to this section, the operator shall consider the general condition of the well and the fluid in the bore hole and select the log that gives the optimum information under existing conditions.</p> <p>(3) Unless otherwise directed by the minister, the operator shall submit any logs to the minister within the time and in the manner specified by the minister.</p>			

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	91 Bottom-hole pressure surveys	<b>91</b> If a bottom-hole pressure survey of a well is made either on the operator’s initiative or at the minister’s direction: (a) the procedure regarding testing of wells and calibration of pressure gauges must be in accordance with the approved standards and procedures; and (b) the operator shall submit the results of the survey within the time and in the manner specified by minister.			
	92 Reservoir surveys	<b>92</b> (1) The minister may require surveys of reservoirs containing oil, gas or any other substances to be made at any time and in any manner that the minister considers advisable. (2) Repealed. (3) Reservoir surveys may include: (a) the static bottom-hole pressures of shut-in wells; (b) flowing bottom-hole pressures of producing wells included in the survey; (c) the bottom-hole sample analysis of oil, if available; (d) the productivity indices of individual wells in any pool; or (e) any other information that the minister may require. (4) If a reservoir survey is required to be made pursuant to subsection (1), operators shall permit and assist the minister in making tests that may be required by it, including bottom-hole pressure determinations. (5) The minister is not liable for any damage incurred as a result of making tests or surveys that may be required by this section. (6) Repealed.			
	93 Submission of drill stem test data	<b>93</b> The minister may require the operator of a well: (a) to conduct a production test that may be witnessed by the minister; and (b) to submit the results of the production test within the time and in the manner specified by the minister			

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<b>PART XIV</b> Notifications, Records and Reporting  DIVISION 2: Records	100 Well, facility and plant records	<b>100</b> (1) Every person who produces, sells, purchases, acquires, stores, transports, refines or processes oil, gas, water, products or other substances shall keep and maintain complete and accurate records of the quantities of the oil, gas, water, product or other substances. (2) Repealed. (3) Every person who is the owner or has the control or management of a refinery or processing plant in Saskatchewan shall keep and maintain complete and accurate records of: (a) oil, gas, water, products or other substances received at the refinery or processing plant; (b) the name and address of every person from whom the oil, gas, water, products or other substances was received; (c) the quantity and quality of oil, gas, water, products or other substances, and the quantity and type of water received from each person; (d) the price payable with respect to that oil, gas or water or those products or other substances; and (e) every disposition by the person of any product or other substance obtained from refining, treating or processing the oil, gas, water, products or other substances. (4) If a well is producing or is capable of producing oil, gas, water, products or other substances, the owner shall keep a daily record of the well showing: (a) the oil, gas, water, products or other substances, including sediment, produced from the well; (b) the average separator pressure or, if a separator is not in use, the average treater pressure; and (c) full particulars of the disposition of all products of the well. (5) If oil, gas, water, products or other substances are injected or disposed of into a well, the owner shall keep a daily record of the well showing:			



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		(a) the oil, gas, water, products or other substances injected or disposed of into the well; (b) the source from which the oil, gas, water, products or other substances were obtained; (c) the particulars of any treatment to which the oil, gas, water, products or other substances have been subjected; and (d) the pressure used in the injection of the fluid. (6) The owner shall keep any other records that the minister may require. (7) Every person operating a plant for processing oil, gas or products shall keep a daily record of the oil, gas or products processed during each month. (8) The records mentioned in subsections (1) to (7) must be made available for examination by the minister on request.			
	101 Submission of contracts and other information	<b>101</b> (1) The minister may request that a producer, operator or purchaser who is a seller or buyer of oil, gas, products or other substances produced in Saskatchewan submit to the minister: (a) an executed copy of the written sales contract for the oil, gas, products or substances; (b) a statement in writing of the terms and conditions of the unwritten sales contract for the oil, gas, products or substances; or (c) an actual purchase statement or invoice that contains all of the details of the sale and purchase of the oil, gas products or substances. (2) If the minister makes a request pursuant to subsection (1), the producer, operator or purchaser shall submit the information within 14 days after the request. (3) If a producer, operator or purchaser becomes aware that any information submitted pursuant to subsection (1) is incorrect, the producer, operator or purchaser shall submit the correct information to the minister within 14 days after the day on which the producer, operator or purchaser			

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		becomes aware that the information previously submitted is incorrect.  <b>ER Comment: ER to revisit the 14-day timeframe in subsection 101(2) to ensure it is not burdensome to industry.</b>			
<b>PART XIV</b> Notifications, Records and Reporting  DIVISION 3 Reporting	102 Geological report or summary	102 An operator who drills a horizontal well or who, at any time, drills a new horizontal section from a horizontal well shall, within the time and in the manner specified by the minister, create and submit the following: (a) a geological report; (b) lithological description logs.			
	103 Tour reports	<b>103</b> (1) Every operator shall keep records of all of the following information at every drilling rig: (a) any cementing operation conducted, including: (i) the name of the cementing company; (ii) the method of cementing; (iii) the type and amount of cement and additives used; (iv) the weight and volume of slurry; (v) the volume of cement returned to the surface; (vi) the time for plug-down; (b) any kick or flow encountered; (c) any log, drill stem test, cored interval or other survey performed; (d) any abandonment plug used, including: (i) the length; (ii) the setting depth; (iii) the amount and type of cement and additives; (iv) the weight and volume of slurry; (v) the depth felt; (e) the elevation of the kelly bushing of the drilling rig; and (f) the date and time of the rig release. (2) Every operator shall, within the time and in the manner specified by the minister, submit the following:			

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		(a) the information listed in subsection (1); (b) any other information that the minister may require.			
	108 Transporters' statements	<p><b>108(1)</b> Every person who during a month receives and stores or transports oil, gas, products or other substances that are produced in Saskatchewan shall submit to the minister the following information for that month:</p> <ul style="list-style-type: none"><li>(a) for transporters located in Saskatchewan, quantities received from supply sources, including receipts from supply sources that are outside Saskatchewan;</li><li>(b) for transporters located outside Saskatchewan, quantities received from supply sources located in Saskatchewan;</li><li>(c) the supply details and receipts, including source well, facility, system, cavern, pool, field, gathering or tariff area, receipt point, meter station, source province or state, source producer, and quality information;</li><li>(d) the quantities delivered or transported;</li><li>(e) delivery details, including the names of shippers, oil stream type, receiving system, receiving facility, delivery point and final consumer;</li><li>(f) inventories, losses, adjustments and consumption;</li><li>(g) any other information that the minister may require.</li></ul> <p>(2) The information submitted pursuant to subsection (1) must be submitted:</p> <ul style="list-style-type: none"><li>(a) through the registry, on or before the 20th day of the month following the month with respect to which the information is being submitted; and</li><li>(b) in paper form, or in any other approved form, on or before the 30th day of the month following the month with respect to which the information is being submitted.</li></ul> <p><b>ER Comment:</b> ER will conduct further review of subsection 108(2) to align its requirements with other ER directives.</p>			

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	109 Refiners' statements	<p><b>109</b> On or before the last business day of the month immediately following the month with respect to which the information is being submitted, every person who during a month operates a refinery or upgrader shall submit the following information to the minister:</p> <ul style="list-style-type: none"><li>(a) quantities of oil, gas, products or substances received from supply sources, including receipts from supply sources that are outside Saskatchewan;</li><li>(b) supply details, including source supplier, stream type, quality information, source pipeline, source facility and source province or state;</li><li>(c) values of each quantity received;</li><li>(d) quantities of refined products produced, consumed, delivered, transported or sold;</li><li>(e) refined product disposition details, including value of sales and destination;</li><li>(f) inventories, losses, adjustments and consumption;</li><li>(g) any other information that the minister may require.</li></ul>			
<b>PART XV</b> Confidentiality	112 Release of drilling information and confidential status	<p><b>112</b>(1) In this section, “defined pool” means a pool established pursuant to clause 17(1)(a) of the Act.</p> <p>(2) If the bottom hole location of the boss wellbore of a well is not within the surface boundaries of a defined pool on the well’s finished drilling date, the minister shall hold in confidence all information obtained from the drilling of the well submitted to the minister as required by the Act, these regulations or an order made pursuant to the Act:</p> <ul style="list-style-type: none"><li>(a) for a period of one year from the finished drilling date; or</li><li>(b) any longer period, on application and approval pursuant to section 6.</li></ul> <p>(3) If the bottom hole location of the boss wellbore of a well is within the surface boundaries of a defined pool on the well’s finished drilling date, the minister shall hold in confidence all information obtained from the drilling of the well submitted</p>			

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		<p>to the minister as required by the Act, these regulations or an order made pursuant to the Act for a period of:</p> <p>(a) 30 days from the finished drilling date; or</p> <p>(b) one year from the finished drilling date if, on application and approval pursuant to section 6, the well is completed exclusively in a stratigraphic unit that is more than 150 metres below the average producing depth of all wells that:</p> <p>(i) have a bottom hole location within three lateral kilometres of the bottom hole location of the boss wellbore; and</p> <p>(ii) have a completion in the lower-most producing stratigraphic unit of the deepest defined pool whose surface boundaries include the bottom hole location of the boss wellbore.</p> <p>(4) Unless otherwise specified by the minister in an order made by the minister pursuant to clause 17(1)(a) of the Act, the confidential status and the period for which that status is maintained are not to be changed if a defined pool is altered to exclude or include wells that were previously located within or not located within that defined pool.</p> <p>(5) No person shall release for public inspection, without the written consent of the licensee of the well, any information obtained from drilling a well and submitted to the minister as required by the Act and these regulations or orders made pursuant to the Act before the time that information ceases to have confidential status.</p> <p><b>ER Comment:</b> ER may revisit this section to apply any potential changes or updates to the definitions in Section 2.</p>			
	113 Confidentiality of information submitted	<p><b>113(1)</b> Subject to subsection (2), information submitted to or acquired by the minister pursuant to sections 101, 108 and 109 and <i>Directive PNG032: Volumetric, Valuation and Infrastructure Reporting in Petrinix</i> is confidential.</p>			

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		<p>(2) Subject to subsection (3), the following information is not confidential and may be made available to the public:</p> <p>(a) the surface and bottom hole locations, operator, well type and status, producing or injection horizon, crude type and producing or activity dates of a well or facility;</p> <p>(b) monthly, yearly and cumulative totals of oil, gas, water, products or any other substance produced from a well and the hours on production;</p> <p>(c) monthly, yearly and cumulative totals of fluid or any other substance injected into a well and the hours on injection;</p> <p>(d) monthly, yearly and cumulative totals of oil, gas, water, products or any other substance produced from or allocated to a pool, unit, project or facility;</p> <p>(e) monthly, yearly and cumulative totals of fluid or any other substance injected into a pool, unit, project or facility;</p> <p>(f) monthly, yearly and cumulative totals, on a facility basis, of oil, gas, water, products or any other substance that is received, delivered, disposed, transported, sold, purchased, consumed or inventoried;</p> <p>(g) monthly, yearly and cumulative totals, on an aggregated provincial basis, of oil, gas, water, products or any other substance that is produced, injected, received, delivered, disposed, transported, sold, purchased, consumed or inventoried;</p> <p>(h) any information collected pursuant to <i>Directive PNG014: Incident Reporting Requirements</i>.</p> <p>(3) Clauses (2)(b) to (f) do not apply to:</p> <p>(a) the total amount of oil, water, gas or any other substance recovered from each well in a storage reservoir or storage cavern during the month;</p>			

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		<p>(b) the total amount of oil, water, gas or any other substance injected into each storage reservoir or storage cavern during the month; and</p> <p>(c) the number of hours during which each well in a storage reservoir or storage cavern was on injection or on recovery during the month.</p> <p>(4) If information submitted to or acquired by the minister is not available to the public because it is confidential, the minister may, with the written consent of the person by whom it was submitted or from whom it was acquired, make the information available to the public.</p> <p>(5) Notwithstanding subsection (1), the minister may make any information available to a peace officer or to any of the following if the minister considers it to be in the public interest to do so and if the minister is satisfied that the recipient of the information will, to the extent consistent with the intended use of the information, keep the information confidential:</p> <p>(a) the government of a foreign country or state;</p> <p>(b) the Government of Canada;</p> <p>(c) the Government of another province or territory of Canada;</p> <p>(d) a municipality;</p> <p>(e) any other ministry of the Government of Saskatchewan;</p> <p>(f) an agency of any of the entities mentioned in clauses (a) to (e).</p> <p><b>ER Comment: ER is considering a review of subsection 113(3) to remove obsolete information.</b></p>			
<b>PART XVII:</b> Penalties	122 Penalty	<b>122</b> (1) The penalties for failing to comply with these regulations and the directives mentioned in section 3.1 with respect to submitting information are set out in Table 1 of Part III of the Appendix.			

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		<p>(2) The minister shall provide an invoice to each person who is assessed a penalty that sets out the penalty assessed pursuant to this section.</p> <p>(3) The payment of the assessed penalty is to be made within 30 days after the date of the invoice provided pursuant to subsection (2).</p> <p>(4) A person who is assessed a penalty pursuant to this section and who has paid the associated invoice in full by the invoice due date may apply to the minister for a waiver of the whole or any portion of the penalty by submitting an application in an approved form and manner within 45 days after the date of the invoice provided pursuant to subsection (2).</p> <p>(5) On receipt of an application pursuant to subsection (4), the minister may:</p> <p>    (a) waive the payment of the whole or any portion of a penalty assessed pursuant to this section if the minister is satisfied that:</p> <p>        (i) the penalty, or a portion of the penalty, was levied in error;</p> <p>        (ii) the failure to comply with these regulations or a directive mentioned in section 3.1 was due to a cause outside the control of the person required to comply with the regulations or the directive and could not have been avoided by the exercise of due care; or</p> <p>        (iii) in the minister’s opinion, it is appropriate and in the public interest to do so; or</p> <p>    (b) refuse to waive the payment of the whole or any portion of the penalty.</p> <p>(6) In addition to any application submitted pursuant to this section, the minister may, on the minister’s own initiative, waive the whole or any portion of a penalty assessed pursuant to this section if the minister is satisfied that the circumstances mentioned in subclauses (5)(a)(i) to (iii) apply.</p>			



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		(7) The minister shall give notice of the minister’s decision pursuant to subsection (5) or (6) including reasons for the decision to each person affected.  <b>ER Comment: ER will review subsection 122(2) to streamline submission requirements in line with current industry operations.</b>									
	122.1 Administrative penalties	<b>122.1</b> For the purposes of section 58.1 of the Act, the administrative penalties are set out in Table 2 of Part III of the Appendix.									
	122.2 Methods of payment	<b>122.2</b> Any payment required to be paid pursuant to these regulations must be paid: (a) subject to clause (b), by one of the following methods that is chosen by the minister: (i) pre-authorized debit; (ii) electronic transfer of funds; (iii) cash or cash equivalent; or (b) if, in the opinion of the minister, it would be impracticable for payment to be made pursuant to clause (a), by any other method acceptable to the minister.									
<b>PART XVIII:</b> Repeal, Transitional and Coming into Force	124 Transitional  125 Coming to force	<b>ER Comment: there are no compliance items in these sections.</b>									
<b>Appendix</b>	Part III, Table 2 – Administrative Penalties	<table><tr><th>Provision</th><th>Penalty</th></tr><tr><td>Submission of false declaration – Directive PNG075: <i>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</td><td>a) Individuals: \$500/day to a maximum of \$20,000</td></tr></table>	Provision	Penalty	Submission of false declaration – Directive PNG075: <i>Enhanced Valuation Audit Program (EVAP)</i>	Maximum penalty of \$250,000 per incident	Failure to comply with a minister’s order	a) Individuals: \$500/day to a maximum of \$20,000			
Provision	Penalty										
Submission of false declaration – Directive PNG075: <i>Enhanced Valuation Audit Program (EVAP)</i>	Maximum penalty of \$250,000 per incident										
Failure to comply with a minister’s order	a) Individuals: \$500/day to a maximum of \$20,000										

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		issued pursuant to section 17.01 of the Act	(b) Corporations: \$5,000/day to a maximum of \$200,000			