

FREQUENTLY ASKED QUESTIONS (Orphan Licence Transfers)

The licence transfer process differs for orphan licences as the ministry is acting on behalf of the insolvent licensee. This document contains details of the differences which licensees need to be aware of before expressing interest in acquiring an orphan licence.

1. Why would a licensee want to acquire orphan licences?

- As the Ministry is not the licensee of the orphaned licence(s) there would be no Purchase Sales Agreement (PSA) meaning the interested party would not have to pay to acquire the licences.
- Acquiring existing infrastructure can be more cost-effective than drilling/constructing new infrastructure and it provides free access to information (historical records, volumetrics and well logs, etc.) to evaluate future potential.

2. Can I visit an orphaned licence site that I am interested in acquiring to determine site condition?

- No. The ministry is not the licensee of the orphan sites and does not have a lease agreement with surface owner(s) nor maintain insurance to allow others to access the site.
- No one is permitted to visit the site until the orphan licences have been officially transferred to the company seeking to acquire them and that company has obtained a surface lease agreement with the landowner(s).

3. Can I test orphan wells that I am potentially interested in acquiring to determine the well's integrity?

- No. The ministry is not the licensee of the orphan licence and does not have a lease agreement with mineral holder(s) to operate the well nor maintain insurance that would allow for testing by private companies.
- No one is permitted to test or access the well until it has been officially transferred to the company seeking to acquire it and that company has obtained a lease agreement with the landowner.

4. How can I find out more about the orphan licence?

- The ministry is not the licensee of the orphaned sites and does not have any paper files (i.e. WIP, mineral or surface lease agreements, well logs, etc.) related to the orphan licence(s).
- The interested party may:
 - Refer to the orphan licences information available on [IRIS](#) to assess:
 - Well or facility licence details such as drilled surveys
 - Economic potential by viewing the production history of the orphaned well
 - Well integrity and production potential by viewing various well logs
 - Potential contamination by referring to the incidents reported for the orphaned licence and/or site.
 - Condition of the site by viewing past and current inspection items related to the orphaned licence.
 - Contact the ER.ServiceDesk@gov.sk.ca to inquire with the applicable field office about the general condition of the site.
 - Use Google Earth to view air photos of the site or the [Saskatchewan Mining and Petroleum GeoAtlas](#) to determine pipeline/flowlines or crown mineral dispositions associated with the orphan licence(s).

5. Can I return orphan licences I acquired if I am not satisfied with their productivity or lifespan?

- No. Once an orphan licence is transferred the new licensee is responsible for the licence and the costs associated with the future abandonment and reclamation of the licensed site; which includes environmental liability that may have existed prior to acquiring the licence. This is the same for all licence transfers approved in IRIS.

6. Is there a cost associated with a licence transfer?

- There is no fee to transfer a licence in Saskatchewan.
- The \$10,000 orphan fee for first time licence holders was eliminated in January 2023 with the introduction of [The Financial Security & Site Closure Regulations](#) (FSSCR).
- The Ministry is authorized to collect [Security Deposits](#) prior to licence transfers. Interested parties will be asked to utilize the **Security Deposit Estimator** (within the IRIS Licence Transfer Application) to ensure they are aware of any security deposit required for this transfer to be processed (this amount is not negotiable).

7. What is the timeframe to acquire an Orphan Licence

- There are a number of factors that come into play with orphan licence transfers and the timing is highly dependent on the actions of the interested party and the ministry's ability to act behalf of the orphan licensee.
 - As the ministry is not the licensee, before a transfer can proceed the ministry must provide the orphan licensee with **30 days** written notification of the ministry's intention to transfer any orphan licence and **60 days** written notification of the ministry's intention to transfer any of the orphan licensees' Crown mineral dispositions.
- The ministry would not approve the orphan licence transfer in IRIS until the interested party has achieved the following:
 - Received communication from the ministry that their expression of interest has been accepted and they may proceed to acquire the orphan licence(s).
 - Submitted the licence transfer application through IRIS to allow the ministry to start the **30 day notification** process.
 - Note: The interested party should ensure they sign up in IRIS to receive notifications when a work item has been assigned to them during the licence transfer application process. Delay in completion of the work items (i.e. *Pay Security Deposit* or *Pay Outstanding Debt*), if any, assigned to the interested party will result in a longer approval turnaround.
 - Submitted the [Transfer a Crown Oil and Gas Disposition Application](#) through IRIS, where applicable, to allow the ministry to start the **60 day notification** process.
 - Contacted the applicable surface owners, mineral holders and Rural Municipalities (RM) for the proposed licence transfer and are able to obtain the new agreements.
 - Note: obtaining these new agreements may be challenging as the orphan licensee may have outstanding debts with these parties that they want you to pay as part of the new agreement.
 - These agreements are outside of ministry jurisdiction and we will not be involved in the negotiation process, nor do we require a copy of the agreements.
 - Note: If the interested party is unable to obtain all agreements the licence transfer application would be denied.
 - Note: If the proposed licence transfer involves a Crown mineral disposition outside of a disposition transfer application process, the interested party will need to:
 - Acquire an agreement with all lessees associated with the existing Crown disposition, or
 - Acquire the applicable disposition in through [Crown Public Offerings](#) (if there is no existing disposition). The interested party would need to [request land](#) to be posted in the Public Offering and [bid on parcels](#) within the [Integrated Resource Information System \(IRIS\)](#).
 - Met all of the [Orphan Licence Transfer](#) eligibility criteria.
 - The ministry's 30 day notification for the licence transfer has passed and if applicable the ministry's 60 day notification for the Crown disposition has passed.
 - Note: If licence and dispositions are being transferred the ministry will hold both applications until they can be transferred on the same day.

8. How does the orphaned licence transfer process work?

- 1) Interested party submits the completed **Expression of Interest to Acquire Orphan Licences Form** via email to ERLiabilityRegulation@gov.sk.ca.
- 2) Ministry reviews the request to determine:
 - If the interested party is eligible to acquire the orphan licence(s).
 - If the licences are still available for transfer as ministry may already be working to transfer the licences to another party or the Orphan Fund Procurement Program may already be engaged in closure activities or has knowledge of poor infrastructure integrity or site contamination that would eliminate the licence as a candidate for transfer.
 - If there are any additional licence infrastructure (well, facility, pipeline, or flowlines) or associated crown mineral dispositions that would need to be considered with the proposed orphan licence transfer.

- 3) A ministry representative will notify the interested party via email if a transfer would be considered or needs to be modified.
 - If the ministry agrees, the interested party will be asked to proceed with submitting the **licence transfer application** and **disposition transfer application** (if applicable) in IRIS.
 - Note: If a disposition need to be transferred, the ministry will include a document to be used in that application process.

- 4) The interested party submits the licence transfer application.
 - [Log in to IRIS](#) and open up the draft licence transfer application created in during your expression of interest.
 - Modify the attached schedules, if necessary.
 - Please be advised when completing *Schedules C (Pipelines and Flowlines)* that all segments under a given licence will be transferred upon approval. If you do not want all segments under a given licence to be transferred, perform a segment split prior to initiating a Licence Transfer application. For more information on licence splitting please see Pipeline Reporting Processes at the [User Learning Centre](#). Please refer to [Pipeline Licensing User Manual](#) "Section 21" for more information regarding Pipeline/Flowline Licence Transfers.
 - Click Calculate Security Deposit to re-estimate the security deposit requirements for the uploaded schedules.
 - Click Submit. Once the application has been submitted in IRIS, notify the ministry via email to ERLiabilityRegulation@gov.sk.ca and ERERDLicenceManagement@gov.sk.ca with the application number. At this time, the ministry will:
 - complete the **Licence Transfer Concurrency Approval** process in IRIS on behalf of the orphaned licensee to move the application forward for various ministry branches to review.
 - place the application on hold until all eligibility requirements for the [Orphan Licence Transfer](#) have been met.
 - send written notification to the orphan licensee of the ministry's intention to transfer any orphan licence after **30 days** as required under section 10.1(4) of [The Oil and Gas Conservation Act](#). The interested party will be cc'd.
 - Make sure you watch for any work items assigned to you in the application process such as *Pay Security* or *Pay Outstanding Debt* as they will require you to provide the payments and update the work item as "completed" for the application to proceed.
 - Note: Where the interested party is required to provide security for the transfer an OFT invoice will be generated in IRIS. The ministry recommends you wait until you have had your conversations with the applicable surface owners, mineral holders and Rural Municipalities and are sure you will be proceeding with the licence transfer application.

- 5) The interested party submits the Crown Disposition transfer application in IRIS, if applicable:
 - Please sign and date the document provided by the ministry before attaching in the disposition transfer application.
 - Once the application has been submitted in IRIS, notify the ministry via email to ERLiabilityRegulation@gov.sk.ca who will ensure the ministry sends the written notification to the orphan licensee of the ministry's intention to transfer the applicable orphan licensee's disposition percentage after **60 days**. The interested party will be cc'd.

- 6) The interested party contacts the applicable surface owners, mineral holders and Rural Municipalities to ensure they can obtain the new agreements needed to acquire the orphan licences.
 - The ministry does not require copies of the agreement, however, the ministry will require written confirmation from the interested party to ERLiabilityRegulation@gov.sk.ca indicating whether they were able to secure all the required agreements or not.
 - Note: If the interested party is unable to obtain all agreements the licence transfer application be denied.

- 7) The ministry places the application on hold until the required 30 day licence transfer notification and if applicable 60 days disposition transfer notification have passed. Where the licence and disposition are being transferred the ministry will hold both applications until they can be transferred on the same day.
 - Prior to the licence transfer being approved the ministry will confirm the interested party is still interested in proceeding with the transfer and has met all of the [Orphan Licence Transfer](#) eligibility criteria which includes getting the agreements with the applicable surface owner, mineral holders and Rural Municipalities.

Licence Transfer application decisions are communicated as a notification in IRIS to the submitter and authorized transfers are reflected in IRIS within the next business day. Please see Licence Transfer at the [User Learning Centre](#) for step-by-step details on how to obtain the Transfer Authorization results.

Note the new licensee will need to ensure the surface lease agreement is in place prior to entering the licensed sites and the mineral lease agreements are in place prior to operating the licensed well.