

Oil & Gas Processing Investment Incentive (OGPII)



Overview

The Oil and Gas Processing Investment Incentive (OGPII) offers transferable crown royalty and freehold production tax credits for qualified greenfield or brownfield projects at a rate of 15 per cent of eligible program costs. OGPII is open to value-added projects across all segments of Saskatchewan's oil, gas, helium, and lithium sectors as well as chemical fertilizer facilities. Eligible projects include:

- Refineries/upgrading facilities (i.e. partial upgraders, asphalt production, and sulphur removal units);
- Petrochemical facilities (i.e. methanol, ammonia, polypropylene, olefins, and ethylene);
- Associated gas commercialization projects (i.e. processing facilities, waste-gas-to-power etc.);
 - Regional gas-gathering projects and projects with multiple phases may also be considered under a single project application;
- Helium processing or liquefaction facilities;
- Carbon capture, utilization, and storage for enhanced oil recovery;
- Commercialization of oil and gas production byproduct and waste products (i.e. lithium extraction from produced oilfield water); and,
- Chemical fertilizer facilities; and,
- Lithium processing facilities

Enabling infrastructure that is directly linked and dedicated to an eligible project may also be considered. Examples of this include:

- Gas-gathering pipeline systems
- Transmission pipeline
- Rail loading facilities and rail spur lines

Eligibility

1. Must be a value-added project in any segment of Saskatchewan's oil, gas, helium, lithium, or chemical fertilizer industry.
2. Must result in a significant increase to processing capacity (for brownfield projects).
3. Must include at least CAD\$10 million in eligible costs.
4. It has not become operational before the eligible project application is submitted.

Program Highlights

The credits are fully transferable; non-producers/non-royalty payers have the ability to transfer credits to oil, gas, and helium crown royalty and freehold production tax payers. Also, OGPII encourages multi-company projects as costs can be incurred by a firm other than the principal applicant.

OGPII has a project-specific awarded credit cap of CAD\$75 million (i.e. a CAD\$500 million project) for oil, gas, helium, and lithium projects and CAD\$70 million for chemical fertilizer projects.

Credits can be claimed at a rate of 20% of total credits in the first calendar year of operations, 30% in the second calendar year and 50% in the third calendar year.

OGPII can be used alongside other incentive and grant programs available in Saskatchewan.

Costs incurred from January 1, 2018, onward, may be recognized as eligible.

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