

AGREEMENT ON THE EQUIVALENCY OF  
FEDERAL AND SASKATCHEWAN REGULATIONS  
RESPECTING THE RELEASE OF METHANE FROM THE OIL AND GAS SECTOR IN  
SASKATCHEWAN, 2020

BETWEEN

**THE GOVERNMENT OF CANADA, represented by the Minister of the Environment,  
hereinafter referred to as “Canada”,**

AND

**THE GOVERNMENT OF SASKATCHEWAN, represented by the Minister of Energy and  
Resources, hereinafter referred to as “Saskatchewan”**

**WHEREAS** Canada and Saskatchewan (“the Parties”) support the reduction of greenhouse gas emissions, including methane emissions, in the oil and gas sector;

**WHEREAS** this Agreement relates to facilities in the oil and gas sector excluding federal works and undertakings;

**WHEREAS** Canada adopted under subsection 93(1) of the *Canadian Environmental Protection Act, 1999* (“CEPA”), S.C1999, c. 33 the *Regulations Respecting Reduction in the Release of Methane and Certain Volatile Organic Compounds (Upstream Oil and Gas Sector)*, S.O.R 2018-66 (the “Federal Methane Regulations”) which were published in the *Canada Gazette*, Part II, Vol. 152, No. 1 on April 26, 2018;

**WHEREAS** the Federal Methane Regulations came into force on January 1, 2020, except sections 26, 27 and 37 to 41, which will come into force on January 1, 2023;

**WHEREAS** *The Oil and Gas Conservation Act* (“OGCA”) as amended, confers, pursuant to sections 53.65 and 53.66, a right to residents to request investigations of alleged contraventions to environmental legislation in Saskatchewan including *The Oil and Gas Emissions Management Regulations* (“OGEMR”) designated as greenhouse gas regulations;

**WHEREAS** Saskatchewan enacted OGEMR, that came into force on January 1<sup>st</sup> 2019, and are made under OGCA;

**WHEREAS** section 17 of OGCA gives Saskatchewan the authority to make Minister’s Orders to adopt directives which prevail over regulations in the event of a conflict;

**WHEREAS** the *Directive PNG036: Venting and Flaring Requirements* (“Directive PNG036”) came into force on April 9, 2020 by Minister’s Order MRO 46/20 made under subsection 17(1) of OGCA;

**WHEREAS** the *Directive PNG017: Measurement Requirements for Oil and Gas Operations* (“Directive PNG017”) came into force on December 12, 2019 by Minister’s Order MRO 349/19 made under subsection 17(1) of OGCA and amended further by Minister’s Order MRO 59/20 on April 9, 2020 to include further conditions respecting associated gas quantification procedures applicable to oil facilities;

**WHEREAS** under section 10 of CEPA, Canada, as represented by the Minister of the Environment, may agree in writing with a provincial government that there are in force, by or under the laws applicable to the jurisdiction of the provincial government, provisions that are equivalent to a regulation made notably under subsection 93(1) of CEPA and provisions that are similar to sections 17 to 20 of CEPA for the investigation of alleged offences under environmental legislation of that jurisdiction;

**WHEREAS** the Parties agree to enter into this Agreement recognizing that OGEMR, the Directive PNG036, all sections respecting measurement and procedures for the quantification of oil and gas volumes set out under the Directive PNG017 adopted by Minister’s Orders and all sections related to a resident’s right for investigation set out under OGCA and prohibitions, offences and penalties are provisions that meet the requirements of section 10 of CEPA and, upon signature of the agreement, the Governor in Council may, by order made under subsection 10(3), declare that the Federal Methane Regulations do not apply in an area under the jurisdiction of the province of Saskatchewan.

**THEREFORE**, the Parties agree:

## 1.0 DEFINITIONS

“CEPA” means the *Canadian Environmental Protection Act*, S.C. 1999, c. 33, as amended.

“Federal Methane Regulations” means the *Regulations Respecting Reduction in the Release of Methane and Certain Volatile Organic Compounds (Upstream Oil and Gas Sector)* S.O.R 2018-66.

“OGCA” means *The Oil and Gas Conservation Act*, chapter O-2 of RSS, 1978, as amended.

“OGEMR” means *The Oil and Gas Emissions Management Regulations*.

“Directive PNG036” means the *Directive PNG036: Venting and Flaring Requirements*, adopted by Minister’s Order MRO 46/20.

“Directive PNG017” means measurement and procedures for the quantification of oil and gas volumes set out under the *Directive PNG017: Measurement Requirements for Oil and Gas Operations*, adopted by Minister’s Order MRO 349/19, including conditions respecting associated gas quantification procedures at oil facilities adopted by Minister’s Order MRO 59/20.

## 2.0 EQUIVALENCY

- 2.1 The Parties agree that sections 53.65 and 53.66 of OGCA which apply to OGEMR are similar to sections 17-20 of the CEPA and confer a right to require an investigation of alleged contraventions to environmental legislation in Saskatchewan, whereby an application may be made by a resident of Saskatchewan upon which Saskatchewan is required to investigate necessary matters to determine facts related to the alleged offence and shall report to the applicant on the progress of the investigation and the action, if any, taken or proposed to be taken.
- 2.2 The Parties agree that, for the purpose of section 10 of the CEPA, OGEMR, the Directive PNG036 and the Directive PNG017 create legally binding obligations, with sanctions and penalty mechanisms in place to ensure compliance with their requirements, and their implementation results in an equivalent methane emissions reduction (in CO<sub>2</sub>e) as would the Federal Methane Regulations, taking notably the following factors into account:
- a) Canada has assessed, using the same methodology, the expected methane emission reductions (in CO<sub>2</sub>e) of Saskatchewan's provisions, namely OGEMR, the Directive PNG036 and the Directive PNG017, and of the federal provisions, namely the Federal Methane Regulations. The departmental reference case, as published in Canada's GHG and Air Pollutant Projections: 2018, was used as the baseline for the purpose of comparing the emissions reductions resulting from the application of the Saskatchewan and the federal provisions. The modeled assessment demonstrates equivalent expected methane emission reductions (in CO<sub>2</sub>e) of the provincial and the federal provisions during the period of January 1, 2020 to December 31, 2024;
  - b) Saskatchewan agrees that the approval of applications made under section 14 of OGEMR of "Qualifying Conservation Projects" will not result in a reduction of the expected methane emission reductions, otherwise required under OGEMR, evaluated on a yearly basis, from the day of coming into force of the agreement until December 31 2024;
  - c) Canada takes note of the emission factors established on March 5, 2020 by Minister's Order MRO 45/20 made under subsections 7(3) and (4) of OGEMR for the purpose of converting gas volumes to tonnes of greenhouse gas emissions under OGEMR;
  - d) Saskatchewan's reductions of methane emissions (in CO<sub>2</sub>e) will be achieved through the implementation of the requirements under OGEMR, the Directive PNG036 and the Directive PNG017, notably:
    - i. limits on greenhouse gas emissions, including methane, required of business associates under OGEMR;
    - ii. limits on volumes of gas resulting from venting applicable to oil wells and oil facilities under the Directive PNG036;

- iii. restrictions on venting during well completions under the Directive PNG036;
- iv. leak detection and repair requirements (LDAR) set out under the Directive PNG036.

### 3.0 INFORMATION-SHARING

3.1 The Parties will share information with each other respecting the administration of this Agreement.

3.2 On an annual basis, no later than December 31<sup>st</sup>, Saskatchewan will provide the following to Canada for the previous calendar year:

- a) a list of facilities and the facility level emissions data used to calculate excess emissions;
- b) a list of business associates, as defined in OGEMR, who exceeded their annual emissions limit and the amount of their respective excess emissions;
- c) a list of business associates, as defined in OGEMR, whose application of a “Qualifying Conservation Project” was approved, including the approved project proposals with “projected emission reductions” assessed by Saskatchewan for the project and calculation of a deferred penalty;
- d) a list of facilities by licensee that exceeded the venting limit set out under section 5 of the Directive PNG036;
- e) a list of facilities required to comply with requirements for leak detection and repair under section 7 of the Directive PNG036;
- f) the number of well completions reported that were subject to section 8 of the Directive PNG036;
- g) upon request from Canada, a list of compliance verification activities and enforcement measures, including information respecting inspections by facility or well, the associated non-compliance events and the penalties applied with respect to compliance with requirements under OGEMR, the Directive PNG017, the Directive PNG036 and all matters referred to in paragraph 2.2 (d) of this Agreement;

- h) upon request from Canada, a copy of orders issued, amended or renewed, under OGCA concerning contraventions to OGEMR, the Directive PNG036 and the Directive PNG017;
- i) a list of all oil and gas facilities and information for each facility including:
  - i. Facility identification number, geographic area, primary production type and facility sub-type;
  - ii. Licensee or business associate identification;
  - iii. Oil production volume;
  - iv. Gas production, flare, vent, fuel, receipt and delivery volumes;
  - v. Paper battery well-level information including well completion, and well-level information from items i) to iv).

3.3 Saskatchewan will provide written notice and rationale to Canada of any proposed amendments to the emission factors adopted by Minister's Order MRO 45/20 and a notice of their implementation.

3.4 Canada will provide advance written notice to Saskatchewan of any proposed amendments to the Federal Methane Regulations and written notice of any final amendments.

3.5 Saskatchewan will provide advance written notice to Canada of any proposed amendments to sections 53.65 and 53.66 of OGCA, the OGEMR, the Directive PNG036 and the Directive PNG017 and written notice of final amendments.

3.6 Saskatchewan will provide Canada with copies of any Minister's Orders issued, amended, or renewed under OGCA adopting amendments to the Directive PNG036 and the Directive PNG017.

3.7 Notices and information shared under this Agreement are provided to the appropriate identified official by each Party and may be provided electronically.

3.8 This Agreement will be reviewed on an annual basis, and may be reviewed periodically at the request of either party, respecting any matter relevant to this agreement.

3.9 The Parties recognize that their respective confidentiality provisions and access to information and privacy legislation will apply to all information received under this Agreement.

#### 4.0 AMENDMENTS

4.1 The Parties may amend this Agreement by the mutual written consent of the Parties and pursuant to the requirements set out under section 10 of CEPA.

#### 5.0 INTERPRETATION

5.1 The parties acknowledge that this Agreement is without prejudice to the conclusion of other

future agreement between the parties respecting greenhouse gas emissions, including methane, in the oil and gas sector.

5.2 The parties agree that this Agreement is without prejudice to the position of either party regarding legislative jurisdiction in relation to the application of sections 91, 92, 92a of the Constitution Act, 1867, including but not limited to, jurisdiction over the development, conservation and management of non-renewable natural resources in the province.

#### 6.0 ENTRY INTO FORCE AND TERMINATION

6.1 This agreement is entered into upon signature of the Parties and comes into force on the date of the registration of the order made under subsection 10(3) of the CEPA declaring that the provisions of the Federal Methane Regulations do not apply in an area under the jurisdiction of the province of Saskatchewan.

6.2 This Agreement terminates on December 31, 2024, or may be terminated earlier by either Party giving the other at least three (3) months written notice.


HER MAJESTY THE QUEEN IN RIGHT  
OF CANADA

SEP 29 2020  
Date

  
HON. JONATHAN WILKINSON  
Minister of the Environment

HER MAJESTY THE QUEEN IN  
RIGHT OF SASKATCHEWAN

Sept. 23, 20  
Date

  
HON. BRONWYN EYRE  
Minister of Energy and  
Resources