



## Saskatchewan Industry and Resources

These are exciting times to be involved in the Saskatchewan economy, especially the energy sector. Potential for growth is tremendous and confidence in the province's future is strong given the increasing investment we are seeing in our oil and gas sector.

Recent changes to our energy royalty structure make Saskatchewan an even more attractive oil and gas destination for investment. We developed the measures in consultation with industry; and industry's response was immediate.

In the first eight months this year, drilling activity was up 40 per cent over the same period last year. By balancing reduced royalties with increased production, we expect an additional \$4.3 billion more will be invested in our oil and gas sector, and 40,000 more person years of employment will be created over the next ten years than would otherwise have been the case.

The changes announced almost one year ago include new, lower royalty and tax structures, a new system of volume incentives, and a reduced Corporation Capital Tax Surcharge rate. Other components are a new royalty/tax regime for gas produced from new oil wells and changes that benefit horizontal and deep oil wells.

We are also working to streamline and simplify regulatory processes. A committee of officials from my department, Canadian Association of Petroleum Producers and Small Explorers and Producers Association of Canada was formed late last year to look at a number of issues like off-target wells, well spacing and commingling of shallow gas zones. Some changes have already been made and others are pending.

Saskatchewan is Canada's second largest oil producing and third largest natural gas producing province. Despite this significant oil resource base, only 15 per cent is recoverable using today's technology. The province wants to ensure the oil and gas industry continues to be a robust contributor to our economy and in order to do this, we must be more competitive and continue to invest in new knowledge.

Therefore, we have increased our geosciences research efforts over the past few years, and are investing heavily in our research institutions to find new ways to recover and refine this oil.

The Petroleum Technology Research Centre is just one example of how Saskatchewan is contributing to Canada's oil and gas industry by giving you new tools for increased productivity.

We have been working to create a more competitive province, and we are seeing results. Initiatives, like the ones I have mentioned, send a clear signal that the future is truly wide open for a strong oil and gas industry, and a strong Saskatchewan.



Eric Cline, Q.C.  
 Minister of Saskatchewan Industry and Resources



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 Saskatchewan

Saskatchewan  
 Our Future is Wide Open®