

Oil & Gas Processing Investment Incentive



Overview

The Oil and Gas Processing Investment Incentive (OGPII) offers transferable royalty/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 and gas sector. Projects may include, but are not limited to:

- Refineries/upgrading facilities (ex. partial upgraders, asphalt production, and sulphur removal units);
- Gas commercialization projects (ex. 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;
- Petrochemical facilities (ex. methanol, ammonia, polypropylene, olefins, and ethylene);
- Helium processing and liquefaction facilities; and
- Oil and gas production byproduct and waste commercialization (ex. lithium extraction from produced water and carbon capture, utilization and sequestration for enhanced oil recovery).

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 pipelines
- Rail loading facilities and rail spur lines

Eligibility

1. **Must** be a value-added project in any segment of Saskatchewan's oil and gas industry.
2. **Must** result in a significant increase to processing capacity (for brownfield projects).
3. **Must** include at least \$10 million in eligible project costs.

Program Highlights

- The credits are fully transferable which gives non-producers/non-royalty payers an opportunity to benefit from the program because they have the ability to transfer credits to royalty/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 \$75 million (i.e. a \$500 million project).
- 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.

For more information, contact:

Jeremy Karwandy

Director Energy Economics,
Ministry of Energy and Resources

Phone: (306) 787-2479

Email: ogpii@gov.sk.ca

More information such as regulations, policy guidelines, and application forms can be found on the [website](#).