



February 13, 2015

Mr. Chad MacPherson
General Manager
Saskatchewan Stock Growers Association
Box 4752
REGINA SK S4P 3Y4

Dear Mr. MacPherson:

Thank you for your e-mail dated February 2, 2015, addressed to the Honourable Bill Boyd, Minister of the Economy, requesting a formal response to resolutions 8 and 9 of the Semi-Annual Meeting Resolutions of the Saskatchewan Stock Growers Association (SSGA) held on January 22, 2015.

The Pipelines Act, 1998 (the Act) and *The Pipeline Regulations, 2000* (the Regulations) authorize the Ministry of the Economy (ECON) to regulate the design, construction, operation, and abandonment of oil, natural gas, and other pipelines in accordance with the latest version of the Canadian Standards CSA Z662 for oil and gas pipeline systems. Pipelines downstream from a gathering facility are subject to the licensing provisions of the Act. However flowlines (i.e. pipelines from a wellhead to a gathering facility) are currently exempt from the licensing provisions. Interprovincial and international pipelines traversing Saskatchewan are regulated by the National Energy Board (NEB) and natural gas distribution lines are regulated by SaskEnergy.

ECON currently regulates almost 2,000 licensed transmission pipelines which span over 28,000 kilometers in length. ECON is also responsible for more than 80,000 flowlines which are not subject to the licensing provisions of the Act. In accordance with the Regulations, pipeline companies are not required to submit a fee for a new pipeline license application or any amendments to the license.

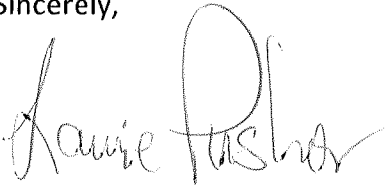
With respect to resolution 8, although the existing pipeline legislation does not mandate pipeline operators to register with Sask 1st Call, there are approximately 60 subscribers in Saskatchewan. ECON is also considering amending the pipeline legislation to mandate companies to register with Sask 1st Call once the Process Renewal and Infrastructure Management Enhancements (PRIME) project is completed.

Mr. Chad MacPherson
Page 2
February 13, 2015

Resolution 9 restates recommendations made in the SSGA's submissions to the public review of *The Surface Rights Acquisition and Compensation Act* (the SRAC Act) in 2014. ECON has carefully considered the input of key stakeholders including the SSGA as part of its work in modernizing and updating Saskatchewan's surface rights legislation. The SRAC Act governs rights of entry and compensation for flowlines as well as for surface leases. Rights of entry and compensation for large transmission pipelines are dealt with under the Act. ECON is of the view that it is not appropriate to award annual compensation for the loss of use of the surface of land included in a flowline and/or pipeline right-of-way where a landowner is farming the land. Compensation for the permanent granting of a flowline right-of-way to an operator is customarily paid to a landowner in the first year as part of payment for the value of the land. The new surface rights legislation will ensure that this compensation reflects the long term nature of a flowline right-of-way by eliminating consideration of residual value and ensuring that a premium is paid on the market value of the land.

Thank you for relating your concerns. If you have any questions, please contact Mr. Albert West, Director of Engineering Services, at bert.west@gov.sk.ca.

Sincerely,



Laurie Pushor
Deputy Minister

cc: Honourable Bill Boyd, Minister of the Economy