

**Saskatchewan Resource Credit (SRC):
0.25 Percentage Point Reduction Effective
with the Production Month of April 2013**

Jurisdiction	Release/Revision Date	Location of Change in this Document	Comment
SK	September 24, 2013		Background section has been updated to include timing of these SRC changes.
SK	April 18, 2013		Initial Release

Audience: All Saskatchewan Users

Purpose: To notify all Saskatchewan users of a reduction in the Saskatchewan Resource Credit (SRC), as displayed in Petrinex on the Royalty Tax Attributes screen, effective with the production month of April 2013.

Background: As part of the Government of Saskatchewan's ongoing approach to fiscal responsibility through balanced budgets, the 2013-14 provincial budget included a 0.25 percentage point reduction to the Saskatchewan Resource Credit (SRC). The SRC is a credit against Crown royalties and production taxes otherwise payable on the production of crude oil, natural gas, potash, uranium and coal in Saskatchewan. For crude oil and natural gas, the SRC reduction will commence with the production month of April 2013.

The Ministry of the Economy (ECON) will be implementing the necessary system changes over the next two weeks in order to incorporate these SRC changes into the August 2013 production month cycle. Since these changes are to commence with the April 2013 production month, they will

result in billing amendments to the April through July 2013 production months.

During the implementation of these changes the Royalty Tax Attributes screen will not be updated on a daily basis. Updates to this screen are expected to resume on September 25th at which time the revised SRC will be displayed for each well.

Key Principles: The SRC is a factor used in the formulas to calculate Crown royalty and freehold production tax rates applicable to “old oil”, “new oil”, “third tier oil” and some “EOR oil”.

With the exception of certain waterflood and EOR projects, the current SRC rate for oil and natural gas production from wells drilled before October 2002 is either 1.0 per cent or 2.5 per cent of the value of production, depending on the type of well and when it was drilled.

The SRC reduction does not affect the following production:

- Oil and gas produced from wells drilled after September 2002 (fourth tier oil and gas);
- Incremental waterflood oil from approved waterflood projects that commenced operation after September 2002 (fourth tier oil); and
- EOR oil produced from a new or expanded full scale EOR project that commenced operation after March 2005.

More information: Please contact ECON Support.

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