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RE: THE ROLE OF RURAL MUNICIPALITIES IN OIL AND GAS EXPLORATION AND DEVELOPMENT PROJECTS IN SASKATCHEWAN

This bulletin is intended to provide a summary of the legislative authority, and the regulatory requirements of Saskatchewan's rural municipalities (RMs), which oil and gas companies must abide by prior to commencing petroleum and natural gas drilling or seismic exploration in the province. This bulletin is not a substitution for legislation and was prepared by Saskatchewan Economic and Co-operative Development in cooperation with Municipal Affairs and Housing.

In Saskatchewan, where required by an RM zoning bylaw, oil and gas companies must obtain a development permit from the RM prior to the commencement of any land preparation work or drilling. This is in addition to receiving approval from the provincial regulators. Those regulators are: Saskatchewan Energy and Mines, Saskatchewan Environment and Resource Management, Saskatchewan Agriculture and Food, and Municipal Affairs and Housing.

The most effective way for oil and gas companies to obtain approval for their project proposal and to ensure all municipal requirements are met, is through open, two-way communication with the RM well in advance of their project start-up date. By allowing sufficient time for municipal consultation and taking the initiative to become familiar with the municipal process, companies can earn the RM's trust, which will expedite the project and be beneficial to both the companies and the RM.

THE AUTHORITY OF RURAL MUNICIPALITIES IN SASKATCHEWAN

It should be noted that RMs in Saskatchewan differ from RMs in other provinces in that they have legislative authority to manage oil and gas developments in their respective jurisdiction. The RMs' authority is delegated to them by *The Rural Municipality Act, 1989* and *The Planning and Development Act, 1983*. The Acts provide RMs with considerable local autonomy and control over local land use. The Acts also provide RMs with the authority to address specific local matters which are not considered by provincial regulators.

- *The Planning and Development Act 1983*, gives RMs authority to carry out development plans, establish zoning by-laws, and require development permits to manage land use and development issues on lands where they have jurisdiction. RMs ensure that project proposals are consistent with their development plans and zoning bylaws. Where subdivision approval is necessary, municipalities also have the authority to require oil and gas companies to enter into a servicing agreement with the municipality.

Oil and gas developments on Crown land administered by Saskatchewan Environment and Resource Management, and Crown agriculture land administered by Saskatchewan Agriculture and Food, must also be consistent with the development plans and zoning bylaws of the RMs. Also, where required, companies must receive a municipal development permit.

The Planning and Development Act, 1983, also provides RM Councils with the authority to establish a municipal planning commission to advise the Council on matters pertaining to planning and development within the municipality. A prime example is the Great Sand Hills Planning District Commission in southwest Saskatchewan. The Commission includes representatives of each of the four area RMs, and was established to ensure consistent bylaw administration between the four RMs (Clinworth, Piapot, Fox Valley, and Pittville), and to advise the RM Councils on development issues in the area. The Commission considers development proposals and provides recommendations to the affected RM as to whether the RM should approve the activity under its zoning bylaw, and if so, what conditions should be placed on it.

- *The Rural Municipality Act, 1989*, authorizes RMs to recover the cost of damages to municipal roads as a result of moving heavy equipment by oil and gas companies. The Act provides municipalities with various specific authorities respecting roads such as requiring oil and gas companies to enter into a road haul maintenance agreement with the RMs, requiring companies to compensate the municipality for damages to municipal roads, manage weight restrictions, and close roads.

WHAT ARE THE REQUIREMENTS OF SASKATCHEWAN'S RURAL MUNICIPALITIES FOR DRILLING AN OIL OR GAS WELL?

Prior to any drilling taking place within a rural municipality, oil and gas companies must contact the local RM administrator where drilling is to occur in order to gain an understanding of the RM's requirements. However, if the proposed project involves more than one municipality, it may be beneficial to consider a meeting between all the affected municipalities to discuss project activities. The local administrator will also enable companies to determine if a development permit is needed since not all municipalities have development plans and zoning by-laws in place. It is recommended that companies consult with the office of the appropriate RM during the planning stages of the project in order to identify and address the RM's requirements.

Consultation with RMs should include:

- determining the local zoning bylaw, which may affect the location of the proposed well;
- the need for, and if necessary, submission of a development permit, since not all RMs have development plans and bylaws in place;
- road impacts and methods of resolution; and
- any outstanding matters from past projects.

In situations where drilling is proposed on private land within the RM, companies must also obtain surface access and a lease from the individual private landowner.

From the RM's perspective, **drilling may proceed** once oil and gas companies have addressed the RM's requirements, obtained a development permit (if needed), and acquired the right of entry from the individual private landowner.

Note: Should an RM refuse to issue a development permit because it would contravene the zoning bylaw with respect to the use of land, an applicant has 30 days to appeal the decision to a local Development Appeals Board.

WHAT ARE THE REQUIREMENTS OF SASKATCHEWAN'S RURAL MUNICIPALITIES FOR SEISMIC EXPLORATION?

Once Saskatchewan Energy and Mines (SEM) has approved the Preliminary Plans for a seismic project, companies must submit a "Notice of Intent" for seismic exploration and a map to the applicable RM. After the RM has signed the "Notice of Intent", companies must send one copy to SEM prior to commencing their field operations. RMs cannot prevent seismic companies from performing exploration on road allowances or on private land within the municipality, however, they can attach specific conditions to the project proposal (e.g., requiring companies to document damages to roads prior to starting the seismic program).

Companies must obtain the applicable RM's permission to conduct any clearing, ditching, or trail construction in connection with any seismic exploration on lands within the RM. Companies must also remove all debris, refuse, equipment, and other material once the program is completed.

RMs may also require companies:

- to pay for any damage to a road or for any clean-up after the project is completed to standards which are acceptable to the RM; and
- to post a bond or a deposit to ensure that any remedial work will be done. The bond or deposit would have to be in an amount which reasonably relates to the possible damages to be remedied and not intended to create a blanket restriction of seismic activity.

If exploration takes place on private lands, companies must get permission from the individual land owner to enter the property. The terms of entry to private land are defined by an agreement between the private land owner and the company. RMs do not have the authority to require a bond or a deposit to cover damages on private land; however, an individual landowner can negotiate a bond or a deposit as part of the entry agreement.

From the RMs' perspective, **field operations can commence** once a company has complied with any restrictions that the RM may have attached to the program and entered into a satisfactory agreement with the individual private landowner.

A "Notice of Completion of Seismic Exploration" form must be submitted to the applicable rural municipality within 72 hours of completion of field operations. Once the form is signed by

the administrator of the rural municipality, a copy must be forwarded to SEM to place on their program file.

DEFINITIONS:

Field Operations: *The Seismic Exploration Regulations, 1999*, defines “Field Operations” as “any or all of the following activities carried out for the purposes of seismic exploration: surveying, drilling, blasting, operating vibrator equipment, and recording results.”

Road Allowance: *The Seismic Exploration Regulations, 1999*, defines road allowance as “lands vested in the Crown in right of Saskatchewan that was at any time intended for use by the general public for the passage of vehicles, whether used for that purpose or not.”

Provincial Lands: *The Provincial Lands Act* defines provincial lands as “lands vested in the Crown except park land and lands administered by any provincial government department other than Saskatchewan Agriculture and Food and Saskatchewan Environment and Resource Management.”

Development Permit: *The Planning and Development Act 1983*, defines a development permit as “a document authorizing a development issued pursuant to a zoning by-law.”

Development: *The Planning and Development Act 1983*, defines development as “the carrying out of any building, engineering, mining or other operations in, on or over land or the making of any material change in the use or intensity of the use of any building or land.”

FOR FURTHER INFORMATION CONTACT:

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