

The Subsurface Mineral Regulations, 1960

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Saskatchewan Regulations 541/67 (effective September 6, 1960) as amended by Saskatchewan Regulations 558/64, 536/67, 8/68, 167/70, 94/75, 271/86, 45/87, 40/89, 91/92, [78/96](#), [60/2011](#) and [81/2012](#); and by the *Statutes of Saskatchewan*, [2006, c.25](#).

NOTE:

This consolidation is not official. Amendments have been incorporated for convenience of reference and the original statutes and regulations should be consulted for all purposes of interpretation and application of the law. In order to preserve the integrity of the original statutes and regulations, errors that may have appeared are reproduced in this consolidation.

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SASKATCHEWAN REGULATION 541/67
under *The Mineral Resources Act, 1959*

Regulations under The Mineral Resources Act, 1959,
respecting subsurface minerals

Title

1 These regulations may be cited as The Subsurface Mineral Regulations, 1960.

Disposition of Crown subsurface minerals

2 The disposition of subsurface minerals as defined herein that are the property of the Crown in the right of Saskatchewan shall be in accordance with these regulations.

16 Sep 60 SR 541/67 s2.

Terms and interpretation

3 Subject to section 4, these regulations shall be construed with reference to the terms and interpretation of The Mineral Resources Act, 1959.

16 Sep 60 SR 541/67 s3.

Definitions

4 In these regulations:

(a) “**disposition**” means a permit or lease issued pursuant to these regulations;

(b) “**subsurface minerals**” means all natural mineral salts of boron, calcium, lithium, magnesium, potassium, sodium, bromine, chlorine, fluorine, iodine, nitrogen, phosphorus and sulphur, and their compounds, occurring more than two hundred feet below the surface of the land, and any other mineral substance that may be declared a “subsurface mineral” within the meaning of these regulations by the Lieutenant Governor in Council;

(c) “**work**” means drilling, coring, logging, shaft-sinking, constructing processing plant, operating pilot plant for experimentation on solution mining for any subsurface mineral or any other work approved by the minister for the purpose of exploring for, developing or mining subsurface minerals and carried on in the disposition area or, with the written consent of the minister, carried on in any other place.

16 Sep 60 SR 541/67 s4.

PART I
Permits

Application for permit

5(1) An application for a permit to prospect for subsurface minerals may be submitted to the department at Regina and the minister may issue such permit accordance with these regulations.

Permit area

(2) No permit area shall exceed one hundred thousand acres and every permit shall as nearly as possible comprise one solid block of contiguous lands as approved by the minister.

16 Sep 60 SR 541/67 s5.

Application to be accompanied by certain information, etc.

6 An application for a permit shall be accompanied by:

- (a) a plan and legal description of the area applied for;
- (b) a fee of \$100;
- (c) rental for the first year of the term of the permit;
- (d) a deposit of \$2,000;
- (e) details of the work to be carried out;
- (f) the names and addresses of the directors and officers if the applicant is a corporation;
- (g) a statement of financial position of the applicant.

16 Sep 60 SR 541/67 s6; 12 Jne 87 SR 45/87 s3;
25 Sep 92 SR 91/92 s3.

Permittee's rights

7(1) The permittee shall have the exclusive right to prospect for subsurface minerals in the permit area.

(2) Subject to section 26, when it is necessary to remove any substance from the permit area for experimental purpose or for determining whether such area contains any subsurface mineral in commercial quantities the permittee may remove such substance with the prior written consent of the minister.

16 Sep 60 SR 541/67 s7.

Term of permit

8 The term of a permit shall be five years from the date of issue and such term may, subject to compliance with sections 11 and 12, be extended upon application by the permittee for not more than three extension periods of one year each.

16 Sep 60 SR 541/67 s8.

Deposit refundable

9 The deposit mentioned in section 6 shall be refunded within thirty days after the expiration date or sooner termination of the permit provided that all information required under these regulations has been submitted to the department.

16 Sep 60 SR 541/67 s9.

Permit rental

10(1) The rental for each acre or fraction thereof of a permit area shall be payable yearly in advance at the rate of \$.50 per year for the first five years of the term of the permit.

(2) The rental for any extension of the term of the permit shall be:

- (a) \$10,000 for the first extension period;
- (b) \$20,000 for the second extension;
- (c) \$40,000 for the third extension period.

16 Sep 60 SR 541/67 s10; 12 Jne 87 SR 45/87 s4; 25 Sep 92 SR 91/92 s4.

Expenditures required

11 Subject to section 13, the permittee shall expend for work in or upon the required lands in the permit area as follows:

- (a) \$40,000 during each of the second and third years of the term of the permit;
- (b) \$80,000 during each of the fourth and fifth years of the term of the permit.

16 Sep 60 SR 541/67 s11.

Proof of expenditures

12(1) The permittee shall, within ninety days after the expiration of the year in which work is required to be done, furnish the minister with a detailed statement setting forth the expenditures for work in the permit area during such year and the minister may require such statement to be certified by a member in good standing of a recognized accounting profession that is regulated by an Act who is satisfactory to the minister.

Deposit for deficiency

(2) In case of a deficiency in the amount of expenditures required to be made pursuant to section 11, the permittee may, in order to maintain his permit in good standing:

- (a) make a cash payment equivalent to the amount of the deficiency; or

(b) make a cash deposit equivalent to the amount of the deficiency and such deposit shall be refunded upon proof shown by the permittee that he has expended during any subsequent year of the first five years of the term of the permit an amount equivalent to the amount of the expenditures required by section 11 up to and including such subsequent year; and, if the permittee has not expended the amount equivalent to such expenditures, the minister may refund a portion of the cash deposit equivalent to the amount of the actual expenditures, if any, made during such subsequent year in excess of the amount of expenditures required by section 11 up to and including such subsequent year; and the balance of the deposit shall, at the end of the said five year period, become the property of the Crown.

16 Sep 60 SR 541/67 s12; 2006, c.25, s.11.

Carry-over of expenditures

13 Upon receipt of evidence satisfactory to the minister that a permittee has expended during any year of the term of his permit or any extension thereof a sum of money in excess of the amount of expenditures required by section 11, such excess expenditures may be applied in reduction or in satisfaction of the expenditures required to be made in any subsequent year or years of the term of his permit or within the first three years of the term of a lease that may be granted in respect thereto.

16 Sep 60 SR 541/67 s13.

Consolidation of permits

14 Upon payment of the prescribed fee the minister may issue a consolidated permit consolidating any number of permits covering contiguous lands provided that:

- (a) all permits so consolidated are in good standing;
- (b) the total area of the consolidated permit does not exceed one hundred thousand acres;
- (c) the term of the consolidated permit, amount of expenditures and period for making such expenditures under the consolidated permit are the same as those contained in or required for the permit, among those being consolidated, with the earliest expiration date;
- (d) where expenditures in excess of those required under section 11 have been established for any permit being consolidated, such excess expenditures may be credited as expenditures under the consolidated permit.

16 Sep 60 SR 541/67 s14.

Right to surrender

15(1) Subject to subsection (2), a permittee shall have the right at any time to surrender all lands in the permit area or any portion thereof.

(2) No surrender of a portion only of a permit area shall be made unless the portion remaining under the permit comprises as nearly as possible one solid block of contiguous lands and such surrender is approved by the minister.

(3) No surrender shall entitle the permittee to a refund of any rental for the current year.

(4) Subject to the maximum acreage authorized by these regulations, the permittee may, with the approval of the minister, add to or substitute other Crown subsurface mineral lands for lands in his permit.

16 Sep 60 SR 541/67 s15; 13 Nov 64 SR 558/64 s1.

Permittee entitled to lease

16 A permittee shall be entitled to a lease or leases as hereinafter set forth provided that his permit is in good standing.

16 Sep 60 SR 541/67 s16.

**Part II
Leases**

Term of lease

17 A lease shall be for a term of twenty-one years, renewable for successive terms of twenty-one years each upon the written application of the lessee, provided that the lessee has complied fully with the conditions of the lease or renewal thereof and with the provisions of these regulations as amended or substituted from time to time.

16 Sep 60 SR 541/67 s17.

Lease Area

18(1) Subject to section 19 and section 25c, no lease shall contain an area of less than twelve thousand acres or more than one hundred thousand acres; and the lease area shall as nearly as possible comprise one solid block of contiguous lands as approved by the minister.

Road allowances

(2) Subject to prior disposition, statutory road allowances adjoining and connecting the sections or portions thereof described in the lease shall be included in the lease area.

16 Sep 60 SR 541/67 s18; 30 Nov 2012 SR 81/2012 s3.

Area Reduction

19(1) Subject to section 25c, the lease area shall be reduced to not more than thirty-seven thousand five hundred acres within fifteen years from the date of issue of the lease.

Maximum of three blocks

(2) Upon reduction of the lease area pursuant to subsection (1), the lease area shall comprise not more than three blocks of lands and each block shall contain not less than twelve thousand acres.

16 Sep 60 SR 541/67 s19; 17 Jly 70 SR 167/70; 30 Nov 2012 SR 81/2012 s4.

Annual lease rental

20(1) The annual lease rental shall be payable yearly in advance at the rate of \$2 an acre or fraction thereof.

(2) **Repealed.** 25 Sep 92 SR 91/92 s5.

16 Sep 60 SR 541/67 s20; 25 Sep 92 SR 91/92 s5.

Deposit with lease application

21 Unless the applicant for a lease has submitted proof that the expenditure mentioned in section 22 have been made during the permit period, he shall deposit a sum of \$25,000 with the department before a lease is granted.

16 Sep 60 SR 541/67 s21.

Expenditures required

22(1) Subject to section 13 and subsections (2), (3) and (4) of this section, the lessee shall expend not less than \$3,000,000 for work during the first three years of the term of the lease.

(2) In case of any deficiency in the amount of expenditures for work required to be made pursuant to this section, the lessee may upon application obtain twelve month extensions of time for making the required expenditures with a maximum of three such extensions, provided that for each twelve month extension he makes a cash payment equivalent to three per cent of the difference between \$3,000,000 and the amount of accumulated expenditures made to the date of application pursuant to subsection (1).

(3) Upon application the lessee may, after the third extension under subsection (2), obtain further extensions of time for making the expenditures required to be made under subsection (1) by payment of \$90,000 for each twelve month extension or portion thereof.

(4) If a lease is surrendered by the lessee pursuant to these regulations or cancelled by the minister, the requirement of expenditures to be made under this section shall terminate forthwith.

29 Nov 63 SR 536/67 s1; 12 Jan 68 SR 8/68.

Itemized statement required

23 Unless the expenditures required by section 22 are proved to the satisfaction of the minister, the lessee shall, within ninety days after the end of each year of the term of the lease and any renewal thereof, furnish the department with an itemized statement, verified by affidavit, showing the expenditures during the preceding year and the particulars of the work in respect of which the expenditures were made.

16 Sep 60 SR 541/67 s23.

Failure to furnish proof of expenditures or to make expenditures

24(1) If the lessee fails to furnish proof of expenditures required by section 23, or fails to make the expenditures pursuant to section 22, the deposit mentioned in section 21 shall be forfeited to the Crown and such forfeiture shall not be deemed to be any waiver of the requirements under these regulations, and in addition the minister may, subject to section 37, cancel the lease: provided that if any item of expenditure is disallowed and such disallowance renders the lessee in default he shall have sixty days after the receipt of the notice of default from the minister to remedy such default to the satisfaction of the minister.

Refund of deposit

(2) If the lessee makes the said expenditures and furnishes proof thereof in accordance with these regulations, the said deposit shall be refunded to the lessee.

16 Sep 60 SR 541/67 s24; 29 Nov 63 SR 536/67 s2.

Total surrender of lease lands

25(1) The lessee may, subject to compliance with these regulations and any other Acts or regulations that may be applicable to his mining operations hereunder, surrender his lease.

Partial surrender

(2) The lessee may, subject to section 18 and to the approval of the minister, surrender a portion of the lease area by giving written notice of his intention to do so to the minister within thirty days prior to the surrender date.

No refund of lease rental

(3) No surrender shall entitle the lessee to a refund of any rental for the current year.

(4) **Repealed.** 30 Nov 2012 SR 81/2012 s5.

16 Sep 60 SR 541/67 s25; 13 Nov 64 SR 558/64 s2; 30 Nov 2012 SR 81/2012 s5.

Acquisition of additional lease acreage

25a(1) In this section:

(a) **“production capacity”** means the capacity to produce muriate of potash, not less than sixty per cent potassium oxide, in a period of twelve consecutive months and calculated as being four times the quantity of such muriate of potash produced in the highest three month period during the lease term prior to the end of the fifteenth year of the lease except for the purpose of subsection (5);

(b) **“production capacity”** means for the purpose of subsection (5) the capacity to produce muriate of potash, not less than sixty per cent potassium oxide, in a period of twelve consecutive months and calculated as being four times the quantity of such muriate of potash produced in the highest three month period during the lease term between the end of the fifteenth year of the lease and the end of the twentieth year of the lease.

(2) Notwithstanding anything contained in this Part, a lessee on record with the department as of January 1, 1985 shall, in addition to the thirty-seven thousand, five hundred acres mentioned in section 19, be entitled to additional acreage from the lease area held by the lessee at the time the lessee applies for such acreage as follows:

(a) one and one-half acres of additional acreage for each one hundred tons in excess of five hundred thousand tons of production capacity; and

(b) if the lessee plans to increase the production capacity within five years after the end of the fifteenth year of the lease, one and one-half acres of additional acreage for each one hundred tons of such increase in production capacity:

provided that the production capacity at the end of the fifteenth year of the lease is not less than five hundred thousand tons; and

provided further that the lessee deposits with the minister the sum of \$30 for each acre acquired under this clause as a guarantee that the lessee will increase the production capacity during the said five years to not less than the extent that is represented by the additional acreage acquired by the lessee under this clause.

(3) The additional acreage acquired under subsection (2) may:

(a) be incorporated in the original lease and shall, subject to subsection (4), be governed by the same terms and conditions of the original lease; or

(b) be leased under a second lease separate from the original lease and the second lease shall, subject to subsection (4), be governed by the same terms and conditions of the original lease and the second lease shall terminate with the expiry date of the original lease but shall be subject to the right of renewal as in the original lease.

(4) The lease rental for each acre of additional acreage acquired under subsection (2) shall be \$2 per year payable in advance.

(5) The deposit mentioned in clause (b) of subsection (2) shall be refunded in full to the lessee if the lessee has submitted proof satisfactory to the minister that the required increase in production capacity has been achieved, or if the lessee has not achieved the required increase in production capacity, the refund shall, upon submission of proof of any increase in production capacity satisfactory to the minister by the lessee, be refunded on a pro rata basis.

(6) The deposit or any portion thereof that is not refundable under subsection (5) shall be forfeited to the Crown at the end of the twentieth year of the original lease; and any acreage represented by the amount of the forfeited deposit shall be surrendered forthwith to the Crown by the lessee and such surrendered acreage shall as nearly as possible comprise one solid block of contiguous lands as approved by the minister.

Additions to lease

25b(1) In this section, “**production capacity**” means:

- (a) the capacity to produce in a period of 12 consecutive months a quantity of muriate of potash, each ton of which contains an equivalent of not less than 60% potassium oxide, calculated as being equal to four times the greatest amount of muriate of potash produced in any period of three consecutive months during those 12 consecutive months; or
 - (b) in the case of an operation that has completed an expansion of production facilities and has operated the expanded facilities for at least 12 months and in which production capacity calculated in accordance with clause (a) does not reach the expanded design level, the capacity stated in a certificate satisfactory to the minister provided by an independent consulting engineer.
- (2) A lessee on record within the department as of January 1, 1985 may, subject to subsection (6) and no later than 60 days after these regulations come into force, add to his lease:
- (a) 320 acres of undisposed Crown mineral lands contiguous to his lease for each year following the anniversary date of the lease in the year in which the lease area was reduced in accordance with section 19 and subsection 25a(2) to the anniversary date of the lease in 1985; and
 - (b) 1.5 acres of undisposed Crown mineral lands contiguous to his lease for each 100 tons of production capacity at the anniversary date of the lease in 1985 in excess of that which was in effect or planned for at the time the lease was reduced in accordance with section 19 and subsection 25a(2), to a maximum of 6,400 acres.
- (3) Subject to subsection (6) and section 25c, within 60 days following:
- (a) the anniversary date in 1990 of any lease existing on January 1, 1985;
 - (b) every fifth anniversary date after 1990 of any lease existing on January 1, 1985; and
 - (c) the twentieth anniversary date of any lease granted after January 1, 1985 and every fifth anniversary date thereafter of any such lease;
- a lessee may add to his lease:
- (d) 1,600 acres of undisposed Crown mineral lands contiguous to his lease; and
 - (e) 1.5 acres of undisposed Crown mineral lands contiguous to his lease for each increase of 100 tons in production capacity during the immediately preceding five years, to a maximum of 6,400 acres.
- (4) The lessee may, in addition to any Crown mineral lands added pursuant to subsection (2) or (3), add to his lease Crown mineral lands included in statutory road allowances bordered on both sides by legal subdivisions comprising the lease and Crown mineral lands included in such other statutory road allowances as may be approved by the minister.

(5) Any Crown mineral lands added to a lease pursuant to subsection (2), (3) or (4) shall be incorporated in the lease and, subject to subsection (7), be governed by the terms and conditions of the original lease.

(6) Any Crown mineral lands added to a lease pursuant to subsections (2) or (3) shall consist of legal subdivisions, or other surveyed parcels as may be approved by the minister.

(7) The lease rental for each acre or fraction thereof of Crown mineral lands added to a lease pursuant to this section shall be \$2 per year payable in advance.

4 Apr 86 SR 27/86 s4; 25 Sep 92 SR 91/92 s7; 30 Nov 2012 SR 81/2012 s6.

Special lease

25c(1) In this section:

(a) **“lease agreement”** means an agreement between the minister and the lessee setting out the terms and conditions of a subsurface mineral special lease;

(b) **“subsurface mineral special lease”** means a lease of subsurface minerals issued pursuant to clause 4(b) of *The Crown Minerals Act*, whether before or after the coming into force of this section.

(2) The rights, duties and obligations of the lessee under a subsurface mineral special lease are the rights, duties and obligations set out in the lease agreement.

(3) If there is any inconsistency between subsection 18(1) or section 19, 22, 25a or 25b of these regulations and the terms and conditions contained in a lease agreement, the terms and conditions of the lease agreement prevail insofar as they apply to that subsurface mineral special lease.

30 Nov 2012 SR 81/2012 s7.

Addition of permit lands

25d(1) A lessee, including the holder of a lease agreement as defined in section 25c, may apply to the minister to add to the lease any adjoining Crown mineral lands held under a permit by the lessee if:

(a) the lease supports the operation of a production facility with a production capacity of at least 1.8 million tons of muriate of potash per year as determined in accordance with subsection 25b(1); and

(b) the resulting lease area does not exceed 150,000 acres.

(2) The minister may amend the lease to include all or part of the adjoining Crown mineral lands if the minister is satisfied that:

(a) the permit is in good standing; and

(b) the permit lands to be added to the lease are required for the continued operation or expansion of a mine.

(3) Subsection 18(1) and sections 19, 22, 25a and 25b do not apply to any lease amended pursuant to this section.

30 Nov 2012 SR 81/2012 s7.

Lease corrections and adjustments

25e(1) A lessee, including the holder of a lease agreement as defined in section 25c, may apply to the minister to amend the schedule of Crown mineral lands in the lease in order to:

- (a) add any undisposed subsurface minerals located within the lease area that may become, or be confirmed as, property of the Crown following the issuance of the lease whether through transfer, surrender, forfeiture, title correction, court decision or judgment or otherwise;
- (b) adjust or realign the boundary of the lease with an adjoining disposition for the purposes of mine safety or of optimizing current and future mineral production;
- (c) add any undisposed subsurface minerals included in a statutory road allowance located between surveyed mineral parcels if the subsurface minerals within those mineral parcels are owned or controlled by the lessee; or
- (d) add any undisposed subsurface minerals within a potash restricted drilling area that was established pursuant to section 26 of *The Oil and Gas Conservation Regulations, 2012* before the coming into force of this section.

(2) The minister may amend the schedule of Crown mineral lands in the lease to include the additional Crown mineral lands if the minister is satisfied that:

- (a) the subsurface minerals are available for disposition;
- (b) the amendment is required to support the development or expansion of a mine; and
- (c) in the case of an application pursuant to clause (1)(b), the consent of the adjoining disposition holder has been obtained.

(3) Subsection 18(1) and sections 19 and 22 do not apply to any Crown minerals added to the schedule of Crown mineral lands in a lease pursuant to this section.

30 Nov 2012 SR 81 /2012 s7.

PART III General Provisions

Drilling and boring

26(1) All operations in connection with drilling or boring for the purpose of exploring for subsurface minerals, whether belonging to the Crown or not, shall be carried on in accordance with the provisions of The Oil and Gas Conservation Act or any Act that may be passed in amendment thereof or in substitution therefor, and the regulations from time to time in force thereunder.

Drilling with notice

(2) No drilling or boring for minerals shall be commenced within two miles of any disposition area without first giving to the minister and to the holder of the disposition thirty days' written notice of intention to drill or bore.

16 Sep 60 SR 541/67 s26; 29 Nov 63 SR 536/67
s3.

Submission of reports

27(1) Unless subsurface minerals are being produced in commercial quantities from the disposition area, the disposition holder shall, within ninety days after the end of each year of the term of the disposition, furnish the minister with a report, verified by affidavit, giving full particulars of all operations and work carried on during the preceding one year period in or upon the area described in the disposition and specifically setting forth details of:

- (a) the nature of the operations and work performed;
- (b) all chemical and mineralogical analyses of core samples obtained from surface drilling;
- (c) a composite plan showing the location of holes drilled or bored and the elevations thereof;
- (d) the quantities of subsurface minerals produced;
- (e) description of subsurface mineral cores;
- (f) such other information, data or material as the minister may request.

Report upon termination of disposition for any reason

(2) Within ninety days after the termination of a disposition for any reason the disposition holder shall furnish the minister with a report, verified by affidavit, giving the particulars mentioned in subsection (1).

Penalty for failure to report or comply with minister's request

(3) If default is made in furnishing any report or statement or, if the disposition holder fails to comply with any request of the minister pursuant to subsection (1), the minister may, by written notice to the disposition holder, impose a penalty of \$25 for every day in which the default continues and, if the default continues for a period of more than ninety days, the minister may cancel the disposition. The minister may apply any deposit made by the disposition holder toward satisfying any penalty imposed under this section.

16 Sep 60 SR 541/67 s27.

Release of information

28 No information submitted by a disposition holder regarding cores, analyses of cores and logs of potash bearing formations with respect to lands actually held by the holder under a disposition in good standing shall be released by the department without the consent of such holder.

16 Sep 60 SR 541/67 s28.

Solution mining

29(1) Where a disposition holder intends to carry on mining operations for any subsurface mineral in solution he shall before commencing such operations give to the minister written notice of his intention to do so.

Method of operations

(2) The disposition holder shall set out in the notice the method by which he intends to carry on such operations and he shall thereafter as requested, until the operations have been declared by the minister to be satisfactory, give such information as may be necessary to enable the minister to be present or to be represented at the place where the operations are carried on whenever the operations are commenced and whenever any experiment is to be conducted in connection with such operations.

Notice of other method

(3) Where the disposition holder intends to carry on operations by a method different from the method set forth in the notice he shall, before commencing operations by such other method, give to the minister written notice of his intention to do so.

Prevention of damage

(4) In carrying on or attempting to carry on operations the disposition holder shall take all possible precautions to prevent damage to mineral substances.

Discontinuance of operations

(5) If the minister is at any time satisfied that by reason of any operations mineral substances are being damaged or are likely to be damaged, he may give to the disposition holder written notice requiring him to discontinue such operations and the disposition holder shall not thereafter carry on such operations without prior written consent of the minister.

Certain drilling with minister's permission

(6) For the purpose of such operations the disposition holder shall not drill or bore any well within two thousand feet of the outer boundaries of the disposition area without prior written permission of the minister.

16 Sep 60 SR 541/67 s29.

Notices

30 Any notice required to be given to a disposition holder under these regulations shall be sufficiently given by registered mail to the address of the disposition holder shown on the records of the department.

16 Sep 60 SR 541/67 s30.

Sealed bids

31(1) Where subsurface mineral lands are available for certain specified areas, the minister may cause such lands to be advertised for sealed bids in *The Saskatchewan Gazette* and in such newspapers or periodicals as he may designate.

Conditions in advertisement

(2) Where subsurface mineral lands are advertised for sealed bids pursuant to subsection (1), the minister may impose such additional terms and conditions as he deems advisable, provided that such additional terms and conditions are stated in the advertisement.

16 Sep 60 SR 541/67 s31.

Minister may enter, inspect and examine, etc.

32(1) The minister or his authorized agent may at any time and from time to time enter upon the lands described in the disposition and inspect and examine the operations of the disposition holder and the plant, works, books, and records used or kept in connection with the operations, take samples of minerals and other substances encountered during the operations and carry out tests and examinations.

Assistance by disposition holder

(2) The disposition holder shall give or cause to be given all assistance that the minister or his authorized agent may require for carrying out the acts mentioned in subsection (1).

16 Sep 60 SR 541/67 s32.

Assignments, subleases, transfers

33(1) Every assignee, sublessee or transferee of a disposition or rights, privileges or obligations under a disposition, shall submit to the department for registration his assignment, sublease or transfer within sixty days after the date of execution thereof.

(2) Two signed copies of the assignment, sublease or transfer together with an affidavit setting forth in detail the true consideration therefor, shall be submitted to the department.

(3) Upon registration one signed copy of the assignment, sublease or transfer shall be retained by the department.

(4) No assignment, sublease or transfer shall be registered in the department unless it is unconditional and submitted by or on behalf of a person or company who or which has registered in the department an interest in the disposition assigned, subleased or transferred.

(5) The minister may in his discretion refuse to register an assignment, sublease or transfer.

(6) An assignment, sublease or transfer may, upon payment of a fee of fifty cents for each day after the time hereinbefore limited for registration in addition to the fee prescribed by section 41, be registered in the discretion of the minister.

16 Sep 60 SR 541/67 s33.

Surface rights

34 A disposition of subsurface minerals shall, by virtue thereof, be deemed not to authorize the disposition holder to the use and occupation of the surface of the area described in the disposition.

16 Sep 60 SR 541/67 s34.

Petroleum and Natural Gas Regulations apply *mutatis mutandis*

35 The provisions of The Petroleum and Natural Gas Regulations under The Mineral Resources Act, 1959, respecting the acquisition of surface rights for the drilling of wells, construction of roads and operations of a lessee of petroleum and natural gas rights, as such provisions are now or may hereafter from time to time be in force, shall *mutatis mutandis* apply to the acquisition of surface rights by the holder of subsurface mineral rights, whether granted under these regulations or granted by any person other than the Crown.

16 Sep 60 SR 541/67 s35.

Bearer bonds in lieu of deposits

36 Where a cash deposit is specified in these regulations the department may accept in lieu thereof bearer bonds of the Government of Canada or the Province of Saskatchewan.

16 Sep 60 SR 541/67 s36.

Cancellation for cause

37 If a disposition holder violates any provision of these regulations, the minister may cancel the disposition after having given the disposition holder sixty days' notice of his intention to do so, provided that the minister shall not cancel the disposition if the default is remedied to the satisfaction of the minister within the said sixty days.

16 Sep 60 SR 541/67 s37.

PART IV
Royalty

Royalty rates

38(1) Subject to section 40, the disposition holder shall pay to the Crown the following royalty, as the same may from time to time be amended or substituted by the Lieutenant Governor in Council, in respect of the potash ore produced or deemed to be produced under these regulations from the lands described in the disposition, that is to say, that percentage of the net selling price of mine run ore (manure salts), determined by the average grade of potash ore mined or deemed to be mined from the said lands in each month, in accordance with the following schedule of royalty rates:

SCHEDULE OF ROYALTY RATES PAYABLE

Grade of Mine Run Ore – % potash	Rate of Royalty
Under 21%	4.25%
21% to 21.99%	4.40%
22% to 22.99%	4.55%
23% to 23.99%	4.70%
24% to 24.99%	4.85%
25% to 25.99%	5.00%
26% to 26.99%	5.00%
27% to 27.99%	5.25%
28% to 28.99%	5.50%
29% to 29.99%	5.75%
30% to 30.99%	6.25%
31% to 31.99%	6.50%
32% to 32.99%	6.75%
33% to 33.99%	7.00%
34% to 34.99%	7.25%
35% to 35.99%	7.50%
36% to 36.99%	7.65%
37% to 37.99%	7.80%
38% to 38.99%	7.95%
39% to 39.99%	8.10%
40% to 40.99%	8.25%
41% to 41.99%	8.40%
42% to 42.99%	8.55%
43% to 43.99%	8.70%
44% to 44.99%	8.85%
45% and over	9.00%

Net selling price

(2) For the purpose of computing the royalty under subsection (1), the net selling price shall be the price per unit of potash in mine run ore, free on board the plant of the disposition holder, in accordance with the current published list price of the holder less all discounts allowed by the holder: provided that such net selling price per unit of potash in the form of mine run ore shall not be less than forty-nine per cent of the net selling price per unit of potash in the form of standard muriate of potash, sixty per cent potassium oxide, in accordance with the current published list price of the disposition holder less all discounts allowed by the holder.

Published price list

(3) Each year and following each change in the published price list of the disposition holder, the holder shall furnish the minister with a copy of his published price list.

Minister's power to determine certain questions

(4) The minister shall have the power to determine from time to time any question that may arise in ascertaining the amount of royalty payable in any particular case including, without restricting the generality of the foregoing, the net selling price of mine run ore. At the request of the minister, the disposition holder shall supply an audited report, acceptable to the minister, giving such information as the minister may require, certified by a member in good standing of a recognized accounting profession that is regulated by an Act who is satisfactory to the minister, and the decision of the minister shall be final and conclusive.

Royalty payment in kind

(5) Notwithstanding anything contained herein, the minister may from time to time order that the disposition holder shall, in lieu of payment of royalty in cash, deliver free on board the disposition holder's mine or plant such products of the mine or plant as the minister may specify in such quantity as shall be equal in value to the amount of cash royalty. When the royalty is desired in kind the minister shall, at least ninety days before the beginning of the potash selling season, advise the disposition holder of the requirements of the minister. In computing the quantity of potash products in lieu of cash royalty payable, the products shall be valued at the current selling price thereof, free on board the disposition holder's mine or plant: provided that any potash products used by the Crown in any of its governmental institutions shall be valued at a discount of ten per cent less than the current selling price thereof: provided further that the discount shall not apply if the Crown desires to use the potash products in any commercial enterprise in competition with the disposition holder or any of his customers.

Royalty payments in lieu of severance tax

(6) The royalty payments herein provided shall be in lieu of and in substitution for all taxes, levies or imposts of a nature similar to royalty that are based on the separation of the ore from the earth or the production of such ore.

Royalties on other subsurface minerals

(7) The royalty payable in respect of any subsurface mineral sold, other than potash, shall be in such amount and in such manner as may be prescribed by the Lieutenant Governor in Council from time to time.

(8) **Repealed.** 14 Jly 89 SR 40/89 s3.

Royalty on sodium chloride

38.1(1) In this section, “**quarter**” means a calendar quarter ending on March 31, June 30, September 30 or December 31 in each year.

(2) The royalty payable by a disposition holder to the Crown with respect to sodium chloride that is produced from, or allocated pursuant to a unit agreement to, lands that are subject to a disposition is the greater of:

- (a) 33¢ per tonne of dry sodium chloride that is produced or allocated and:
 - (i) used as a raw material base; or
 - (ii) sold or otherwise disposed of; and
- (b) 3% of the selling price of a quantity of sodium chloride in slurry form that is equivalent to a tonne of dry sodium chloride.

(3) For the purposes of clause (2)(b), where:

- (a) in the opinion of the minister, the selling price of the sodium chloride does not accurately reflect its fair market value; or
- (b) the sodium chloride is not sold or otherwise disposed of in the slurry form;

the minister may determine the fair market value of the sodium chloride, and that value is deemed to be the selling price of the sodium chloride.

(4) The minister may:

- (a) determine any questions that arise from time to time in determining the amount of royalty payable pursuant to subsection (2) in a particular case; and
- (b) without limiting the generality of clause (a), determine the quantity of sodium chloride that has been produced, allocated, sold or otherwise disposed of.

(5) Within 30 days after the last day of each quarter, a disposition holder shall:

- (a) pay the amount of the royalty required pursuant to subsection (2) with respect to that quarter; and
- (b) submit to the minister a royalty return in a form approved by or acceptable to the minister.

(6) Every disposition holder shall inform the minister in writing of the prices at which sodium chloride is to be sold or otherwise disposed of pursuant to, and any other term of, any contract the disposition holder has entered into for the sale or other disposition of any sodium chloride produced or to be produced from, or allocated or to be allocated to, lands that are subject to a disposition:

- (a) if the contract is entered into prior to the day on which these regulations are filed with the Registrar of Regulations, within 60 days of the day of filing of the regulations; or
- (b) if the contract is entered into on or after the day on which these regulations are filed with the Registrar of Regulations, within 60 days of entering into the contract.

- (7) A disposition holder shall, on the demand of the minister, provide the minister with a copy of any contract mentioned in subsection (6) that is in writing.
- (8) A disposition holder shall:
- (a) immediately inform the minister of any change in any of the terms of any contract mentioned in subsection (6); and
 - (b) if the change is in writing, provide the minister with a copy of the change on the demand of the minister.

14 Jly 89 SR 40/89 s4.

Payment of royalty

- 39(1)** Where the royalty is payable other than in kind, the person liable for the payment of such royalty shall, on or before the last day of the second month after the end of each period of three months of every calendar year, pay the amount of royalty on the potash produced during such period of three months.
- (2) If the royalty payable exceeds the total of the amounts paid in respect of the potash produced during the whole year, the person liable for the payment of royalty shall pay the amount of the difference on or before the first day of April next following the end of the year in which such potash was produced.
- (3) If the royalty payable is less than the total of the amount paid the amount of the difference shall be refundable.

16 Sep 60 SR 541/67 s39; 2 Sep 2011 SR 60/2011 s2.

Three year averaging of production

- 40(1)** In this section:
- (a) **“township area”** means the area covered by all townships in which is situated:
 - (i) any part of the disposition area; and
 - (ii) any lands from which the disposition holder produces potash ore in conjunction with his mining operations for the disposition area.
 - (b) **“proportionate share of production”** means that proportion of the total production by the disposition holder from the township area which proportion is to the total production as the number of acres of all Crown subsurface mineral lands in the township area is to the total number of acres in the township area.

Three year adjustment period

- (2) Subject to subsection (3), the royalty shall be adjusted at the end of every three year period, the first of such period commencing on the first day of the calendar year in which production by the disposition holder commences and the next successive periods of three consecutive years commencing on the day following the termination date of the immediately preceding period, on the basis of the yearly production of subsurface minerals from the disposition area averaged over the relevant three year period.

Minimum royalty

(3) The Crown royalty payable by the disposition holder shall, in each of the first two years of every three consecutive year period, be not less than the royalty calculated on that production equivalent to the proportionate share of production as defined in this section produced during the respective year; and the total Crown royalty payable by the disposition holder for the three consecutive year period shall be not less than the total royalty calculated on that production equivalent to the proportionate share of production produced during the three consecutive year period.

(4) Subsections (2) and (3) do not apply where the subsurface mineral area in which the disposition area is included is operated as a unit established by an agreement entered into pursuant to section 18 of *The Crown Minerals Act*.

16 Sep 60 SR 541/67 s40; 11 Oct 96 SR 78/96 s2.

Rentals and royalty fixed for ten years from January 1, 1964

41 Notwithstanding anything contained in these regulations, the rentals set forth in section 20 and the royalty on potash set forth herein shall continue in force for a period of ten years from the first day of January, 1964.

29 Nov 63 SR 536/67 s6.

PART V

Repealed. 12 Jne 87 SR 45/87 s5.

PART VI**Coming into Force and Conversion****Coming into force**

42(1) Every disposition of subsurface mineral lands made on and after the fourteenth day of September, 1960, shall be subject to these regulations.

Conversion

(2) Notwithstanding subsection (1), upon the written approval of the holder of a withdrawal, permit or lease issued under the Subsurface Mineral Regulations, 1956, made by Order in Council 1544/56, that is in good standing on the fourteenth day of September, 1960, the minister may take such necessary action for converting such withdrawal, permit or lease into a permit or lease, as the case may be, under The Subsurface Mineral Regulations, 1960, subject to the following conditions:

- (a) a withdrawal shall be deemed to be a permit issued under these regulations;
- (b) the date of issue of the withdrawal shall be deemed to be the date of issue of the permit;

- (c) a permit shall be deemed to be a permit issued under these regulations;
- (d) the date of issue of the permit shall be:
 - (i) where any extension of the three year term of the permit has been granted, such extension shall be deemed to be the first, second or third year extension, as the case may be, under these regulations;
 - (ii) where the permit is in its first year, it shall be deemed to be in the third year of the term of a permit under these regulations;
 - (iii) where the permit is in its second year, it shall be deemed to be in the fourth year of the term of a permit under these regulations;
 - (iv) where the permit is in its third year, it shall be deemed to be in the fifth year of the term of a permit under these regulations;
- (e) a lease shall be deemed to be a lease issued under these regulations.

16 Sep 60 SR 541/67 s42.

SCHEDULE OF FEES AND RENTALS

<u>Description</u>	<u>Amount</u>
1 Application for a permit or lease including a consolidated permit	\$100.00
2 Annual permit rental, for the first five years of the term of the permit, per acre50
3 Registration of entire assignment of a permit or lease	30.00
4 Registration of partial assignment of a permit or lease including the issuance of a new permit or lease covering the assigned portion	30.00
5 Application for extension of time or other concession: where no Order in Council is required, per permit or lease	30.00
where Order in Council is required, per permit or lease	100.00
6 Amending a permit or lease	55.00
7 Search fee, for each permit or lease	10.00
8 Copy of a permit or lease, per document	15.00
9 Copies of any other document, per page	1.00
10 Certified copies of any document, per document	15.00.

25 Sep 92 SR 91/92 s8.

