

## (2) Provincial Fiscal Systems

### Alberta

Alberta crown production of oil is subject to two royalty schemes, for 'old' and 'new' production, with lower royalty rates applying to new production. New production is essentially that portion of production from a pool developed after the beginning of 1974. Additional production from an enhanced recovery scheme approved after January 1, 1974 qualifies as new oil.

Where an enhanced recovery scheme has been approved by the Alberta Energy Resources Conservation Board and if the Minister of Energy and Natural Resources is satisfied that the cost attributable to the implementation and operation of the enhanced recovery scheme exceeds the cost of a waterflood scheme in the same field or pool, further royalty relief may be granted. This relief takes two forms. A royalty rebate may be allowed for the cost of natural gas liquids injected for oil recovery enhancement in a field subject to a maximum in any month of 5 per cent of the royalty payable on petroleum produced from the field in that month. In addition, a deduction is allowed from gross oil revenue otherwise subject to royalty in respect of the cost of incremental capital, injected materials, other incremental costs of operating the enhanced recovery project and on overhead allowance equal to 10 per cent of the incremental costs to allow for overhead and interest expense during construction.

### Saskatchewan

The Saskatchewan fiscal system consists of two parts: A Crown Oil Royalty payable on Crown lands, and an Oil Well Income Tax payable on both Crown and freehold production.