JOB AID

HOW TO USE THE PETRINEX ENHANCED VALUATION AUDIT PROGRAM (EVAP) FUNCTIONALITY

Jurisdiction	Release/Revision Date	Comment
SK	January 20, 2014	Additional information on how to use the EVAP Declaration Required Report
SK	December 09, 2013	Initial Release – this Job Aid was created from information provided in the ECON Directive **R02-EVAP Program and Petrinex Reporting.**

Background:

The Saskatchewan Ministry of the Economy (ECON) implemented EVAP effective October 3, 2013 as a tool to ensure/enhance Industry's compliance with regulatory requirements related to oil price determination and reporting. EVAP will require an annual senior executive signoff (an EVAP Declaration) with respect to a Royalty Tax Payer's (RTP) compliance and compliance controls related to oil price determination and reporting requirements.

- EVAP does not apply to RTPs that sell their raw crude oil at arm's length at an upstream facility such as a battery, terminal or pipeline inlet (i.e. situations where an arm's length purchaser can validate the RTP reported raw crude oil price).

- EVAP does apply to RTPs that, during a declaration period, have any oil sales that meet the following conditions prior to being sold for the first time at arm's length:
  o their crude oil production is blended with condensate or natural gas liquids;
  o their crude oil is transported downstream of any (SK or out of province) terminal, pipeline inlet or rail transloader facility;
  o their oil is transported to the outlet of a single shipper pipeline via a buy/sell arrangement with the pipeline operator.

These situations all require the RTP to calculate and report a raw crude oil price that can't be validated directly by the oil purchaser.

There are a number of Petrinex online screens to assist users in providing this information to the Ministry as required. These screens can be found on the Petrinex menu under Audit.

☐ Audit
   ☐ Edit EVAP Declaration
   ☐ Query EVAP Declaration
   ☐ Edit Declaration Signatories
   ☐ Query Declaration Signatories
   ☐ Edit Related Business Associate
   ☐ Query Related Business Associate
   ☐ Request EVAP Declaration Required Report

The EVAP tasks have not been added to the Petrinex "Comprehensive" or "Read Only" roles, therefore the BA USA will have to create and assign custom EVAP roles (e.g. "EVAP Comprehensive" or "EVAP Read Only").

- An EVAP Comprehensive Role should include the following tasks:
    - Edit Declaration Signatories
    - Edit EVAP Declaration
    - Edit Related business Associate
    - Query Declaration Signatories
    - Query EVAP Declaration
    - Query Related Business Associate
    - Request EVAP Declaration Required Report

- An EVAP Read Only Role should include the following tasks:
    - Query Declaration Signatories
    - Query EVAP Declaration
    - Query Related Business Associate
    - Request EVAP Declaration Required Report

EVAP Declaration Required Report
A new EVAP Declaration Required Report has been developed which will list monthly occurrences for which a pipeline split has been made by a facility operator that identifies either the owner (RTP) BA or a related BA as being the purchaser of the RTP's oil. If any such transactions have been made, the RTP is required to participate in EVAP reporting. Where no such transactions have been made, the RTP has no reporting requirement under EVAP.   This report is available on a "user-requested" basis, and will automatically be run by Petrinex on a monthly "sweep" basis on the last day of each month and will be available to users on the first working day of the next month. See the Petrinex Saskatchewan Reporting Calendars for the scheduled report release dates.

This report should be monitored regularly to identify circumstances that trigger the requirement to submit an EVAP declaration. The EVAP Declaration Required Report will only display results for production months 2013 09 forward. Any EVAP declaration required transactions that occurred during previous months in 2013 will not be captured in the report. Note: in order to identify specific previous months' sales transactions giving rise to records on the EVAP Declaration Required Report, users will have to query Pipeline Splits records in Petrinex or run a Pipeline Split Owner Report. It is recommended that depending on the size of your company users should run this pipeline split report for each production month prior to September 2013 in csv which allows sorting and filtering of the information.

It is possible that an RTP BA may believe that they have received an EVAP Declaration Required Sweep Report in error (the owner (RTP) does NOT purchase their own oil). This report is only generated when a pipeline split is submitted in which the RTP BA or a Related BA is listed as the purchaser of the RTP's oil. It may be a simple case of finding the pipeline split in which this occurred and re-submitting with the correct Owner/Purchaser information. It may also be due to one of the common reasons listed below.

The Petrinex EVAP Declaration Required report may have been sent to your company because:
- There was a Pipeline Split that was re-submitted with the correct Owner/Purchaser information, however the Oil Valuation Royalty/Tax Payer record was never re-submitted to reflect the change in the split. Unless both the split and the valuation have been submitted, the record will continue to show up on the EVAP Declaration Required Report; or
- Oil was delivered to a waste plant and the Owner/Producer is not being paid for the waste volume. Some companies are identifying themselves as the purchaser in the Pipeline Split when in fact they should input the waste plant operator as the purchaser and enter WO (waste oil) in the owner contract number. This will ensure that no Oil Valuation Purchaser or RTP record is created.

What to do when you receive an EVAP Declaration Required report – Auto Created Sweep version and you are not purchasing your own production:
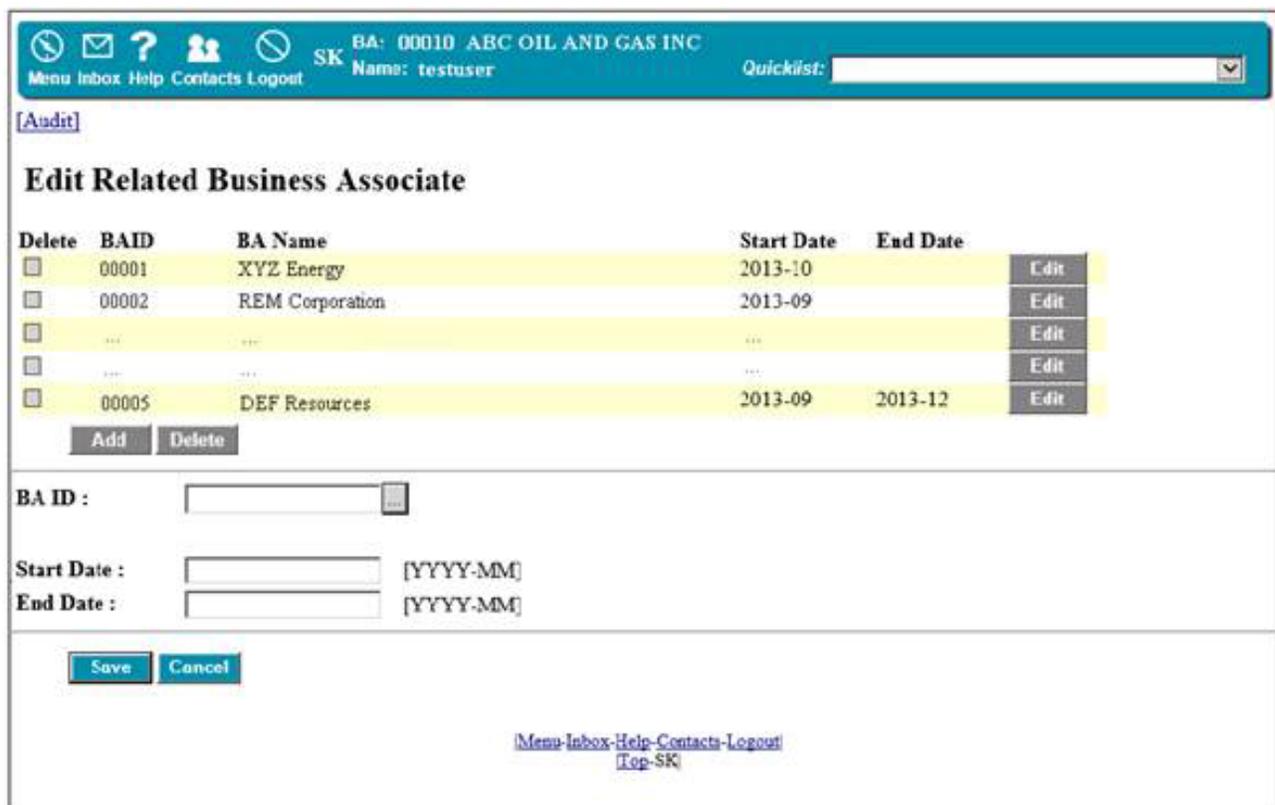
1. If you are only receiving the auto created sweep version and require the "user request" version of this report, ensure that your User Security Administrator (USA) has set you up with the role "EVAP Request EVAP Declaration Required Report".
2. From the Audit menu, request the EVAP Declaration Required Report with the *"Include Detail"* option checked.
   - This report indicates which months your BA has been named as the owner and purchaser of oil
   - After you know which months you are named as purchaser, from the Submit Report Request menu, you should request the Oil Valuation – Royalty/Tax Payer Report
     - o This report identifies which pipeline splits need to be corrected if you are indeed not the purchaser of the oil.
3. Once you have determined where you have been named as owner and purchaser and the pipeline split is incorrect in naming your BA as the purchaser, you need to do the following:
   - Make any necessary corrections to the Owner/Purchaser information for the pipeline splits identified in the report and re-submit. If the error is in regards to waste oil that you were not paid for (as mentioned above), please enter the waste plant operator as the Purchaser and enter WO in the owner contract number field. Changes will be reflected in the Oil Valuation Royalty/Tax Payer and Purchaser records. It is necessary to re-submit the Oil Valuation Royalty/Tax Payer record to remove any deleted records and submit any new pending records.
4. If you have no records where you are named as the purchaser, you are likely receiving this report because of an Oil Valuation Royalty/Tax Payer record that was not re-submitted. If the split is changed, the old Royalty/Tax Payer record is marked with a "D" for deletion and must be re-submitted to remove the record. The best way to find these records is to run the Oil Valuation – Royalty/Tax Payer report for 2013-09 to present and find any records that have your company listed as the Purchaser BA.

After making the required correction(s), request the EVAP Declaration Required report to ensure you no longer have an EVAP declaration requirement.

Related Business Associate

The requirement for EVAP reporting is triggered whenever the owner (RTP) BA ID and the purchaser BA ID identified within a pipeline split are related BAs (i.e. non-arm's length BAs). The Related Business Associate functionality in Petrinex facilitates the identification by an RTP of its related BAs that may be involved in crude oil transactions. This process is an online process only and users are able to add, modify or delete their list of related BAs.

To access this process in Petrinex click on the Menu item "Edit Related Business Associate" to display the Edit Related Business Associate online page. User will be able to add, edit or delete their list of related BAs.

- o In the case of **add**, the user would be required to select the BA identifier from the BA lookup component, and then enter the start date and end date of the Related BA. A blank end date means End of Time (EOT).
- o The **modify** action would allow the user to change the start and end dates. If changes are made to the start and end date Petrinex will first validate if the Related BA has been used as a purchaser and the reporting BA has been used as an owner together in a pipeline splits submission and are impacted by a change to the start date and end date. If there are impacts in pipeline splits, then these must be resolved before the date changes are permitted.
- o The **delete** action would allow the user to delete a related BA from their list. A related BA cannot be deleted from the list if the Related BA has been used as a purchaser and the reporting BA has been used as an owner together in a pipeline splits submission at any time between the Related BA's start date and end date. The pipeline splits purchaser must be changed before the Related BA can be deleted.

Declaration Signatories

Each RTP that will be subject to the EVAP Petrinex process must identify Declaration Signatories using the "Edit Declaration Signatories" functionality. One or more of the "active" signatories may subsequently be attached to an EVAP declaration and are required before the EVAP declaration can be submitted.

To access this process in Petrinex click on the Menu item "Edit Related Business Associate" to display the Edit Related Business Associate online page. User will be able to add, edit or delete their list of signatories.
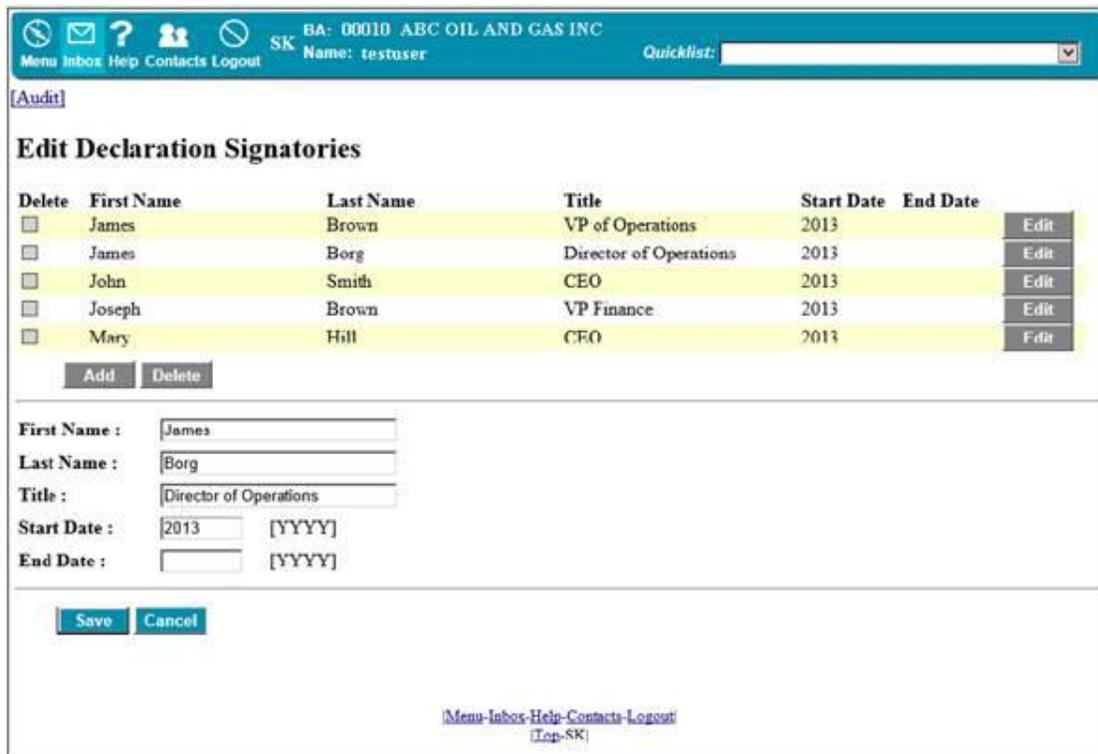
- o In the case of **add**, the user would be required to enter the signatory's first name, last name, title, start date and end date. A blank end date means End of Time (EOT).
- o The **modify** action would allow the user to change the existing information. A declaration signatory cannot be modified if the signatory has been used within a previous declaration. Should a person no longer be appropriate as a declaration signatory, the end date for the signatory can be set, making the signatory 'inactive'. 'Inactive' signatories are not included in the selection screen for the declaration.
- o The **delete** action would allow the user to delete signatory from their list. A declaration signatory cannot be deleted if the signatory has been used within a previous declaration.

EVAP Declaration

An EVAP declaration consists of theme items and their responses, one or more signatories and one or more attached documents.

Edit EVAP Declaration

EVAP Declaration for 2013	Due: 2014-02-28	Status: Incomplete
Gross Price Calculation	Ref: Directive R02	Status: Complete
Trucking Expense Calculation	Ref: Directive R02	Status: Incomplete
Oil Price Reporting	Ref: Directive R02	Status: Incomplete
Declaration Signatories		Status: Complete
Attached Documents		Status: Incomplete

Print Submit

EVAP Declaration for 2014	Due: 2015-02-28	Status: Incomplete

The EVAP functionality in Petrinex allows for users to see the status of the previous and current years.

Themes:
EVAP has three Oil Valuation themes, namely Gross Price Calculation, Trucking Expense Calculation and Oil Price reporting. Information required to be submitted for each theme includes the following:

1. List and describe any controls and the conclusions of the evaluations of controls
2. List and describe any control deficiencies and a description of improvements to address the deficiencies in the controls.
3. List and describe any deficiencies in the evaluations of control deficiencies and a description of improvements being made to the evaluations of control processes to address the deficiencies.

By clicking on the beside each of the Themes you will be provided with space to provide the above information.

Declaration Signatories:
Signatories for the declaration are selected form the list of signatories specified for the calendar year of the declaration.

By clicking on the beside Declaration Signatories you will be provided the option of Adding one or more signatories as required.

Declaration Attachments:
The following attachments to the online submission may be submitted, some of which are required and others are optional.

- o   Description of Controls and Processes (required)
- o   Signed copy of the EVAP Declaration (required)

- o Example well-head oil price calculations (required)
- o Other1
- o Other2

Note: Users can only add one copy of each required document. However if additional examples are required these can be attached as one of the optional 'Other' options.

By clicking on the beside Attached Documents you will be provided the options for attaching your required documentation.

For More information:
Related to Directive 02-EVAP Program and Petrinex Reporting, please contact ECON Support at png.support@gov.sk.ca or 1-855-219-9373

Related to Petrinex functionality, please contact the Petrinex Service Desk at petrinexsupport@petrinex.ca or 403-297-6111 or 1-800-992-1144 (Toll Free)