

Saskatchewan Raw Gas Sales Reporting and Valuation

Jurisdiction	Release/Revision Date	Location of Change in this Document	Comment
SK	June 28, 2013	Key Principles	Update
SK	April 18, 2013		Initial Release

Audience: All Saskatchewan Users

Purpose: To notify all Saskatchewan users of a change in policy regarding raw gas sales reporting on Petrinex.

Background: Early on in the design phase of the Registry Saskatchewan Inclusion Project (RSIP), a decision was made to provide natural gas producers with the option of reporting raw gas (natural gas that is produced from an oil well and sold to a gas plant) sales information on Petrinex. If raw gas sales information was reported, the actual well-head price reported for the raw gas would be used to value the Crown's royalty/freehold production tax (royalty/tax) share of raw gas production. If raw gas sales information was not reported, the provincial average gas price (PGP) would be used to value the Crown's royalty/tax share of raw gas production.

The reporting and valuation of raw gas proved to be very complicated to design and integrate into the Ministry of the Economy's (ECON's) internal systems and there was very limited uptake by industry in actually reporting this optional information.

As a result, ECON consulted with the Canadian Association of Petroleum Producers, the Explorers and Producers Association of Canada, the Saskatchewan Headquartered Operating Producers, and met with the Saskatchewan Business Change Committee (the committee set up by Industry to provide input on Petrinex reporting issues) and requested input into a proposal to change the regulations to require that all raw gas production be valued based on the PGP for royalty/tax purposes.

Industry supported the proposal and as a result, regulation amendments were passed retroactive to April 1, 2012 removing the provisions allowing submission of raw gas sales information and stating that all raw gas production in the province would be valued based on the PGP for royalty/tax purposes.

Key Principles:

- Retroactive to April 1, 2012, all raw gas production will be valued based on the PGP for royalty/tax purposes.
- Petrinex functionality will be changed July 3rd to remove “Raw Gas” from the Petrinex functionality menus, meaning that from that point forward, Industry:
 - will not be able to submit raw gas sales information; and
 - will not have access to prior period months data for amendments, query or reporting.

More information:

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