

**Termination of Subsequent Purchaser and Sales
to Subsequent Purchaser Functionality for
Saskatchewan Users**

Jurisdiction	Release/Revision Date	Location of Change in this Document	Comment
SK	July 12, 2013		Initial Release

Audience: All SK Users

Purpose:

1. To inform users that commencing August 8, 2013 (effective with the August 2013 production month), oil valuation submissions related to Subsequent Purchaser and Sales to Subsequent Purchaser will no longer be required by the Saskatchewan Ministry of the Economy (ECON), and thus this functionality will no longer be available in Petrinex after this date.
2. To provide a high level introduction of a new Enhanced Valuation Audit Program (EVAP) currently being developed in Petrinex for implementation in Saskatchewan at a later date.

Background: Under the current Petrinex reporting regime, ECON uses the Oil Valuation – Subsequent Purchaser and Oil Valuation – Sales to Subsequent Purchaser information as a means to validate the well-head value of raw crude oil that is blended or mixed to a specific pipeline stream quality specification (e.g. LLB, LSB, etc.) prior to being sold by a Royalty Tax Payer (RTP) for the first time at arm's length. Using this purchaser information for well-head price validation is very complex and not very efficient or effective.

Based on a recommendation from Industry, ECON is implementing the Enhanced Valuation Audit Program (EVAP) later this fall as a tool to ensure/enhance Industry's compliance with regulatory requirements around oil price determination and reporting. EVAP, which is a program similar to Alberta's Enhanced Production Audit Program (EPAP), will require senior executive signoff with respect to a RTP's compliance and compliance controls related to oil price determination and reporting requirements.

Key Principles

The EVAP declaration will be a requirement only for those RTPs that blend or mix their oil to a specific pipeline stream quality specification, or, that enter into a buy/sell arrangement with a single shipper pipeline in order to get their production to a downstream market, prior to being sold for the first time at arm's length. The first EVAP declaration, which will be due by the end of February 2014, will cover the 2013 calendar year period.

With the decision to introduce EVAP, ECON no longer requires submission of the Oil Valuation – Subsequent Purchaser and Oil Valuation – Sales to Subsequent Purchaser information in Petrinex.

Effective with the August 2013 production month and forward, Business Associates (BAs) will no longer be able to submit Oil Valuation – Subsequent Purchaser and Oil Valuation – Sales to Subsequent Purchaser information in Petrinex.

Amendments to records submitted for the production months of March 2012 to July 2013 inclusive will continue to be accepted and BAs are encouraged to correct any outstanding reporting errors related to those prior months.

More information: Please contact the PETRINEX Service Desk.

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