

**Oil Valuation - Implementation of New Oil Valuation Error - OVE007 for the Province of Saskatchewan**

Jurisdiction	Release/Revision Date	Location of Change in this Document	Comment
SK	June 29, 2017	Key Message – Update	Shadow billing for OVE007 errors is being extended for two additional months
SK	June 6, 2017	Key Message - Update	Changed date from July 30 to July 31, 2017
SK	April 7, 2017	Purpose and Key Message  End of Document	Extension of shadow billing period for OVE007 errors  Link to tip – Oil Valuation – OVE007 Error Troubleshooting
SK	Dec 21, 2016	Key Messages	Update
SK	October 11, 2016		Initial Release

**Audience:** All Saskatchewan Users

**Purpose:** This tip is to inform Industry that the Ministry of the Economy (ECON) has implemented a new chargeable oil valuation error - OVE007. The OVE007 non-compliance error will be generated when the difference between the Petrinex auto-generated sales volume and the Purchaser submitted volume is greater than one cubic metre.

**Update:** The purpose of this update is to inform industry of an extension to the shadow billing period for OVE007 non-compliance errors. All OVE007 errors up to and including the oil valuation reporting deadline for the July 2017 production month (i.e. August 31, 2017) will continue to be subject to shadow billing.

**Background:**

The existing oil valuation imbalance error OVE003 is created when a difference exists for either price, volume, density or sulphur between the Royalty Tax Payer and Purchaser submitted data. Currently, Royalty Tax Payers and Purchasers only see the errors related to price differences, because the OVE003 errors related to differences in volume, sulphur and density are currently inactivated in Petrinex.

To ensure more accurate oil valuation information is reported in Saskatchewan, ECON has decided to implement a new chargeable error for volume differences between Royalty Tax Payers and Purchasers.

**Key Messages:**

ECON has created a separate chargeable oil valuation error - OVE007. The OVE007 error will be generated when the difference between the Petrinex auto-generated sales volume and the corresponding Purchaser submitted volume is greater than one cubic metre.

The new OVE007 error was implemented with the October 5, 2016 Petrinex release and will be assessed for all production months commencing with the March 2012 production month.

The penalty associated with the OVE007 error will be \$100, however a six month shadow billing period will be implemented to ensure industry has sufficient time to correct any outstanding errors.

Oil Valuation errors OVE007 related to reporting for production months starting with March 2012 must be corrected prior to the oil valuation reporting deadline for the March 2017 production month (i.e. April 28, 2017) to avoid being invoiced for penalties that will be payable within 30 days of the invoice date.

**Update:**

The Ministry of the Economy (ECON) has been working with industry to eliminate existing errors that will be charged when the OVE007 errors come off shadow billing. This work is ongoing and, as a result ECON is extending the shadow billing period for the OVE007 errors for two additional months. Oil Valuation errors OVE007 must be corrected prior to the oil valuation deadline for the August 2017 production month (i.e. September 29, 2017) to avoid being invoiced for penalties that will be payable within 30 days of the invoice date.

Similar to the OVE003 error, Royalty Tax Payers will be responsible for the OVE007 error. To assist the Royalty Tax Payer in minimizing the number of OVE007 errors and associated non-compliance penalties, the OVE007 errors generated for a Royalty Tax Payer will now be included in the Purchaser's monthly Oil Valuation Compliance and Balance Report.

**More information:**

PNG Support  
Phone: 1-855-219-9373  
E-mail: [PNG.Support@gov.sk.ca](mailto:PNG.Support@gov.sk.ca)

Note: For additional information on very specific volumetric scenarios that may inadvertently generate an oil valuation non-compliance error OVE007 and guidance to Industry with respect on how to properly eliminate the error, you can review the following tip:

- [Oil Valuation – OVE007 Error Troubleshooting](#)