

Oil Valuation – OVE007 Error Troubleshooting

Jurisdiction	Release/Revision Date	Location of Change in this Document	Comment
SK	April 7, 2017	End of Document	Link to tip – Implementation of the new Oil Valuation Error – OVE007 for the Province of Saskatchewan
SK	February 27, 2016		Initial Release

Audience: All Saskatchewan Users

Purpose: To inform Industry that under very specific volumetric scenarios, an oil valuation error OVE007 may be generated inadvertently and also to provide guidance to Industry with respect to how to properly eliminate the error.

Background: Effective the 2016-09 production month, the Ministry of Economy (ECON) introduced the oil valuation non-compliance error OVE007. The OVE007 error is generated when there is a difference between the Royalty Tax Payer’s (RTP) “sales volume” that is auto-generated by Petrinex and the Purchaser’s “submitted” volume.

Under very specific volumetric scenarios and for a single sales transaction, Petrinex pipeline splits functionality creates two oil valuation Purchaser (OV Purchaser) records which may result in the generation of OVE007 errors if not addressed properly by the Purchaser and RTP. The volumetric scenarios, described below, occur infrequently, and therefore, only impact a small number of Business Associates each month.

Key Messages: In specific volumetric scenarios where an oil volume, as it moves to market, diverges and then later converges at a common custody transfer point (CTP) (see Diagrams 1 and 2 below), two oil valuation Purchaser records will be auto-generated based on current Petrinex functionality (see Example A, below).

Many BAs are already aware that two oil valuation Purchaser records are auto-generated in these circumstances and they are already addressing and submitting both records. However, more attention needs to be paid specifically to the auto-generated volumes related to these records.

In most cases, industry can correct the OVE007 errors related to this circumstance by:

- identifying that the volumetric scenario described above is occurring; and
- identifying the related oil valuation records:
 - ensuring that the Petrinex auto-generated purchaser volume is accurate (i.e. ensure that the pipeline splits have been correctly submitted)
 - ensuring that the Purchaser submitted volume reported for each record is accurate.

Note: To identify the related oil valuation records, industry may run the appropriate Petrinex reports such as the “Pipeline Splits Shipper” report to review the Petrinex auto-generated volumes.

In some cases, industry may need to:

- Ensure that a fictitious terminal (TM facility type) facility identifier has not been used in the volumetric reporting sequence. The use of fictitious terminals creates the volumetric scenario identified in Diagram 2, below.
 - The creation of fictitious terminals had been authorized previously in order to alleviate balancing issues and facilitate the generation of appropriate oil valuation records.
 - Since Petrinex functionality changes have been incorporated to fix the balancing issues, operators must discontinue the use of these fictitious terminals for reporting purposes.
 - Volumetric balancing at Custom Treater facility subtypes should be accomplished through the proper use of proration factors.

ECON is currently working with Petrinex to improve the functionality so that extra OV Purchaser records are not generated.

Please note that, in the specific volumetric scenarios describe in Diagrams 1 and 2 below, if MORE THAN ONE sales transaction has occurred for that volume, and contract numbers are used in the pipeline splits functionality to differentiate the transactions, then Petrinex will generate four oil valuation Purchaser records that represent the 2 purchased volumes.

Diagram 1 - Note that in the scenario identified below, the BT facility type may be replaced by either IF, or CT facility types.

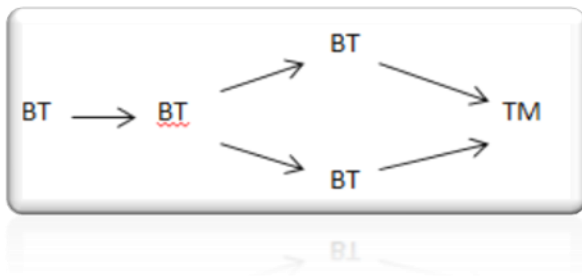


Diagram 2

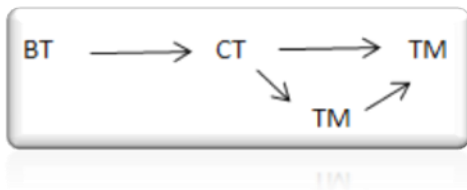
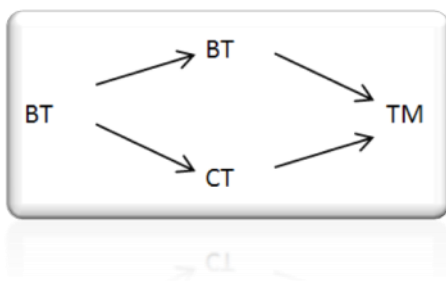
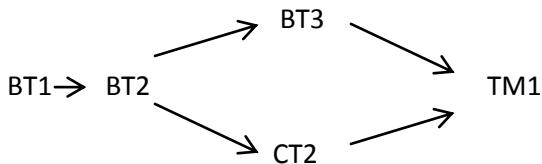


Diagram 3 - The following scenario DOES NOT generate extra OV Purchaser records and therefore DOES NOT generate false OVE errors



Example A:

Sales Scenario: BA 33333 is the operator of battery BT1 and is selling 100 m³ of oil produced at BT1 to purchaser BA 77777 for \$280 per cubic metre (e.g. a single sales transaction). The CTP is at terminal TM1



Volumetric Scenario: BA 33333 delivers 60 m³ of the sales volume to terminal TM1 by the path **BT1-BT2-BT3-TM1**. BA 33333 delivers the remaining 40 m³ of the sales volume to TM1 by the path **BT1-BT2-CT2-TM1**.

Through Pipeline Splits functionality, Petrinex creates the following OVRTP record for the sale transaction:

OVRTP

Delivering	Receiving	CTP	Contract #	Purchaser	Petrinex	Price
BT1	BT2	TM1		77777	100	280.00

*This volume is Petrinex auto-generated.

Petrinex also creates the following **two** OV Purchaser records for the sales transaction:

OV Purchaser

Producer	Delivering	Receiving	CTP	Contract #	Petrinex	Price
33333	BT3	TM1	TM1		60	280.00
33333	CT2	TM1	TM1		40	280.00



TIP

More information:

PNG Support

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Note: for additional information on the implementation of the new chargeable oil valuation error – OVE007 and shadow billing period, please review the following tip:

- [Oil Valuation – Implementation of New Oil Valuation Error – OVE007 for the Province of Saskatchewan.](#)