

**Oil Valuation - Changes to Pipeline Split
Functionality Affecting OVE003, OVE007 and
OVE008 Errors**

Jurisdiction	Release/Revision Date	Location of Change in this Document	Comment
SK	September 13, 2017	Purpose and Key Message	Initial Release

Audience: All Saskatchewan Users

Purpose: This tip is to inform Industry that the Ministry of the Economy (ECON) has implemented a change to Petrinex that will cease the rolling up of cascade merge (CASMER) volumes for the purchaser oil valuation records. In addition, a details button has been added to the purchaser oil valuation records so that purchasers can view which cascaded volumes have been rolled up into the single oil valuation volume.

Background: ECON introduced oil valuation non-compliance errors OVE007 and OVE008 on October 5, 2016. It was recognized that in certain circumstances, false positives on the errors may be created without intervention. As a result, it was decided to extend the shadow billing period until there was a solution to this issue. (See tips titled: [Implementation of the new Oil Valuation Error – OVE007 for the Province of Saskatchewan](#) and [Implementation of the new Oil Valuation Error – OVE008 for the Province of Saskatchewan](#))

The OVE003 non-compliance error was generated for the production months **2012-03 to 2016-08 inclusive**, when the difference between the **gross price** submitted by the Royalty Tax Payer and the **gross price** submitted by the Purchaser is **greater than fifty cents and greater than 0.1%**.

The OVE007 non-compliance error is generated for the production months **2012-03 to current** when the difference between the Petrinex auto-generated **sales volume** and the

corresponding **purchaser submitted volume is greater than one cubic metre**. The OVE007 error is subject to penalties.

The OVE008 non-compliance error is generated for the production months **2016-09 to current** when the difference between the **gross price** submitted by the Royalty Tax Payer and the **gross price** submitted by the Purchaser is **greater than five cents**. The OVE008 error is subject to penalties.

The Ministry discovered that in specific circumstances, the OVE errors may be unresolvable. (See tips titled: [Oil Valuation – OVE003 and OVE008 Errors May Still Generate with Correct Reporting Under Specific Volumetric Scenarios](#) and [Oil Valuation – OVE007 Error Troubleshooting](#))

Key Messages: In order to assist in the correction of these unresolvable errors, a change to the pipeline split functionality was introduced September 6th, 2017, that will cease the rolling up of CASMER volumes for the purchaser oil valuation records. All previously unresolvable errors should be able to be fixed by this change.

Industry will need to resubmit the originating pipeline split that is causing the errors and the purchaser and the royalty tax payer will have new pending and pending delete oil valuation records to accept and respond to.

ECON also wants to remind Industry that the shadow billing period for the OVE007 and OVE008 errors came to an end as of the deadline date of August 31, 2017. Any outstanding OVE errors as of the oil valuation deadline date of September 29, 2017 will be subject to penalties and will be invoiced in October, 2017.

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