



TIP

**Related Business Associate Information Required
for Enhanced Valuation Audit Program (EVAP)
Participants**

Jurisdiction	Release/Revision Date	Location of Change in this Document	Comment
SK	December 09, 2013	Purpose – Update	Added information with regard to job aid.
SK	November 28, 2013		Initial Release

Audience: All Saskatchewan Users

Purpose: The purpose of this tip is to remind operators that will be impacted by the new Enhanced Valuation Audit Program (EVAP) to identify any Related Business Associate information in Petrinex in order to ensure that Petrinex functionality can accurately identify situations that trigger the requirement for an EVAP declaration.

A job aid titled "[How to Use the Petrinex Enhanced Valuation Audit Program \(EVAP\) Functionality](#)" has been posted to the Petrinex Website under Resource Centre – Training Job Aids - Miscellaneous.

Comment [SM1]: Will add a link to the document when posted.

Background: ECON implemented EVAP effective October 3, 2013 as a tool to ensure/enhance Industry’s compliance with regulatory requirements related to oil price determination and reporting. EVAP will require an annual senior executive signoff (an EVAP Declaration) with respect to a Royalty Tax Payer’s (RTP) compliance and compliance controls related to oil price determination and reporting requirements.

- EVAP does not apply to RTPs that sell their raw crude oil at arm’s length at an upstream facility such as a battery, terminal or pipeline inlet (i.e. situations where an arm’s length purchaser can validate the RTP reported raw crude oil price).

- EVAP does apply to RTPs that, during a declaration period, have any oil sales that meet the following conditions prior to being sold for the first time at arm's length:
 - their crude oil production is blended with condensate or natural gas liquids;
 - their crude oil is transported downstream of any (SK or out of province) terminal, pipeline inlet or rail transloader facility;
 - their oil is transported to the outlet of a single shipper pipeline via a buy/sell arrangement with the pipeline operator.

These situations all require the RTP to calculate and report a raw crude oil price that can't be validated directly by the oil purchaser.

The first EVAP Declaration, which must be submitted by the end of February 2014, will cover all crude oil sales incurred by an RTP during the 2013 calendar year.

The requirement for EVAP reporting is triggered whenever the owner (RTP) BA ID and purchaser BA ID identified within a pipeline split are related BAs (i.e. non-arm's length BAs). The Related Business Associate functionality in Petrinex facilitates the identification by an RTP of its related BAs that may be involved in crude oil transactions.

A new EVAP Declaration Required Report has been developed. This report will automatically be run by Petrinex on a monthly "sweep" basis and is also available on a "user-requested" basis. This report will list monthly occurrences for which a pipeline split has been made by a facility operator that identifies a related BA as being the purchaser of an RTP's oil. If any such transactions have been made, the RTP is required to participate in EVAP reporting. Where no such transactions have been made, the RTP has no reporting requirement under EVAP. This report will be run on the last day of each month, for the previous production month and will be available to users on the first working day of the following month. See the Petrinex Saskatchewan Reporting Calendars for the scheduled report release dates.

Key Messages: This tip is meant as a reminder for all Petrinex BAs to identify any Related BAs in Petrinex as soon as possible to ensure that appropriate notifications are sent to impacted BAs with respect to EVAP reporting requirements. The new Related Business



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Associate functionality in Petrinex facilitates the identification of related BAs that may be involved in crude transactions.

As was stated in the previous tip related to EVAP dated October 3rd and is also stated in Directive 02, ECON strongly encourages operators to identify related BAs in Petrinex before the end of November 2013.

Reporting requirements are outlined in Directive R02-EVAP Program and Petrinex Reporting which can be found at <http://www.er.gov.sk.ca/ReportingDirectives>. Saskatchewan BA's are strongly encouraged to review this directive in detail to fully understand their obligations and responsibilities associated with EVAP. This Directive explains the EVAP functionality within Petrinex.

For More information:

Related to Directive 02-EVAP Program and Petrinex Reporting, please contact ECON Support at png.support@gov.sk.ca or 1-855-219-9373

Related to Petrinex functionality, please contact the Petrinex Service Desk at petrinexsupport@petrinex.ca or 403-297-6111 or 1-800-992-1144 (Toll Free)