

Oil Valuation - Implementation of New Oil Valuation Error - OVE008 for the Province of Saskatchewan

Jurisdiction	Release/Revision Date	Location of Change in this Document	Comment
SK	June 29, 2017	Key Messages Update	Shadow Billing for OVE008 errors is being extended for two additional months
SK	June 8, 2017	Key Messages - Update	Corrected error from OVE007 to OVE008 and July 31, 2017 from July 30, 2017
SK	April 7, 2017	Purpose and Key Message End of Document	Extension of shadow billing period for OVE008 errors Link to tip – Oil Valuation – OVE003 and OVE008 Errors May Still Generate with Correct Reporting Under Specific Volumetric Scenarios
SK	December 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 - OVE008. The OVE008 non-compliance error will be generated 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.

Update: The purpose of this update is to inform industry of an additional extension to the shadow billing period for

OVE008 non-compliance errors. All OVE008 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 there is a price difference of more than fifty cents and more than 0.1% between the Royalty Tax Payer and Purchaser submitted data. OVE003 is a non-chargeable error.

ECON has been trying to encourage Industry to address these errors over the past several years but there are still many being created each month. To ensure more accurate oil valuation information is reported in the future, ECON has decided to implement a new chargeable error with a different price tolerance than that of the existing OVE003 error.

Key Messages:

ECON has created a new chargeable oil valuation error - OVE008. The OVE008 error will be generated 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 new OVE008 error was implemented with the October 5, 2016 Petrinex release and will be assessed commencing with the September 2016 production month, however, the new error will not apply to price amendments related to production months prior to September 2016.

The penalty associated with the OVE008 error will be \$100, however a six month shadow billing period will be implemented. Oil Valuation errors OVE008 related to reporting for production months starting with September 2016 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 OVE008 errors come off shadow billing. This work is ongoing and, as a result ECON is extending the shadow billing period for the OVE008 errors for two additional months. Oil Valuation errors OVE008 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 OVE008 error. To assist the Royalty Tax Payer in minimizing the number of OVE008 errors and associated non-compliance penalties, the OVE008 errors generated for a Royalty Tax Payer will now be included in the Purchaser's monthly Oil Valuation Compliance and Balance Report.

With the implementation of the OVE008 error, the OVE003 error related to a difference in price will no longer be generated for production months commencing September 2016. However, Royalty Tax Payers are required to address any outstanding OVE003 errors.

More information:

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Note: For additional information on very specific volumetric scenarios, coupled with specific pipeline split submissions, in which oil valuation non-compliance errors OVE003 and OVE008 may be generated even when the Oil Valuation Royalty Tax Payer (OVRTP) submission and Oil Valuation Purchaser (OVPurchaser) submissions are correct, you can review the following tip:

- [Oil Valuation – OVE003 and OVE008 Errors may Still Generate with Correct Reporting Under Specific Volumetric Scenarios.](#)