



**Saskatchewan
Industry and
Resources**

Saskatchewan

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November 1, 2005

**TO: ALL SASKATCHEWAN OPERATORS, SPECIAL OPERATORS AND
INTERESTED PARTIES**

**RE: REPORTING CHANGES FOR RECOVERED CRUDE OIL
FACILITIES**

This letter is to inform you of reporting changes pertaining to the implementation of the RECOVERED CRUDE OIL DISPOSITION REPORT (SIR-61R). As well, this letter outlines some minor related changes to the reporting requirements for the FACILITY CODE APPLICATION (SIR-705) and INJECTION/DISPOSAL REPORT (SIR-219).

Background

In January 2003, the department notified industry regarding the implementation of a new recovered crude oil tax structure for oil recovered and sold from oilfield facilities that are designated as “crude oil recovery” facilities. In association with this, *The Recovered Crude Oil Tax Regulations* came into force, which pertains to a tax that replaces a Crown Royalty previously applied to crude oil (skim oil) recovered from a water disposal facility, a water injection facility, a cavern disposal facility, a waste processing facility or any other facility or site as designated by the minister. The effective date of the regulations was July 1, 2001 for oil recovered and sold from all “crude oil recovery” designated facilities, with the exception of sophisticated waste processing facilities (for which the effective date was January 1, 2000).

As part of SIR’s “interim” measures to administer reporting requirements under the new regulations, the department continued to designate those pertinent facilities as recovered crude oil (RCO) facilities and assign a “V” code to the facility for reporting purposes. As well, the operator of the “designated” RCO facility was required to file an SIR-61 report using the assigned “V” code to account for the disposition and sale of the recovered crude oil. The operator was also required to file the monthly royalty/tax return EM-687 (Operator’s Monthly Return) under the appropriate “V” facility code.

New Recovered Crude Oil Reporting Structure

Effective with the January 2006 production month, the Recovered Crude Oil Disposition Report (SIR-61R) will replace the SIR-61 report as the means for operators/special operators to report the disposition and sale of crude oil recovered from all designated “recovered crude oil” facilities. A copy of the Recovered Crude Oil Disposition Report is enclosed for your reference. Please be advised that the SIR-61R report form and Instruction Directive is located on the department’s website at www.ir.gov.sk.ca/proddispforms.

The SIR-61R report is not designated as a mandatory report form for electronic filing purposes, however operators/special operators will be able to file the data electronically. For more information on the electronic filing specifications, please refer to the department’s *Electronic Data Submission Manual* on the above website.

Effective with the January 2006 production month, the department will no longer be assigning “V” codes for recovered crude oil facilities that are affiliated with disposal or injection facilities. Operators/special operators will submit the SIR-61R report under the facility code that is assigned to the disposal or injection facility. In most cases, the facility code will begin with a “D” or an “M”. The only exception to this change will be waste plants/reclaimers, which will continue to be assigned a “V” code. To assist individual operators through this conversion process, please find enclosed a cross reference table listing the facilities (and the new facility code) that your company is expected to commence reporting on the SIR-61R report, effective January 2006. If you currently are not reporting for a designated “crude oil recovery” facility, you will not receive this table. For recovered crude oil tax estimate purposes, operators and special operators will continue to submit the Operator’s Monthly Return (EM-687) using the new RCO facility codes (as identified on the cross reference table).

Industry is advised that the SIR-61R report will be subject to the department’s *Guidelines for Compliance Enforcement*. In other words, late filed reports will be subject to a late filing penalty of \$10 for each day the report is late or deficient.

Please be advised that a copy of *The Recovered Crude Oil Tax Regulations* is available on the Queen’s Printer website at www.qp.gov.sk.ca. Further details pertaining to the tax structure and associated administrative procedures are available in the Information Circular PR-IC13 located on the department’s website at www.ir.gov.sk.ca/royaltytaxinfocirc.

Other Affiliated Reporting Changes

Injection/Disposal Report (SIR-219):

Effective January 2006 production month, there are minor changes regarding the reporting procedures for recovered crude oil in the “Details of Other Deliveries” section of the report. If an injection/disposal facility has recovered/delivered/sold crude oil from the water tanks at that facility, the operator is to report the recovered crude oil volume in the “delivery volume” field with the corresponding delivery fluid code “61”. There is no requirement to report a battery/facility code. Our internal system will default the oil being recovered to the reporting injection/disposal facility (the facility code reported in the header box of the report). The SIR-219 report form and accompanying Instruction Directive is located on the department’s website at www.ir.gov.sk.ca/proddispforms.

Facility Code Application (SIR-705):

Effective immediately, the Facility Code Application (SIR-705) has been revised to facilitate the notification of a recovered crude oil facility. As well, there have been some changes to the “Effective Date” and “Tie-in-Date/Activity Date” sections of the application. A copy of the revised SIR-705 is enclosed for your reference. The revised SIR-705 application and accompanying Instruction Directive is located on the department’s website at www.ir.gov.sk.ca/proddispforms.

Questions and Contacts

SIR-61R Reporting	(306) 787-2556
SIR-219 Reporting	(306) 787-2549
SIR-705 Reporting	(306) 787-8267 or (306) 787-2493
RCO Tax Reporting & EM-687 Submission	(306) 787-6507
RCO Tax Regime & Regulations	(306) 787-2605

If you have any other questions with respect to the contents of this information letter please call me at (306) 787-2607.

Yours truly,

Darwin Roske, Director
Petroleum Statistics Branch

Enclosures