January 3rd, 2017

«Client\_Name»

«Address»

«Address2»

«Address3»

«City», «Province» «Postal\_Code»

Attn: VP of Finance

Dear Sir/Madam:

Re: British Columbia Oil and Gas Industry Reporting Through Petrinex

As an operator of oil and/or gas facilities in the province of British Columbia (B.C.), you may already be aware that the B.C. Ministries of Finance and Natural Gas Development and the BC Oil and Gas Commission (Commission) have jointly initiated a project to conduct volumetric and royalty related reporting through internet-based Petrinex. British Columbia issued a news release on December 20th, 2016 ([www2.gov.bc.ca](http://www2.gov.bc.ca/)) which provided details of the British Columbia/Alberta partnership. The B.C. Petrinex Inclusion Project is part of a larger systems renewal initiative and is expected to provide significant benefits to the B.C. Ministries, the Commission and to the upstream, midstream and downstream oil and gas industry in British Columbia.

By way of background, Petrinex is a joint strategic organization supporting Canada’s upstream, midstream and downstream oil and gas industry and is represented by Government [Alberta Department of Energy (DOE), the Saskatchewan Ministry of the Economy (ECON), the Alberta Energy Regulator (AER)], and Industry [represented by the Canadian Association of Petroleum Producers (CAPP) and the Explorer and Producers Association of Canada (EPAC)]. Further to a memorandum of understanding signed by Ministry executives from both provinces, British Columbia’s Ministries of Finance and Natural Gas Development and the Commission, B.C. will become a full member of Petrinex and participate in its governance and direction along with the Alberta DOE, Saskatchewan ECON, the AER and Industry. For more information on Petrinex please visit the website [www.petrinex.ca](http://www.petrinex.ca) .

CAPP and EPAC are strong supporters of the B.C. Petrinex Inclusion Project. Benefits anticipated for the oil and gas industry in British Columbia include the following:

1. Standardization of business and operational processes between British Columbia and Alberta.

2. Extension to British Columbia of the benefits Industry Petrinex users enjoy in Alberta and Saskatchewan. These include having a single venue for access to timely, accurate and secure data; tools to assure submissions for government and Industry processes are correct and complete; and the ability to conduct paperless partner reporting in a standard, effective, electronic venue.

3. Petrinex consultation mechanisms that provide opportunities for Industry and Government to work together to achieve the best possible administrative processes for all stakeholders.

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The design phase related to British Columbia joining Petrinex initiated in September 2016 and is expected to be completed by June 2017. To allow time for development, testing, training and implementation, B.C. tentatively plans to implement the Petrinex functionality in last quarter 2018. After implementation B.C. will require all volumetric, infrastructure and valuation information to be reported electronically, exclusively through Petrinex.

The government of B.C. understands the importance of industry input in the Petrinex project, and to that end the Government and the Petrinex team will be providing updates by way of emails, communique documents, meetings, etc. B.C. oil and gas facility operators can expect to see these communiques which will be jointly signed by the B.C. Government and the Petrinex Industry Manager.

The Petrinex Industry Manager and his team of subject matter experts represent Industry’s interests at Petrinex and contribute Industry expertise to Petrinex operations and management. The Industry Petrinex Team (IRT) is funded by the oil and gas industry through an annual voluntary billing. The IRT is charged with ensuring that British Columbia oil and gas industry operators are aware and fully prepared for this change tentatively scheduled for 4th quarter 2018.

To ensure that we are positioned to communicate with the correct individual in your company dealing with Petrinex, we would encourage you, if you have not already done so, to provide us with the name, telephone number and e-mail address of a prime contact (a Petrinex “*Change Leader*”) for your company. If you currently have operations in Alberta and/or Saskatchewan and wish to have your existing *Change Leader* be the prime Petrinex contact for British Columbia, do let us know.

**To register your *Change Leader* please contact the Petrinex Service Desk at 403-297-6111 in Calgary or 1-800-992-1144 toll free outside of Calgary; or e-mail your *Change Leader* contact information to us at** **petrinexsupport@petrinex.ca****.**

In addition, we will be establishing a British Columbia Business Change Committee (BCBCC) which is an industry forum for consultation and endorsement of design and/or business process changes related to B.C. joining Petrinex. Key BCBCC decisions will be communicated to all companies through the Change Leader group. However, if your company would like to participate more directly by having representation on the BCBCC, please contact Mallory Brown, Petrinex Stakeholder Administrator at Mallory.brown@gov.ab.ca with the name, phone number and email address of the nominee.

While the design process for including B.C. in Petrinex has already been initiated, access to full Petrinex functionality is currently available only through a login process made available to registered AB and SK Business Associates. British Columbia operators will not be provided with full access until the B.C. functionality has been fully implemented in Petrinex.

If you have questions with regard to the B.C. changes please contact: 1-800-667-1182 or Oil&GasRoyaltyQuestions@gov.bc.ca.

If you have questions with regard to Petrinex please contact the Petrinex Service Desk at 1‑800‑992‑1144 or petrinexsupport@petrinex.ca.

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**Ross Weaver Andrew (Drew) Ritonja**

**Industry Manager Executive Director**

**Petrinex Mineral, Oil and Gas Revenue Branch**

**E:** **ross.weaver@gov.ab.ca** **BC Ministry of Finance**

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