

# Petrinex Information Bulletin

## Overview of IOGC GCA Management in Petrinex

Updates for V2.1 are in Red, however please review the entire document as it has been updated in its entirety.

The process by which Industry reports GCA to IOGC represents significant change for Business Associates (BAs) with the introduction of Petrinex. This short document is intended to provide:

- A summary of key changes, terminology and concepts being introduced.
- An overview of GCA 1, GCA 2 and GCA 3 functionality.
- A summary of tips, reminders and important items to note related to IOGC GCA submissions.

In addition to this document, IOGC GCA applicants should refer to the IOGC Royalty Reporting Guidelines – GCA section for GCA Policy details as per your contract. We also recommend that you review the Petrinex Learning Modules applicable to IOGC GCA. Having said that, reviewing this document is suggested as a starting point to get a high-level perspective on the new processes.

### A. Key Changes, Terminology and Concepts

#### 1. Use of Petrinex:

The most significant change is that BAs will use Petrinex to file and retrieve information related to IOGC GCA. To gain access to Petrinex to do this work, contact your BA User Security Administrator and let them know you want to become a Petrinex user with the right to edit and view IOGC GCA submissions.

#### 2. Facility Set-Ups:

**New facility set-ups and updates for existing facilities must be submitted using a GCA 1, which will result in an effective date, at the earliest the beginning of the month prior to submission.**

**For facilities, new set-ups and existing, roll-over of the corresponding GCA 2s & GCA 3s takes place at the end of the 1<sup>st</sup> week in February allowing submission for prior production year and must be submitted prior to the annual May 31 deadline.**

#### **Flowlines:**

In the example in Attachment 1:

- Wells 4-6 will be “attached” to BT1 with **notional** Flowline 2 because they have common ownership.
- Well 7 will be “attached” to BT1 with **physical** Flowline 3 and 100% ownership.

**With the BT and FLs set up in this way:**

- The GCA rate from BT1/FL1 attributable to volumes produced from Wells 1-3 will be correctly allocated to owners in Wells 1-3 according to their common working interests
- The GCA rate from BT1/FL2 attributable to volumes produced from Wells 4-6 will be correctly allocated to owners in Wells 4-6 according to their common working interests, and
- The GCA rate from BT1 and physical Flowline 3 attributable to volumes produced from Well 7 will be correctly allocated to the 100% owner of Well 7.

**For all Batteries with a Flowline Petrinex will create a GCA3 for reporting of capital and operating costs. In our example, the GCA3 created for BT1/FL3 will allow for submission of costs unique to physical FL3. The costs associated with BT1 are applicable to all three flowlines and can be reported on the BT1/FL1 GCA3. Therefore the BT1/FL2 GCA3 is not required and can be deleted.**

#### **Compressor Stations:**

Licensed Compressor Stations, like any other Petrinex facility, will be identified by their Petrinex Facility ID. In the past, unlicensed Compressor Stations could not be specifically included in GCA filings for IOGC. Now they can. Since unlicensed Compressor Stations do not have a Petrinex Facility ID, these need to be set up in the GCA 1 process. Unlicensed Compressor Stations are set up as a Flowline of Gathering System. The ID convention for unlicensed Compressor Stations is ABGS FL990 to 999 Gathering System with Flowline between 990 to 999 can only be used for an Unlicensed compressor.

For Compressor Stations that requires to be set up with separate GCA Type (Capital/Full), Industry will be using the Gathering System with Flowline # 880 to 889. Gathering System with Flowlines 880 to 889 can only be used for a Compressor Station with separate GCA Type.

#### **Gas Plants:**

For Gas Plants that require to be set up with separate GCA Type (Capital/Full), Industry will be using the Gathering System with Flowline # 770 to 779. Gathering System with Flowlines 770 to 779 can only be used for a Gas Plant with separate GCA Type.

#### **Final Destination/Receiving Facility:**

The Final Destination (also called “Receiving Facility”) must be identified in the GCA 1 set-up process to specify the final volume to be auto-populated by Petrinex on the related GCA 3. Generally, this is the gas plant or gathering system to which the production is ultimately delivered .to Final Destination Point [FDP].

#### **Swing Percent:**

Swing Percent relates to the percent of gas that leaves a BT that “swings” between two or more Final Destinations over the GCA year. If there is only one Final Destination the Swing Percent should be set to 100%.

For facilities with multiple Final destination an updated annual GCA 1 submission is required after roll-over at the very latest by the annual deadline May 31.

### **B. GCA 1**


Using the concepts identified above [i.e. use of Petrinex Facility IDs; naming convention for unlicensed Compressor Stations, [final destination] the Petrinex GCA 1 functionality is used to report the **relationships** (“related facilities”), **ownership, well links** and **other attributes** associated with the reporting facilities.

Some general things to note about Petrinex IOGC GCA 1 functionality:

- a. Submission Status: This is a “workflow” process with IOGC.
  - OPEN: BAs should do all their work in this OPEN status.
  - SUBMITTED: When you have completed and validated your work (by clicking “Validate”), changing the status to SUBMITTED and clicking “Submit” sends the information to IOGC. **This must be done for your application to be submitted to IOGC for processing.**  
**Note: Clicking submit in an “open” status does not submit your application to IOGC for processing.**

- Other statuses (REVIEWING, REJECTED, APPROVED etc.) reflects IOGC processing of your submission.
- b. Saving your work: While in OPEN status make sure you save your work when you make changes, or your work will be lost. Saving is accomplished by clicking “Submit” (while ensuring your Submission Status is in OPEN). **This is not a submission to IOGC – see above.**

All forms are editable in an “Open” status. A form in “Open” status is not considered submitted. In order to submit an application for processing you must do the following:

1. Change status from “Open” to “Submitted” in the Submission Status drop down list
2. Select  button.

This will then notify IOGC of your submission and reflect on your dashboard the updated status.

- c. GCA Type: Clicking “Capital” (Capital method) or “Full” (Capital plus full-cost method) designates the type of GCA3 reporting that will be performed, as per your lease contract.
- d. Percent Capital Allowed: This is the **expected GCA percentage used in calculating the operating allowance.**

**The starting point for GCA 1 reporting is the Battery. For every different **Battery/Flowline** combination, a separate GCAs1 is required.** In our example, GCA 1s will be set up for **BT1/FL1, BT1/FL2 and BT1/FL3.** Set-up is managed on the Edit IOGC Facility Cost Centre – GCA 1 screen.

**Related Facilities:**

In the “Related Facilities” area of the screen, the rows to be entered will be as indicated below for the GCA1 for BT1/FL1 in our example. This structure shows the “path” from each related facility (and Battery/Flowline as applicable) through to the Receiving Facility (Final Destination-FDP).

| Facility Id | Flowline | Receiving Facility ID | Swing Percent (%) | Comments  |
|-------------|----------|-----------------------|-------------------|---|
| ABBT1       | 1        | ABGP1                 | 100               | If there is no “Swing”, enter 100% in this row. |
| ABBT1       | 2        | ABGP1                 |                   |   |
| ABBT1       | 3        | ABGP1                 |                   |   |
| ABGS1       |          | ABGP1                 |                   |   |
| ABGS1       | 991      | ABGP1                 |                   | The 991 here indicates this is an unlicensed CS |
| ABGS2       |          | ABGP1                 |                   |   |
| ABGP1       |          | ABGP1                 |                   |   |

Note: The above is correct content for the GCA 1 for BT1/FL1 in our example. Similar Related Facility information would be entered for BT1/FL2 and BT1/FL3 in the GCA 1s applicable to those Battery/Flowline combinations. The header information-related facilities on GCA 1 will be auto-populated by Petrinex for GS1, GS1/991, GS2 and GP1 based on the information already provided in the BT1/FL1 submission.

**Owners:**

This table is used to identify the ownership in each facility GCA1. In our example:

- For the BT1/FL1 GCA1 the ownership is Owner A 50%; Owner B 50%.
- For the BT1/FL2 GCA1 the ownership is Owner A 75%; Owner B 25%.
- For the BT1/FL3 GCA1 the ownership is Owner A 100%.

### Well Event Links:

-Petrinex “knows” all the wells linked to any given battery.

- For a Battery with no Flowline, Petrinex will automatically select all wells.
- For Batteries with Flowlines, the user selects the specific wells associated with each BT/FL combination.

### Attachments:

Appropriate schematics must be attached for each GCA1 or you will not be allowed to complete the submission.

### Validate:


Once all work is completed for the GCA1, the work should be “validated” (by clicking Validate) to check for errors/warnings prior to submission.

### Submit:

At this stage, you should change the Submission Status to “Submitted” and click “Submit” to send the file to IOGC. This process also will tell Petrinex to **automatically create** a GCA3 for that facility.

All forms are editable in an “Open” status. A form in “Open” status is not considered submitted.

In order to submit an application for processing you must do the following:

1. Change status from “Open” to “Submitted” in the Submission Status drop down list
2. Select  button

This will then notify IOGC of your submission and reflect on your dashboard the updated status.

## C. GCA 3

When you go to Edit IOGC Gas Cost Allowance – GCA 3 and search for a specific facility (e.g. BT1/FL1) the header information is auto-populated by Petrinex, corresponding to the GCA 1

The sections in the GCA 3 are listed below. More detail is also provided in the Petrinex Learning Modules (Step-by-Step section). Note that some of the information on the GCA 3 is populated by Petrinex, corresponding to the GCA 1. Initial GCA 3 forms will not contain capital amount values. Subsequent annual GCA 3 applications will carry-over ending capital balances to the next production year.

- Confirm Escalation Rate, or change next year estimate
- Current year Estimate
- Allowable GCA Volume Calculation
  - These 3 sections of input result in the Facility GCA Rate
    - Volume Summary – Final Downstream Point
    - Summary of Costs Allowable
    - Capital Additions/Retirements/amortization
  - Capital Additions/Retirements
- Contact Information

- Attachments. These attachments must include:
  - Schematics (will be the same as the GCA1 schematics)
  - Capital GL
  - Operating Cost GL
  - AFEs. If you have no additions or retirements, you can attach a blank sheet.

IOGC has indicated that it would also be helpful for BAs to submit information they have that maps legacy facility cost centres versus new set-ups for GCA 3. This type of documentation can be attached.

Additional details can be found in the GCA section of IOGC’s Royalty Reporting Guidelines.

***At GCA Deadline [May 31] GCAs in OPEN status [not submitted to IOGC for processing] will expire.***

#### D. GCA 2

The licensed operator of the facility must submit a **“IOGC Facility Cost Centre – GCA 1” form** to identify WIO’s and all well event links flowing through the facility. This will allow the non-WIO to then generate an **“IOGC Custom Processing Fee – GCA 2” form**. For operators that do not apply for IOGC - GCA, a GCA 1 form must still be submitted to allow a GCA 2 for the non-WIO to be generated.

When you go to Edit IOGC Custom Processing Fee – GCA 2 and search for a specific facility (e.g. BT1/FL1) the header information is auto-populated by Petrinex.

The GCA 2 process is used to claim custom processing fees on facilities used by a BA where that BA is not a working interest owner. The content for this submission is:

- Custom Processing Fee
  - Actual or Estimated
- Contact Information
- Attachment
  - BAs must attach agreements and invoices as appropriate. [executed agreement, invoice/billing for production period, amendments, letter of assignment as applicable, other documents]

***At GCA Deadline [May 31] GCAs in OPEN status [not submitted to IOGC for processing] will expire.***

#### E. Final IOGC GCA Rate Approval

Submission of a Final IOGC GCA Rate Approval is not required by the BA. Approved GCA rates by IOGC are extracted monthly and will be used in Royalty calculations.

At GCA Deadline [May 31] GCAs in OPEN status [not submitted to IOGC for processing] will expire.

For “Actual” and “Estimated” WIOs should:

1. Check to ensure all facilities associated with each specific Battery GCA1 in which you have a working interest are listed on the form. If a facility is missing, you should contact the operator of that facility to ensure you do not miss out on eligible IOGC GCA deductions.
2. Check to ensure all facilities are in a SUBMITTED status. If not, again, contact the operator.

#### F. Dashboard

The IOGC Gas Cost Allowance Dashboard screen is an important resource to review the status of GCA forms for all facilities that you operate. You should review the Dashboard frequently to ensure work is progressing and or complete. Also check your Petrinex inbox for and Notifications.

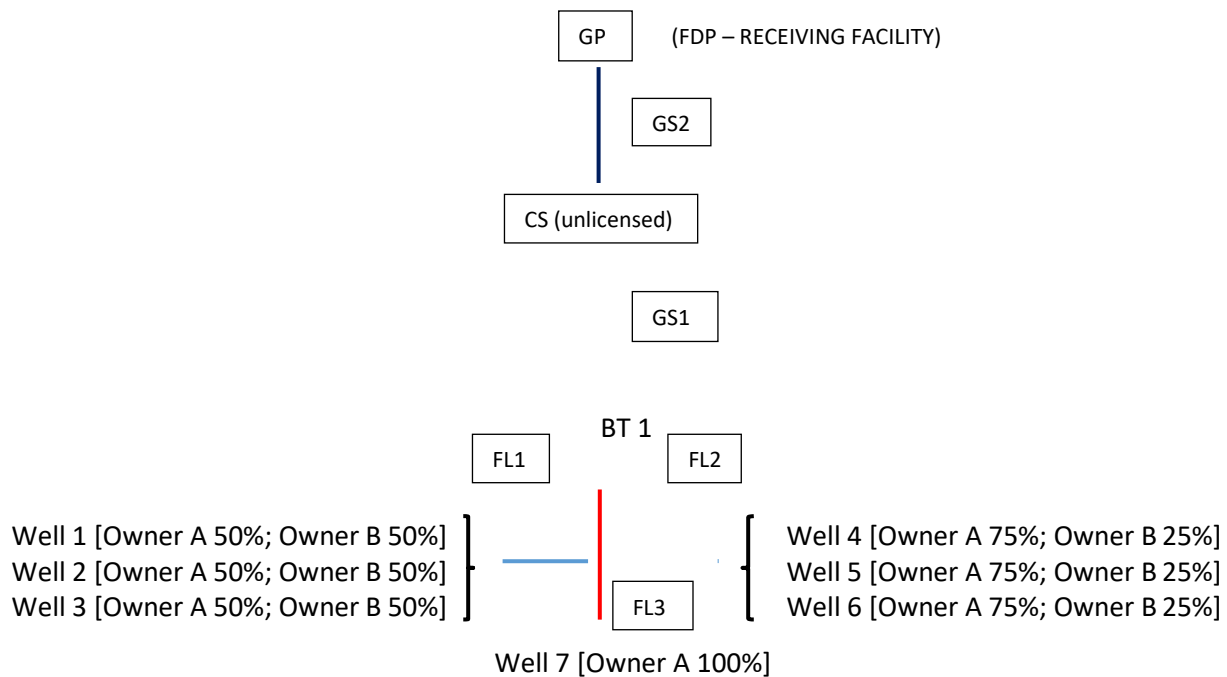
## **G. Reports**

Four reports are available for BAs related to IOGC GCA reporting:

- IOGC Custom Processing Fee – GCA 2 Report
- IOGC Facility Cost Centre – GCA 1 Report
- IOGC Gas Costs Allowance – GCA 3 Report
- IOGC Gas Costs Allowance Summary Report

A Petrinex Learning module is available with detailed instructions on how to use these reports.

## Attachment 1: Simplified IOGC GCA Schematic



In this example:

- Wells 1-6 produce at the BT and have no physical Flowline. Well 7 produces to the BT through a physical Flowline.
- Wells 1-3 will be “attached” to BT1 with **notional** Flowline 1 because they have common ownership.
- Wells 4-6 will be “attached” to BT1 with **notional** Flowline 2 because they have common ownership.
- Well 7 will be “attached” to BT1 with **physical** Flowline 3 at 100% ownership.
- BA and Facility IDs will be actual Petrinex IDs. “BT1” etc. is used here for ease of reference only.

## Attachment 2 - Miscellaneous Tips, Reminders and Important Items To Note

### 1. Reporting Deadline

The annual submission deadline is **May 31**. If there are extraordinary circumstances that delay your GCA submission, a written request for an extension from IOGC must be submitted for approval a minimum of 10 calendar days before May 31.

**Please note:** you do not have to wait for any approvals in order to be able to submit e.g. submitting GCA3's, without GCA1's being reviewed or approved.

Please contact either Aryn Vassanji or Dorrie Chevrier at [deductionpourfraisdegaz-gascostallowance@sac-isc.gc.ca](mailto:deductionpourfraisdegaz-gascostallowance@sac-isc.gc.ca) or Munir Jivraj at 403-613-0251 with any questions.

### 2. Cost information (GCA 2 and GCA 3) information cannot be submitted until the GCA 1 is set up by the operator of the facility.

### 3. Costs (GCA 3) cannot be reported at a battery Facility ID unless it is associated with a Flowline. Batteries without Flowlines can still be set up (and in many cases must be set up) so they can be identified as "related facilities" for reporting of ownership.

GCA 2 costs cannot be submitted for any facility where you are a working interest owner (WIO). GCA 2 submissions are for non-WIO in a given facility(ies).

### 4. IOGC GCA forms in "OPEN" status allow you to continue working in your form while not submitted to IOGC for processing. Saving your entries in your form can be accomplished by clicking on the "submit" button, in open status. When you are ready to send it to IOGC, change your GCA form status to "SUBMITTED" and click on the submit button, this sends your form to IOGC for processing.

### 5. Once the form has been "SUBMITTED" it is in IOGC's "hands" and you will not be able to make amendments. Finalize your work before changing Status to "SUBMITTED". If you need to make any changes after submission you will have to contact IOGC, at [deductionpourfraisdegaz-gascostallowance@sac-isc.gc.ca](mailto:deductionpourfraisdegaz-gascostallowance@sac-isc.gc.ca), to reject your submission. This will allow you change the status to "OPEN" to be able to correct your submission.

**Please note:** you have a **maximum of 10 working days** to re-submit any GCA forms in the "rejected" status after which the status will be changed to "declined" and you will receive a zero GCA facility rate.

### 6. The **As of Date** will default to the current reporting month. For all IOGC – GCA forms the effective date of a newly set-up FCC and all updates will be, at the earliest, the beginning of the prior month from submission date (referred to as the 30 day limitation).

### 7. For all GCA 1 submissions, a value must be entered in the **Swing Percent (%) column**. This column total should equal 100. Even if you are not submitting a specific GCA 1 with Swing Gas, **you MUST enter 100 under the Swing Percent (%) column** as this ties your GCA 1 calculations on through GCA 3. If you do not enter the Swing Percent, your rate will not be calculated.

### 8. WIOs can query any facility in which they have an interest, using the Petrinex IOGC GCA menu (i.e. Query GCA 1, GCA 2, GCA 3). In doing so WIOs can track the status of work being performed by operators for facilities in which they have ownership.



9. Where attachments are required for submissions, BAs should attach required information as per IOGC Guidelines. In cases where the specific drop down menu choice does not correspond to the document being attached, blank sheets may be attached to allow for submission. For example: **a blank sheet is acceptable in place of a capital GL where the applicant does not have any new capital/additions/retirements.** For those that do, the blank attachment is not acceptable. Please refer to IOGC GCA guidelines for additional details.
10. Producers are encouraged to review their “dashboard” to confirm the status of submissions. As a reminder for any submissions that require additional information will be rejected and you will be allowed up to 10 working days to resubmit.