

## **Overview of MRF Drilling & Completion Cost Reporting Enhancements**

### **Summary**

#### What's Changing?

1. To streamline and reduce the potential for duplication and errors, effective the 2019 reporting year the submission of online and batch well activity (Drilling, Completion, Re-entry and Re-completion) costs; will change from submitting at the well event level to the licence level. An activity and its associated costs will be added at the licence level. Well events will then be selected to be linked to that specific activity and costs.
2. One attachment will be permitted, per activity, at the licence level. Attachments were previously submitted at the well event level.
3. A new Drilling and Completion Cost (DCC) Dashboard is being implemented to allow a user to see a snapshot of organized data such as a license's C\*, C\* draw down, C\* remaining, submitted cost data and whether a well has cost reporting errors.
4. A new Petrinex on request DCC Licence C\* report will be implemented showing the C\*, C\* draw down details, and C\* remaining for all qualified licences. C\* and C\* drawdown information is currently only available by accessing 3 reports (C Star Draw Down, C Star Draw Down Detail and C Star Draw Down Summary) sent monthly by Alberta Energy in Ministry Invoices and Statements. The new Petrinex report will be based on data received from Alberta Energy and will display the most current C\* and C\* drawdown information. The data will be carried forward on the report during the periods that a well is inactive.
5. The DCC Non-Compliance report will be modified to exclude estimates and be reduced to a single report type. This modification follows from the Alberta Energy decision announced in January 2019 ([Alberta Energy Oil Information Bulletin 2018-05](#)) to remove the requirement to submit cost estimates for all 2019 (or later) wells with an active status.
6. Updated DCC Submission report to reflect the new submission format.

#### What's Not Changing?

1. The rules triggering the request for costs and the creation of cost warnings and errors at a well event level are not changing, only the way in which the costs are submitted.
2. "Historical data", as submitted, will continue to be available in Petrinex.
3. The deadline for submission of 2019 costs (April 30, 2020) and associated penalties will not change.

## Petrinex Information Bulletin

### Timing and Implementation Impacts and Activities

- The “Edit Drilling and Completion Costs” section in Petrinex **will be disabled on October 3, 2019 until the implementation of the new design on February 6, 2020** to allow the time to convert the previously submitted data into the new format. DCC users can submit cost data until October 3, 2019 or after February 6, 2020.
- Certain well cost data elements may require manual intervention, therefore Alberta Energy will be in contact with specific companies to resolve any issues surrounding the conversion of their data.
- There will be an opportunity for Industry to review the converted data (from well level submissions to licence level data).

### Resources and Contacts for Industry

- Industry readiness activities and information will be available through the [Petrinex Initiatives Page – MRF Functions](#). This page will allow users to keep up to date with new information as it becomes available.
- Petrinex training modules are targeted to be updated to include the new processes and screens prior to implementation in February 2020 via the Petrinex Learning Centre.
- **Contact for Policy Questions:** [Energy.MRFInquiries@gov.ab.ca](mailto:Energy.MRFInquiries@gov.ab.ca)
- **Contact for Petrinex Questions:** Ann Hagedorn: [ann.hagedorn@gov.ab.ca](mailto:ann.hagedorn@gov.ab.ca)

## **A. Drilling and Completion Cost Submissions Enhancements**

DCC information is collected by Petrinex on behalf of Alberta Energy. This allows Alberta Energy to use current DCC data to review and evaluate the MRF royalty formula. New functionality is being created so Industry (the licensee) can submit licence-level cost information for drilling, completion, re-entry and re-completion activities similar to the existing/current well level reporting. Industry will submit summary actual costs, the set of MRF wells the costs apply to, and attachments for each activity.

The data will be organized by licence. A licence will have a set of activities and a set of voluntary costs. Each activity, consisting of a type, date and cost will have a set of linked wells and a set of linked attachments.

Users will have access to a new Edit screen, a new Query screen and a new Report that will display DCC information at the licence level. Historical data submissions will also be available as a query and a report.

### B. Updated Petrinex Menu

Following the MRF Enhancements Project, the revised Petrinex menu items will look as follows:

- Allowable Costs
  - Drilling and Completion Costs (DCC)
    - DCC Dashboard
    - Edit DCC Submissions (\*Industry only)
    - Edit DCC Error Suppression (\*DOE only)
    - Query DCC Submissions
    - Query DCC Historical Submissions (\*Well Level Historical submissions)
    - Request DCC Non-Compliance Report

\*Bracketed text will not be included

The revised reports available in the Petrinex Submit Report Request Screen will be as follows:

- DCC Error Suppression Report
- DCC Non Compliance Report
- DCC Submissions Report
- DCC Historical Submissions Report
- DCC Petrinex Licence C\* Report

### C. Changes to existing Drilling and Completion Cost functionality

The current functionality for collecting and reporting on DCC will be changed in Petrinex for the purpose of moving to the new DCC reporting functionality, while allowing Alberta Energy and Industry users to view and run a report on the well-level estimate information that has previously been submitted.

- This project will change the Edit DCC functionality to allow Industry to report costs at the licence-level.
- The DCC submission report will be changed to display data at the license level.
- The existing DCC compliance report will be modified to find submissions on the licence-level instead of the well-level. Errors will still be generated at the well-level as it is today.
- The existing DCC well level Query screen and report will remain in Petrinex and be relabelled as Historical.
- A new DCC License C\* report will be added to Petrinex.

## **D. DCC Submissions Data Conversion**

DCC Submissions have been received at the well-level to date. Petrinex and Alberta Energy will use a data conversion process to combine the latest amendments for well-level submissions under one initial licence-level submission. This simplifies the solution as follows:

- Error generation routines would not need to find submissions in two locations while generating submission errors.
- Industry need not resubmit information at the licence-level for wells that have previously been submitted.

Industry will have an opportunity to review the data converted for their company. Information on this process will be published on the Initiatives page – MRF Functions as it becomes available.

## **E. Licence C\* and C\* Drawdown Information**

Alberta Energy currently sends Licence C\* and C\* Drawdown reports to Industry through the Petrinex Ministry Invoices and Statements functionality. Alberta Energy will send the licence C\* and C\* drawdown data to Petrinex in an electronic XML format for all licences and wells and Petrinex will store this information.

Some of the licence-level C\* and C\* drawdown data will be displayed on the DCC Dashboard.

Having the licence C\* and C\* drawdown data for all wells enables Petrinex to distribute the information to Indian Oil and Gas Canada (IOGC) systems for wells of interest. Sending this information from Alberta Energy to Petrinex once for all wells and using it for multiple purposes and stakeholders on Petrinex makes efficient use of Alberta Energy resources.

The data sent from Alberta Energy monthly contains changes to the C\* information only. Operators are required to track the C\* balances from month to month when a well has not produced/paid royalties in the last month. The Petrinex DCC License C\* report will carry the data forward each month thus eliminating the need for industry to track the balances during times of inactivity.