Manitoba Petrinex Inclusion Change Leader Meeting #1

October 15 & 16, 2019

Agenda

1. Welcome & Introductions
2. MGET Petroleum Branch Opening Comments
3. Project Overview
4. Key Changes Introduced with PMIP
5. Roles/Responsibilities of Change Leaders
6. Industry Data Conversion & Readiness Plan
7. Manitoba Government Topics
8. Next Steps & Important Dates
9. Questions

Project Attendees

Manitoba Attendees:

Peter Mraz: Director of Regulatory Services

Ministry of Growth, Enterprise and Trade

Petroleum Branch

Petrinex Attendees:

Ross Weaver: Manager, Petrinex Industry Team

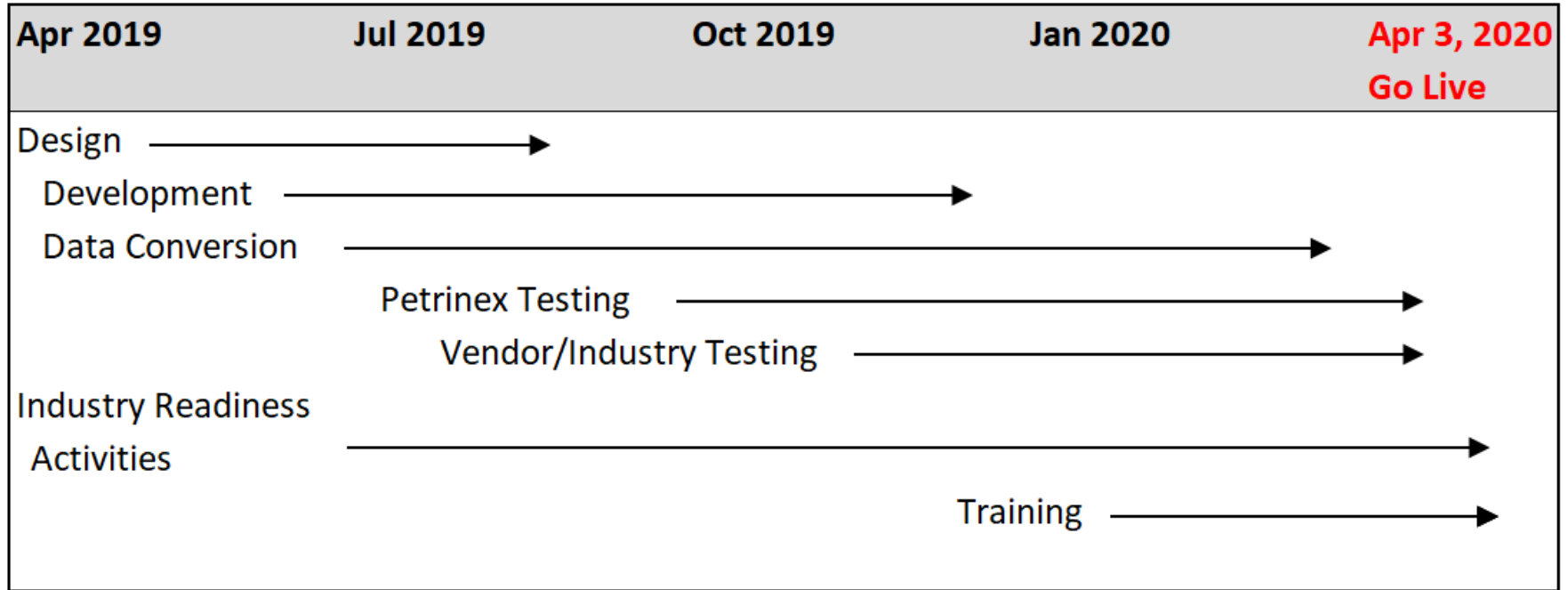Steve Freeman: Industry Coordinator – MB Lead

Agenda

2. MGET Petroleum Branch Opening Comments

MGET Petroleum Branch Opening Comments

- Thank you for all coming today and to Petrinex for hosting

- Petrinex has been discussed in the Petroleum Branch since 2007 and it is finally coming to fruition

- There is a tremendous amount of working going on in government (here in Alberta and Manitoba) to make this happen

- We would like to acknowledge and thank the contribution of industry by attending various design sessions and by supplying some of the raw data

- Your participation and support are critical to the success of the implementation of Petrinex

Agenda

3. Project Overview

Project Overview

Apr 2019	Jul 2019	Oct 2019	Jan 2020	Apr 3, 2020 Go Live

Design →

  Development →

  Data Conversion →

Petrinex Testing →

Vendor/Industry Testing →

Industry Readiness
 Activities →

Training →

Project Overview

- Anticipated Petrinex Go-Live is April 3, 2020.
  - Date may shift slightly as project completion nears.
  - Companies will have received Petrinex login information (i.e. passwords) for Primary/Backup USAs. Companies can begin creating users and security roles.
  - Monthly Reporting (Volumetrics, Pipeline Splits, Oil Valuation, etc.) will begin for the March production month.
  - More details on reporting changes and post Go-Live activities are covered further on.

Project Overview

- Design phase was completed in July 2019.

- Manitoba design was based on adopting SK functionality with minimal changes.

- Development is underway and will continue to December.

- Data conversion has begun and will be ongoing throughout the project.
    - Data is refreshed at certain intervals to keep the testing environment as current as possible.
    - Data will be refreshed just before Go-Live so that Petrinex has the most current information for users.
    - More details on how Industry is involved is covered further on.

- Acceptance has begun as of October.
    - End to end testing with MB systems to begin in January.

Readiness and Communications Activities

- Industry company SME identification and recruitment for design workshops
- Petrinex Industry Team Project Notification
- Stakeholder and Change Leader identification and contact info for "Scorecard"
- Petrinex website changes (including MB "Initiatives Page")
- **Joint or independent non-producer meetings (e.g. vendors, TM/PL operators)**
- **Industry Readiness Handbook**
- **Change Leader Meetings**
- **Acceptance Testing (testing has begun on Infrastructure functionality)**
- **Industry infrastructure data collection/prep activities (Facilities, Well-Facility Linkages, Primary USA)**
- **Vendor specification release**
- **Vendor Interoperability and Industry Interoperability Testing**
- Training (Job Aids & Training Module development)
- Industry Team annual billing
- Updates to CAPP Accounting Committee, EPAC, EPGs, CAPPA etc.
- Training module content and release
- Scorecard tracking and follow-up (emails, call-out program)

PMIP Initiatives Page (www.petrinex.ca)

PMIP Initiatives Page

The Initiatives Page is a place where future Manitoba-Petrinex users can access readiness materials as they become available.

- PMIP Industry Readiness Handbook
  - Intended to be the focal point for Industry preparation.
  - Evolving document updated with changes occurring throughout the project.
  - Everyone should review sections 1-3 and any appendices deemed appropriate.
- Tips & Job Aids
  - Job Aids are created to provide examples, templates, shortcuts, and other information that make using certain functions within Petrinex easier and more efficient.
  - Tips are communications intended to provide up-to-the-minute information and updates dealing with a variety of Petrinex issues.
- Change Leader Meeting Presentations
- Other relevant PMIP documentation

Training

- All Petrinex functionality has web-based training modules available on the Petrinex website.
  - Existing modules will be updated with Manitoba content.
  - New modules will be created for new functionality developed exclusively for Manitoba.
    - Royalty Tax Payer and Royalty Tax Attributes

- Dates of availability will be communicated once they have been determined.
  - Anticipated modules will begin being released in Q1 2020.

Interoperability Testing

- Vendor Interoperability Testing (VIO) allows PA Software Vendors to submit test files to ensure that their systems are ready before handing over to clients.
  - Files generated by PA Software systems (XML or CSV).
  - Generated for monthly reporting functions.
    - Volumetrics, Pipeline Splits, Oil Valuation, Allocations, etc.

- Test files are submitted to the Petrinex Industry Team to be processed.

- The Industry Team will run the submitted batch files in the test environment and provide feedback.

- Interoperability testing is scheduled to begin on November 12.

Interoperability Testing

- Industry Interoperability (IIO) Testing will provide companies a chance to submit their own batch files to the Petrinex Industry Team.
  - Files generated by PA Software systems (XML or CSV).
  - Manually created spreadsheets for uploading data to Petrinex (CSV).

- Both VIO and IIO testing will run concurrently.

- Neither Vendors or Industry will be engaged in testing online functionality.

- Companies will assess how much testing is appropriate.
  - Not every company will choose to engage in IIO testing.
  - All upload processes should be covered through various participants' test submissions.

Agenda

4. Key Changes Introduced with PMIP

Petrinex Infrastructure Overview
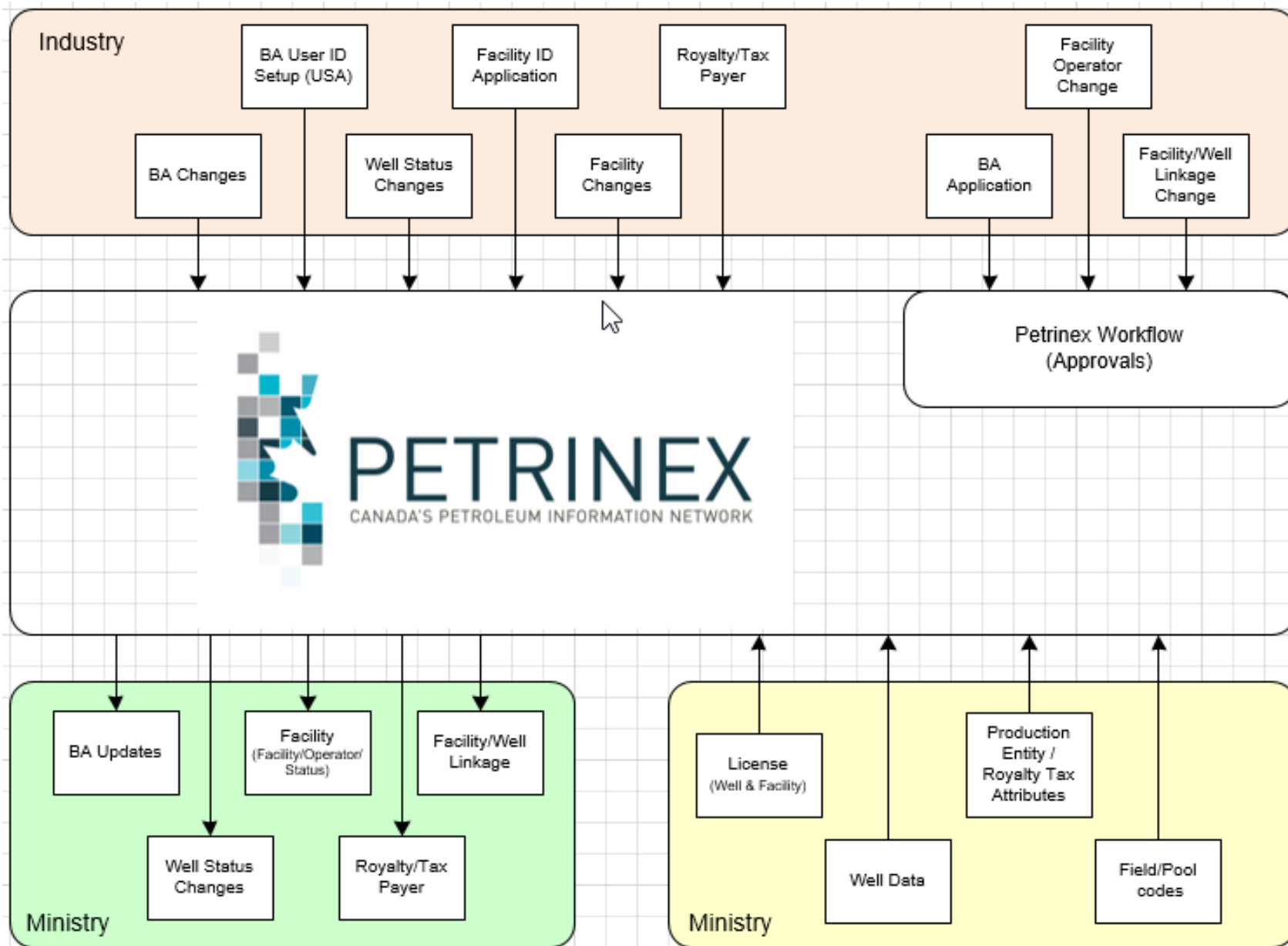
Infrastructure Data Conversion

- MGET will be providing the following to Petrinex:
  - Business Associate (BA) Information
  - Fields/Formations/Pools
  - Licence Information (Well & Facility)
  - Well Information
  - Royalty Tax Attributes
  - Royalty Tax Payer Information (Well Licensee)

- Industry is being asked to provide the following:
  - Facility IDs along with Well-Facility Linkages.
  - Petrinex Primary/Backup USA.

Business Associate

- The 4 digit Operator Code on file with MGET will become the BA ID in Petrinex.

- Business Associate information will be maintained on Petrinex. Industry manages changes to their BA information online.

- New applicants will apply for a BA ID by filling out the online application form found on the Petrinex website.

- MGET will approve or reject new applications or changes to existing BA information through Petrinex.

- MGET will set Amalgamation Dates for BA IDs in Petrinex. However, communication with MGET regarding required amalgamation details is still conducted outside of Petrinex.

- Petrinex will require Primary USA and Backup USA information so that passwords can be communicated prior to Go-Live. Details will be communicated as soon as they are available.

Well & Well Event Information

- Information for wells/well events includes:
  - UWI & Associated Licence #
  - Confidential/Experimental Status
  - Spud/Finish Drilling/Rig Release Dates
  - Perforation/Packer Information
  - Total Depth & True Vertical Depth
  - Lahee Class
  - Well Type (oil classification)
  - Crude Oil Density
  - Field/Pool
  - Well Event Statuses
  - Gross Completion Intervals

Facility Information

- The following facility types are required in Petrinex to facilitate province wide volumetric reporting:
  - Single & Multi-Well Batteries (BT)
  - Fresh & Formation Water Source Batteries (WT)
  - Injection/Disposal Facilities (IF)
  - Sales Pipelines (PL)
  - Tank & Rail Terminals (TM)
  - Custom Treating Facilities (CT)
  - Waste Plants (WP)
  - Gas Gathering Systems (GS)
  - Gas Processing Plants (GP)
  - Gas Sales & Return Fuel Meter Stations (MS)
  - Refineries (RF)
    - Types listed in red do not currently exist in Manitoba

Well/Facility Infrastructure Processes

MGET will adopt the following Petrinex processes:

- Self Serve Model allows Industry to perform certain functions online in Petrinex.
  - Well Status Changes
    - MGET sets the well status for Drilling and Completed. Industry manages well status beyond completion. MGET sets final abandonment status.
  - Facility Creation & Changes
  - Well to Facility Link Creation & Changes
    - All active wells must be linked to facilities in order to report production or injection activity in Volumetrics.
  - Facility Operational Status Changes
  - Petrinex Facility Operator Changes
    - Linking wells to another operator's facility and Petrinex facility operator changes require concurrence from the new operator.

Well/Facility Infrastructure Processes

- Petrinex method of Well Statuses.
  - Fluid (Oil, Gas, Water, etc.)
  - Mode (Drilling, Completed, Active, Suspended, Abandoned, etc.)
  - Status (Producing, Injection, Storage, etc.)
  - Structure (Commingled, Reporting, Drain, etc.)
    - Unknown values are displayed as N/A (Not Applicable)

- Industry can set a well status to Suspended so that volumetric reporting is not required.
  - Industry can set a Suspended status to Active again.
  - Setting the status to Suspended does not officially suspend the well with MGET.
  - Industry will continue to apply for a well suspension just as is done today.
  - Once officially suspended, MGET will set a MINSUSPEND status on the well event in Petrinex. Only MGET can change the status again in the future once this is set.

Well/Facility Infrastructure Processes

- Well events can be commingled for volumetric reporting purposes. The process for obtaining commingling approval remains outside of Petrinex.

- Injection/Disposal Wells (multiple formations)
  - Leverage existing Petrinex functionality in Well Status screen.
  - Wells are commingled to a 'reporting' event when setting the status for that well event.
  - The reporting event sets an active status (ex: WATER ACTIVE DISP REPORT).
  - Commingled events are automatically assigned a COMMIN status.
  - Only the reporting event is linked to a facility and reports volumetric activity on behalf of all commingled events.

Well/Facility Infrastructure Processes

- Producing Wells (multiple formations)
  - Must report production for each well event.
  - Each well event is given an active producing status and is linked to a multi-well battery for volumetric reporting.
  - For existing cases where commingled events have been linked to multiple single-well batteries, a multi-well battery will be created with a facility licence that has the same number as the well licence.
  - All well events will be linked to the new multi-well battery.

- Producing/Injecting Wells (same formation)
  - Will not use the same commingle process found in the Well Status screen.
  - The reporting event will be assigned an active producing/injecting status, linked to a facility, and will report volumetrics for all commingled events.
  - Industry will assign a DRAIN status to the commingled events (Ex: OIL N/A PROD DRAIN).
  - Wells with a DRAIN status are not linked to a facility.

Well/Facility Infrastructure Processes

- Established Petrinex Facility Types & Subtypes
  - Petrinex facility types are broken down into subtypes that further define the nature of the facility. This can include fluid or measurement characteristics.
    - Ex: BTs have subtypes for single-well and multi-well. Multi-well subtypes can be measured or prorated.
  - Manitoba facility types/subtypes are a subset of those used in Saskatchewan.
  - Some subtypes require a facility level licence to be created in Petrinex. MGET is working on a process to address this.

- Petrinex Well & Facility ID Formats
  - Established format is Province, Type, Identifier.
  - MB WI 100101002901W100 (Identifier is UWI)
  - MB BT 1234567 (Identifier assigned sequentially by Petrinex)

Royalty Tax Attributes

- Royalty tax information is maintained by MGET in their own systems.

- Some information will be made available in Petrinex for query purposes.

- Royalty Tax Attributes will be provided for:
  - Wells
  - Units

- Each type has its own set of informational attributes.

Royalty Tax Attributes

Well Attributes:

- Oil and/or Gas Classification (New, Old, Third Tier)
- Oil and/or Gas Programs (Pre or Post-2014 Holiday)
  - Includes Holiday Volume, Royalty and/or Tax %
- Unit Participation (for wells wholly or partially in units)
  - Unit IDs and Participation %
  - Tract IDs participated in
  - Spacing Units well goes through
  - Production Volume %,
  - Crown and/or Freehold %
- Non-Unit Participation
  - Participation %
  - Spacing Units well goes through
  - Production Volume %,
  - Crown and/or Freehold %

Royalty Tax Attributes

Unit Attributes:

- Tract Information
  - Tract IDs/Descriptions, Tract %
  - Pressure Maintenance Project Incentive (PMPI) Start/End Date (if applicable)
  - Crown and/or Freehold %
- Third Tier Exemption Factor (TTEF)
- All Well Events in the Unit and their Participation %

Royalty Tax Payer

- Royalty tax payer information is required for each active stream (well, unit) and applicable product (oil/gas). The information collected for each entity includes:
    - Tract Number & Tract Factor (for units only)
    - Royalty Tax Payer BA ID
    - Ownership Type (Crown, Freehold, etc.)
    - RTP Percent

- Manitoba will NOT require the Working Interest Owner column that is currently in SK.

Royalty Tax Payer

- Industry will create and maintain RTP data on Petrinex.

- Operator of stream in Petrinex is responsible for submitting/updating RTP information.
  - For new wells and conversion, the Licensee is considered to be the stream operator.

- Operatorship changes are done same way as facility operator changes.

- This is a monthly "Missing/Incomplete" process that runs in Petrinex to identify active streams that don't have submitted RTP information.
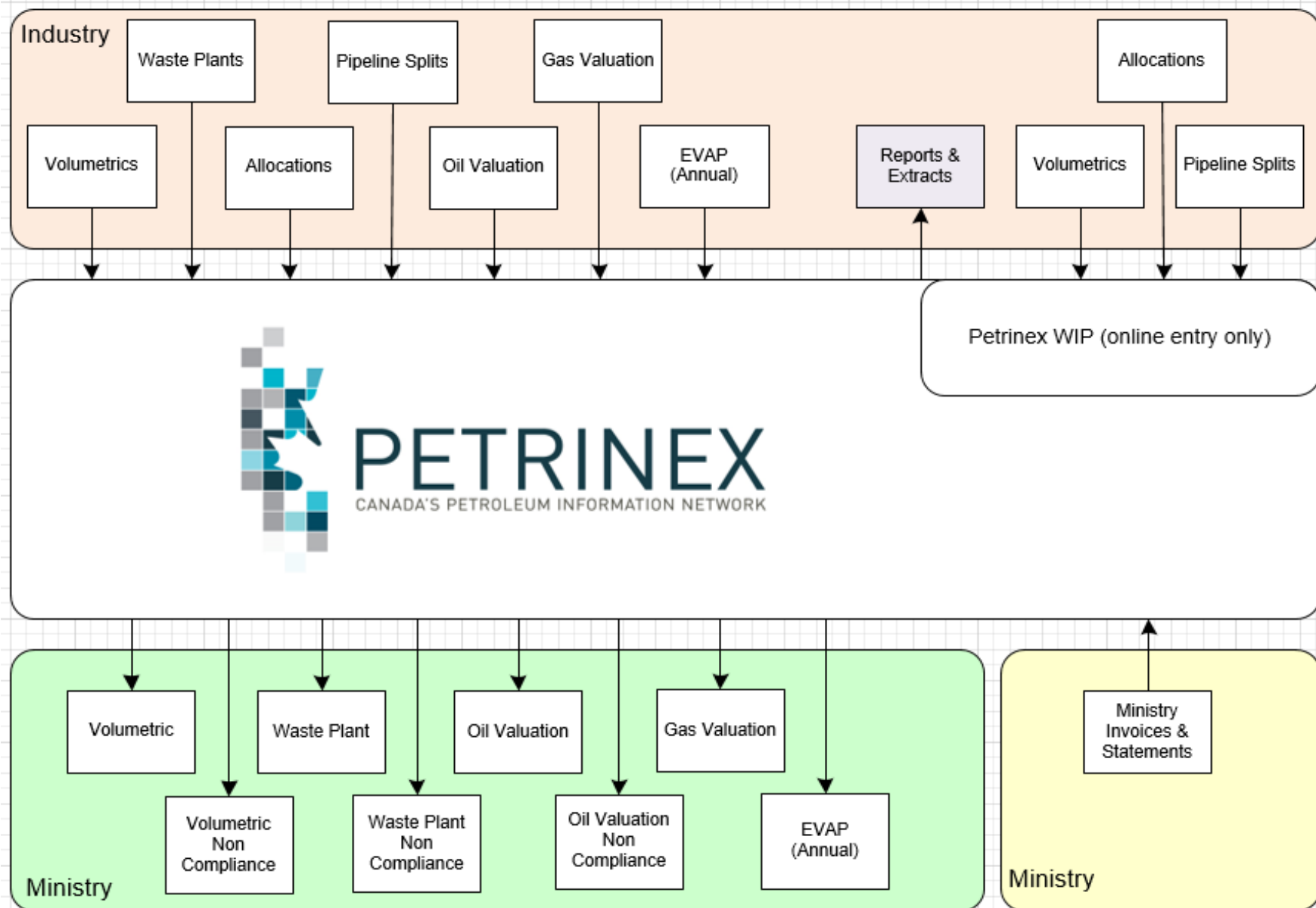
Volumetrics & Waste Plant Reporting

- Manitoba will utilize the same volumetric & waste plant reporting screens and processes as are currently used in Saskatchewan.
  - All active wells, facilities, and waste plants must report
  - Auto-population (DISP, INVOP)
  - Facility Balancing for all products
  - Full-form amendments
  - Non-compliance Reporting
  - Cross Border Balancing
  - Security

- The Volumetric/Waste reporting deadline is intended to be the same as other jurisdictions (approx. 18th-20th of month). This is necessary to accommodate cross-border reporting

Volumetrics & Waste Plant Reporting

- Production and injection/disposal volumes are currently reported by well. Going forward, all active wells must be linked to a battery or injection facility to report volumetric activity.

- Each facility must report balanced volumetrics for each product group every month.
  - Facility View (receipts, dispositions, fuel, inventory)
  - Well View (production, injection, load fluid)
  - Proration Factor View (required for proration facility subtypes)
  - Summary View (provides balancing summary by product group)

- Load fluids are reported at well-level. All injected load fluid must be recovered before new production is reported.

Volumetrics & Waste Plant Reporting

- 24-Hour test values are not required in Petrinex. Volumes and hours are reported as a monthly total.

- Heat values associated with gas production volumes reported in SK are not required.

- Railcar oil terminals are required to report receipts and dispositions of oil.

Volumetrics & Waste Plant Reporting

- Waste Plants have a different screen for reporting volumetric activity.

- Waste Plant reporting embraces the same basic principles of volumetric reporting as other facilities, but also captures some different types of data:
  - Waste Codes that determine the nature of the waste.
  - Dangerous/Non-Dangerous classification
  - Ability to break out volumes of Oil, Solids, Water on one receipt.
  - Receipts from and dispositions to waste locations.

- Currently no active waste plants in Manitoba. Functionality available for future use.

Pipeline Splits & Oil Valuation Reporting

- Dispositions or Purchase Dispositions of oil to certain facility types in Volumetrics create a Volume Requiring Split (VRS) in Pipeline Splits.

- The VRS must be split out entirely, by Shipper, into TIK Owners and Purchasers of the volume.

- A delivering facility operator will either split or cascade portions of the VRS to upstream facilities. The operators of the cascaded-to facilities will continue this process until the entire VRS has been split.

- An Oil Valuation Royalty Tax Payer record is created for each Owner identified in Pipeline Splits.

- An Oil Valuation Purchaser record is created for each Purchaser identified in Pipeline Splits.

- Both the Royalty Tax Payer and Purchaser enter pricing information that is then compared to ensure that the correct price is being reported for royalty purposes.

Pipeline Splits & Oil Valuation Reporting
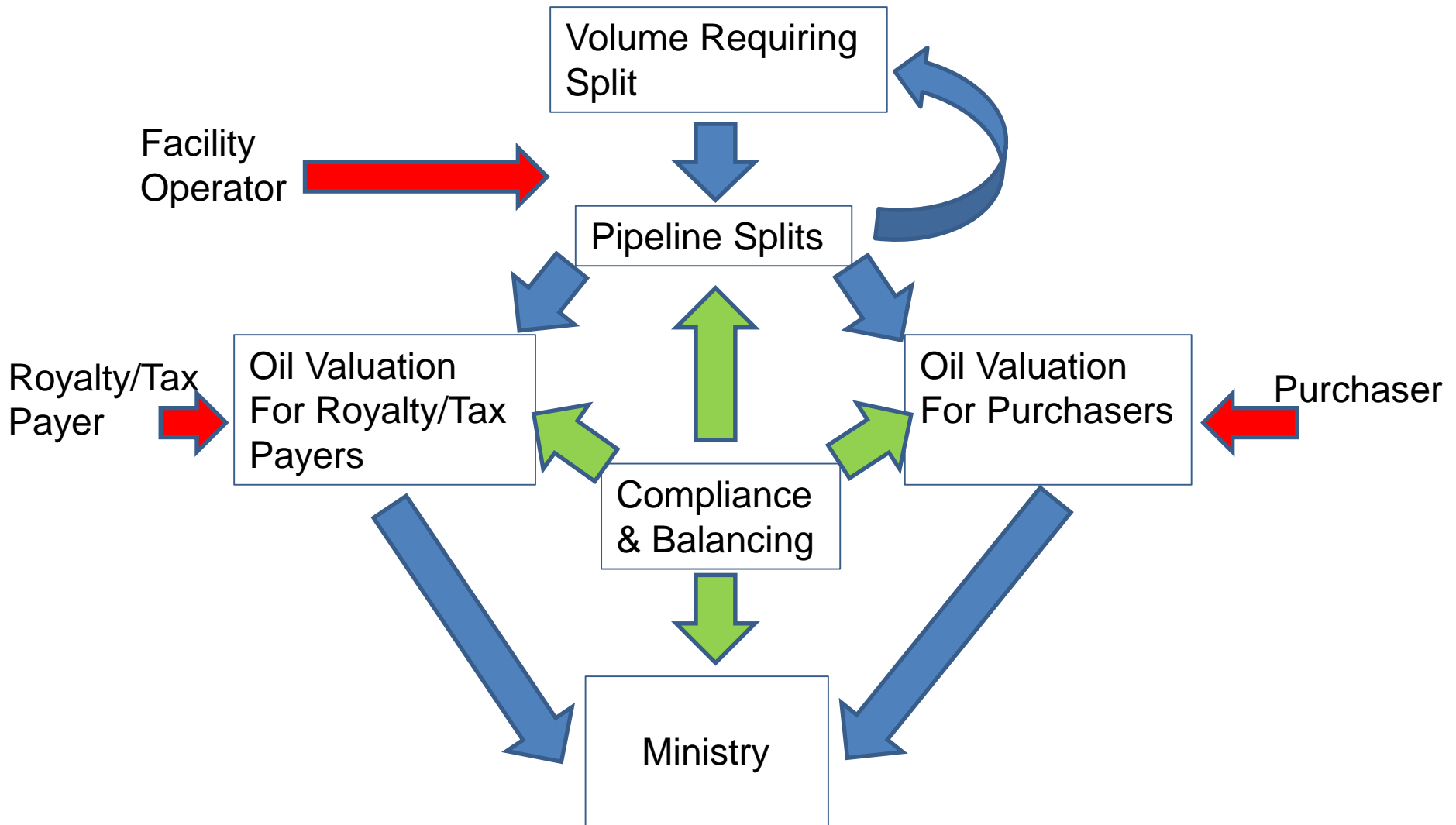
Pipeline Splits & Oil Valuation Reporting

- Waste oil reporting will follow the same rules as SK:
  - User can enter WO in the contract field of a pipeline split.
  - Volume will be replicated to Oil Valuation – RTP.
  - Oil Valuation must be reported.

- MB has the same rules as SK for RTIK and First POS flags.
  - If user checks Royalty Take-In-Kind (RTIK) flag then no Oil Valuation – RTP record is created.
  - Volumes flagged as not being First POS (point of sale) are not included in the VRS balancing. The operator must also cascade the volume back to the facility who sold the volume in order to balance the VRS.

- The deadline for reporting pipeline splits is the same as the Volumetric deadline (approx. 19th-21st of month)

Pipeline Splits & Oil Valuation Reporting

- Oil Valuation reporting is the same as SK:
  - The Royalty Tax Payer must submit the **Gross Price** and **Clean Oil Transportation Costs**.
  - Petrinex will calculate an **Average Well-Head Price** based on RTP submissions.
  - The Purchaser must submit **Density**, **Sulphur**, **Submitted Volume**, and **Gross Price.**
  - Compliance & Balancing Process compares pricing and volumes to ensure Royalty Tax Payer has correct information and that all required information has been submitted.

- The deadline for oil valuation reporting is the last day of the month following production.

- MB has same rules as SK for non-arm's length sales of oil.
  - Oil Valuation – Purchaser record is not created for splits in which the owner and purchaser are the same or are related.
  - Non-arm's length producers will be required to submit an annual EVAP (Enhanced Valuation Audit Program) declaration.

Allocations Reporting

- **Stream Allocation back to well level.**

- **Owner Allocation at well level.**
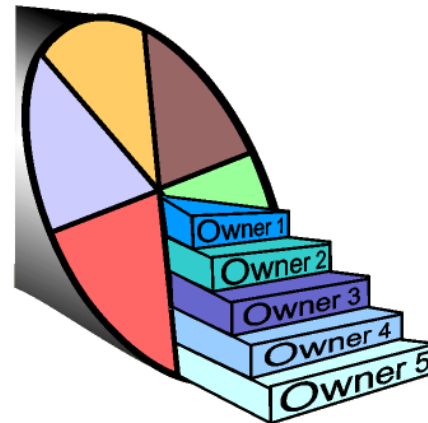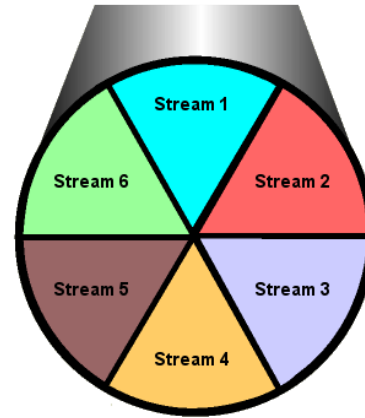
Allocations Reporting

- Allocations are available for partner to partner reporting.
  - No mandatory Royalty Triggers.

- Allocations can be filed for any volumetric submission (any product and activity). Operators are highly encouraged to submit allocations to reduce or even eliminate the need for sending individual statements out to partners.

- Like pipeline splits, the operator may cascade volumes that were delivered to their facility back upstream. The delivering facility operator can then provide stream/owner splits or cascade further until the entire volumetric has been allocated.

Allocations Reporting

- Allocations can be filed by factor or volume.
  - Factors are expressed as a percentage of the total volume and energy (if applicable). The operator first makes a stream allocation factor (SAF) submission to split volumes/energy into producing streams. An owner allocation factor (OAF) submission is then submitted for each stream to break volumes/energy out to owners.
  - When filing by volume, the operator splits volume/energy out to streams and owners in the same submission (SOV).

Gas Plant Valuation Reporting

- Industry submits information related to all monthly gas plant purchases and sales. Ministry collects this information for statistical and raw gas validation purposes.
  - Plant operator submits details for all plant purchases and sales.
  - Non-operators who retain possession of, and market, their own share of processed products submit details for their purchase and sales.

- The Petrinex deadline for submitting gas plant valuation is the last day of the month (same as oil valuation).

- There are currently no gas plants operating in Manitoba. Functionality available for future use.

Ministry Invoices & Statements

- Like other jurisdictions, MGET will send ministry reports to Petrinex.

- Examples of items sent in other jurisdictions can include:
  - Monthly Royalty Invoices, Statements of Account, Holiday Reports.
  - Non-Compliance & Penalty Reports/Invoices.
  - Annual Statements & Reports.

- Haven't defined what exactly will be sent yet. Some things will come over time after Go-Live.

Petrinex Annual Reporting Overview
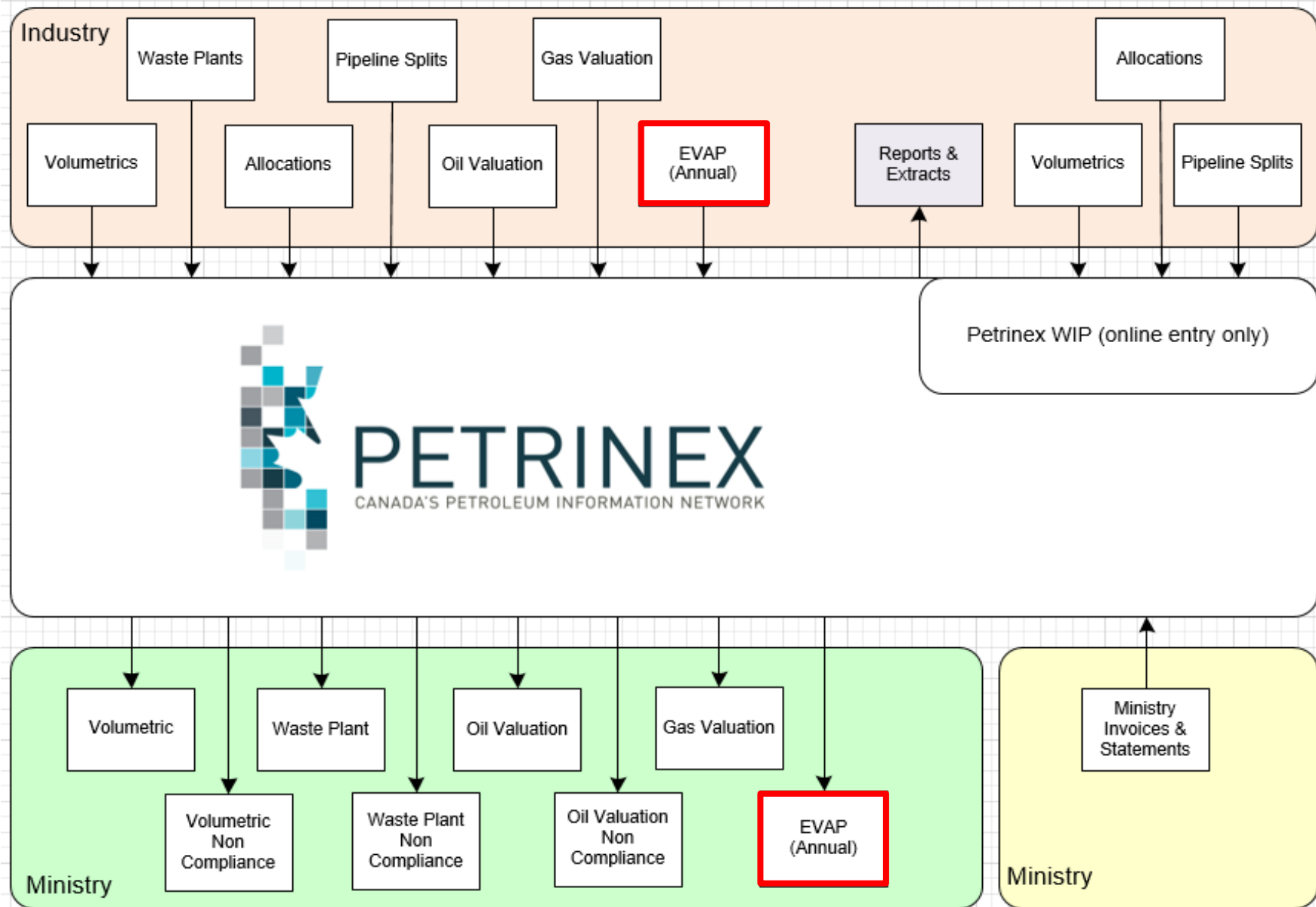
Enhanced Valuation Audit Program (EVAP)

- EVAP is an extension of the oil valuation process for non-arm's length oil sales.

  - No oil valuation purchaser reporting required for non-arm's length sales.

  - Diminished value in comparing prices. Both sides could report a price that does not fit the rules for establishing a fair market value.

  - A sale is considered to be non-arm's length in Petrinex if the owner and purchaser BA ID in a pipeline splits submission are the same or are considered to be related.

  - Functionality exists in Petrinex for producing BAs to list any related purchasers.

Enhanced Valuation Audit Program (EVAP)

- EVAP declarations provide executive sign-off attesting that the company is following valuation rules for establishing a fair market value.

- Declarations consist of:
  - An official declaration containing a number of statements/conditions (as determined by Ministry) with at least one senior executive signature.
  - Sample calculations.
  - An analysis of the company's controls that are in place to ensure accurate pricing. Controls are evaluated and any deficiencies that could pose a risk are identified.

- It is anticipated that the first EVAP declaration deadline will be in February 2022 (for the 2021 production year).

Linking Manitoba Forms to Petrinex Processes

2. OIL DISPOSITION – (m³):

NEW WELLS ONLY:
RECEIVING OR RECOVERING
COMPLETION (LOAD) OIL

Opening Inventory .... _____
Receipts
(Location) .... _____
Recovered .... _____
Closing Inventory .... _____

OPENING INVENTORY .... _____
Clean Oil Prod. .... _____
Purchased or Received from: .... _____
....
TOTAL

Oil Sold .... _____
Transferred to: .... _____
....
CLOSING INVENTORY .... _____
TOTAL _____

3. PARTICULARS OF OIL SALES:

Purchaser	Volume Sold m³	Selling Price $/m³	Value of Sales $	Total Transportation Charges $	Net Value of Sales $	Average Wellhead Price $/m³
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
Total	[____]	Totals	[____]	[____]	[____]	[____]

4. GAS DISPOSITION AND CROWN ROYALTY STATEMENT:

Manitoba Science, Technology, Energy and Mines should be contacted regarding reporting requirements for all gas sales.

5. WATER DISPOSITION (includes bottom sediment) (m³)

OPENING INVENTORY .... _____
Water and Bottom Sediment Production . _____
Other Received (Specify) .... _____
....
TOTAL _____

To Disposal Systems:..................... _____
(Location)

Pipeline Bottom Sediment and Water... _____
Other Disposition .... _____
CLOSING INVENTORY .... _____
TOTAL _____

Manitoba
Mineral Resources

MINERAL RESOURCES
Petroleum Branch
360-1395 Ellice Avenue
Winnipeg MB R3G 3P2
PH: (204)945-8662
FAX: (204)945-0586
EMAIL: petroleum_royalties@gov.mb.ca
WEBSITE: www.gov.mb.ca/petroleum

MONTHLY FREEHOLD OIL AND GAS PRODUCTION TAX STATEMENT

for

_____ 20____
(month)   (year)

MANITOBA FREEHOLD OIL PRODUCTION TAX RATE (%) FORMULAS

Oil Classification	Monthly Production (m^3)	Tax Rate (%)
Old Oil	20 or less	0.00
	over 20, and less than 65	0.43(MOP) - 8.24
	65 and over	42.76 - 1500/MOP
New Oil	36 or less	0.00
	over 36, and less than 65	0.23(MOP) - 8.11
	65 and over	19.59 - 820/MOP
Third Tier Oil	46 or less	0.00
	over 46	11 - 465/MOP
Holiday Oil	all volumes	0.00

MOP   is the monthly oil production from, or allocated to a spacing unit, measured in cubic metres and calculated to the nearest 0.1 of a cubic metre.

Tax Rate   is calculated to the nearest 0.01 percent. A result that is .005 of a percent is rounded up.

GAS   tax rate on gas is 1.2% of all monthly production values; calculated to the nearest 0.001 of a cubic metre.

Battery or Unit Name (Name and Location)

Battery or Unit Production

m^3

I,

(Print Name)   (Title)
                    of
            (Name of Company)

            (Address)

do hereby certify that the information contained in this statement is correct to the best of my knowledge and that I have revealed all relevant facts.

Date   , 20   Signature

Telephone No.:   Fax No.:
Email:

NOTES AND INSTRUCTIONS:
1. Statement required pursuant to REGULATIONS under THE OIL AND GAS PRODUCTION TAX ACT.
2. All applicable sections of this statement must be completed and received by the Branch, along with all taxes payable by the last working day of the month following the end of the month in which oil or gas is produced, or the taxpayer is subject to a penalty not exceeding $50 per day for each day of delinquency in accordance with THE OIL AND GAS PRODUCTION TAX ACT.
3. NIL statements must be filed, where there is no production.

Well Name and Location	Oil Classification	Tract Participation Factor%	Monthly Oil Production m^3	Tax Rate %	Freehold Interest %	Working Interest Factor%	Wellhead Price $/m^3	Total Tax Payable$	FOR OFFICE USE ONLY

Cheque or money order must accompany this statement made payable to "The Minister of Finance - Manitoba".

TOTAL TAX

REPORTING INSTRUCTIONS ON REVERSE SIDE.

PET-Sept2000

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5. Roles/Responsibilities of Change Leaders

Steps To Readiness

1. Identify & Register a Change Leader for you Company
2. Understand the Impacts of PMIP on your Company
3. Have a Plan to Respond to New Changes
4. Prepare your Systems
5. Ensure Staff Members are Trained
6. Implement required Pre-Go-Live Activities
7. Go-Live & get the Benefits

1. Identify & Register a Change Leader for your Company

- The Change Leader Program is the central communications strategy for Industry Readiness.

- Please confirm your Change Leader with Petrinex if you have not already done so by sending an email to petrinexadmin@petrinex.ca
  - Please include Name, Telephone & E-Mail.

Change Leader Roles & Responsibilities

- Be the Primary Point of Contact with Petrinex
  - Participate in Readiness Activities. Examples include:
    - Attending Change Leader Meetings
    - Keeping up to date with changes posted on the Initiatives Page.

- Be the Leader for PMIP Implementation
  - Develop an implementation plan for your company and track progress against that plan.
  - Be the "go-to" person in helping people in your company understand the impacts of change.
  - Communicate changes/materials to the appropriate people in your company.
    - Handbook Changes, Tips/Job Aids, Training, Meeting Materials, etc.
  - Ensure all "Steps to Readiness" are completed efficiently and effectively.

2. Understand the Impacts of PMIP on your Company

- Impacts differ depending on which stakeholder group(s) your company falls into.
    - Operating Producers
    - Non-operating Producers (TIK & Non-TIK)
    - Pipeline & Terminal Operators
    - Marketers & Purchasers
    - Waste Plant & Custom Treater Operators
    - Service Providers (ex: production accounting services)
    - Production Accounting Software Providers

- It is essential to be engaged in Readiness Activities and stay up to date on changes posted to Readiness Materials.
    - The Industry Readiness Handbook is a valuable resource in understanding impacts. Please review Section 3 (What's Changing) and Appendix 5 (Information by Specific Stakeholder Group).

3. Have a Plan to Respond to New Changes

- A company's plan to manage change will vary in detail and scope depending on its size and how many stakeholder segments the company is involved in.

- It is highly recommended that a plan be developed to ensure all affected individuals in your company are prepared for Go-Live.

- We are happy to provide assistance in considering what elements should be included in your plan.
  - Contact Steve Freeman at Petrinex, 403-297-2311, steve.freeman@gov.ab.ca

4. Prepare your Systems

Minimum Computer Specifications

- Please review Appendix 7 (Technical & Security Considerations) in the Industry Readiness Handbook

System Interfaces

- Production Accounting Software Vendors
  - Petrinex has provided specifications necessary to interface with Petrinex.
  - Petrinex will continue to work with vendors throughout development.

- Internally Developed Applications
  - Please contact us if you have internally developed production accounting software and require interface specifications.
  - Contact Sheryl Moody, 403-297-5575, sheryl.moody@gov.ab.ca

4. Prepare your Systems

- Internally Developed Spreadsheets
  - Petrinex accepts spreadsheet uploads in CSV format only.
  - Instructions on mapping and formatting internal spreadsheets for batch upload to Petrinex will be provided later on in the project.

- Marketing/Pricing Software
  - Modification to these systems may or may not be required.
  - You are encouraged to discuss this with your software provider as required.

Interoperability Testing

- Companies are encouraged to test their upload files during the interoperability testing window.

5. Ensure Staff Members are Trained

Identify Petrinex Users

- Each company must have at least 2 user types.
  - Primary USA (Required): Responsible for managing user accounts and assigning security roles.
  - Backup USA (Optional): Performs Primary USA functions should that individual not be available.
  - Users (At least 1 Required): Performs required reporting activities as determined by the assigned security role (different users may have access to different reporting functions).

- Instructions for setting up your Primary/Backup USA will be communicated to Change Leaders when it is available.

5. Ensure Staff Members are Trained

Petrinex Learning Resources

- Industry will have access to a number of learning resources throughout this project and beyond.
    - Industry Readiness Handbook
    - Change Leader Meetings
    - Training Modules
    - Tips & Job Aids
    - Online Help

- Industry can access many of these resources from the Initiatives Page.

6. Implement required Pre-Go-Live Activities

- Next section talks about the Industry Data Conversion & Readiness Plan.
  - See Appendix 11 (Pre-Go-Live Readiness Activities) in the Industry Readiness Handbook for updates.

7. Go Live & get the Benefits

- Petrinex has provided significant benefits to users in other jurisdictions which are now being passed on to users in Manitoba.

- It is important to monitor how Petrinex processes are working for your company in the early months after implementation and communicate any issues.

- It is important for users to be aware of all of the tools and reports available to them.

- The Petrinex Service Desk is available to assist in all queries related to the business functionality and operations of Petrinex.

- The Industry Team at Petrinex can provide information on participating in the ongoing evolution and enhancement of Petrinex through its various committees.

6. Industry Data Conversion & Readiness Plan

Industry Conversion & Readiness Plan

3 Major Components of the Plan

1. Information Collected From Industry
   - Business Associate Primary/Backup USA
   - All Facility IDs & Well-Facility Linkages (if applicable)
   - Oil Purchasers

2. Conversion Information Shared With Industry
   - Business Associate
   - Well Status
   - Facility

3. Activities at Go-Live
   - Primary USA sets up users/roles
   - Opening Inventories
   - Infrastructure Updates
   - Related BAs for Oil Valuation purposes

1. Information Collected From Industry

Primary & Backup USA

- The Primary USA must be identified before Go-Live so that Login/Password information can be communicated ahead of time.
  - Passwords and login instructions will be communicated to the identified USAs prior to Go-Live.

- Change Leaders will receive an email shortly (October) with details of what information is required.

- Change Leader information will be collected by MGET and included as part of Business Associate conversion.

- All USA information must be received by early March 2020. A specific deadline date will be communicated later.

Facility Information

- All Facility IDs must follow standard Petrinex conventions.
  - Each facility ID starts with a 2-digit province code, a 2-digit facility type code, and a 7 digit identifier.
  - An example of a battery would be MB BT 1234567.

- Each company will have the opportunity to provide a list of operated facilities they may have set up in their systems.
  - Allows companies the opportunity to retain the same identifier as they have in their system.
  - Duplicate numbers will have to be assigned a new number.
  - Facilities can always be set up online after Go-Live. Petrinex will assign a sequential identifier.
  - Identifiers provided by Industry can be alpha-numeric.

1. Information Collected From Industry

- Change Leaders should receive have received a spreadsheet template with 4 tabs for providing Facility IDs along with an instruction document.

- Multi-Well Batteries:

  - MGET has facility licenses for multi-well batteries.

  - These facilities are being converted to Petrinex using the licence number as the facility identifier.

  - Spreadsheet tab contains a list of known well linkages.

  - Review operated batteries, provide missing information, ensure well linkages are correct.

1. Information Collected From Industry

- Single-Well Batteries:
    - MGET has provided a list of active wells on file that are not linked to multi-well batteries.
    - Some wells are producing, some are injection/disposal.
    - Review operated/licensed wells and fill in required facility information.
    - Add any missing wells, report any wells that are no longer active or have been listed incorrectly.

- Facilities (Non-BT):
    - Provide all other operated facility information. Injection/disposal wells from the previous tab can be added here along with injection facility information.
    - Require Fresh/Formation Water Sources, Injection Facilities, Sales Pipelines, Tank/Rail Terminals, Custom Treating Facilities, Waste Plants.

1. Information Collected From Industry

- Facility Subtype Descriptions:
  – Informational tab providing a list of Petrinex facility subtype codes and descriptions.

- Conversion refreshes into test system are scheduled for select intervals. The conversion information shared with Industry is based on what's loaded in the refreshes.
  – Deadline to submit new information or corrections for the next interval is October 28.
  – Deadline for following refresh is January 10.
  – Deadline to include information for Go-Live will be in early March. An exact date will be communicated later on.

1. Information Collected From Industry

Oil Purchasers

- Purchasers will be required to submit monthly oil valuation information in Petrinex after Go-Live.

- To ensure that all purchasers have been engaged, Petrinex will follow up with producers to ask who their purchasers are.

- An email will be sent to Change Leaders before the end of October.

2. Conversion Information Shared with Industry

- Reports out of the test environment will be made available to Industry to review after each scheduled refresh.
  - Reports for last refresh (September) will be made available in October.
  - Anticipate reports for next refresh will be available in late November.
  - Anticipate reports for final refresh will be available in early February.

- Details as to where reports will be uploaded and maintained will be provided when available.
  - Reports can initially be emailed to Change Leaders until a central location is determined.

Business Associate Report

- Lists BAs being loaded from MGET systems.

- Includes ID, Name, Corporate & Petrinex Status, Roles.

- Report does not include USA information (confidential).

Well Infrastructure Report

- Lists well events being loaded from MGET systems.

- Includes Licence/Licensee information, Facility Linkage (if applicable), Field/Pool, Status, Lahee Class, Spud/Finished/Rig Release Dates, Depths.

- Field/Pool hidden for confidential wells.

2. Conversion Information Shared with Industry

Facility Infrastructure Report

- Lists facilities being loaded as provided by Industry.

- Includes ID, Name, Licence/Licensee information (if applicable), Operator information, Location, Status, Subtype.
  - Batteries: If tied to Storage/EOR, will include associated Injection Facility ID.

Conversion Errors/Failures

- Working with developer to include a list of facilities or linkages that failed to pass validation.

- Need to analyze to determine what may need to be changed prior to Go-Live.
  - Facilities that weren't loaded due to validation errors.
  - Most well-facility links failed due to facilities that weren't set up or because well event was not in MGET well upload.

3. Activities at Go-Live

Primary USA Creates Users/Roles

- User IDs must be created and assigned User Security Roles before any reporting can commence on Petrinex.

- Use Security Roles define which functions a user can perform in Petrinex.

- At least one user must be created for each company. The Primary & Backup USA cannot perform reporting functions in Petrinex.

- The Primary and Backup USA will continue to manage user access and roles going forward.

- Instructions for setting up the USA and for setting up users will be communicated in Appendix 11 of the PMIP Industry Readiness Handbook closer to Go-Live.

3. Activities at Go-Live

Enter Opening Inventories in Volumetrics

- Opening inventories will not be collected prior to Go-Live as there is not much time between reporting the ending inventory for the prior month and getting that number converted into Petrinex ahead of time.

- Users will report opening inventories as Inventory Adjustments in Petrinex.
  - Inventory at Facility level will use activity INVADJ
  - Load Inventory at Well level will use activity LDINVADJ

- Closing inventories will be reported using normal Petrinex activities (INVCL or LDINVCL for load inventory).

- Opening inventories going forward will be auto-populated from the prior month's closing inventory.

3. Activities at Go-Live

Infrastructure Updates:

Wells & Facilities

- Make any required corrections using online infrastructure processes.
    - Well-Facility Linkage Changes
    - Editing Well Statuses
    - Requesting Operator Changes

Terminal

- Operators of terminals that are physically connected pipelines may **optionally** update pipeline link information in Facility Infrastructure.
    - Set the Physically Connected to a Pipeline flag to "Yes."
    - Enter the associated Pipeline ID in Terminal-Pipeline Link.

3. Activities at Go-Live

Royalty/Tax Payer

- The RTP operator is responsible for maintaining the royalty/tax payer information for that particular stream and product for the appropriate ownership type (Crown, Freehold, etc.).

- Licensee will be RTP Operator for conversion.

- Companies that have been assigned RTP operatorship responsibility for a stream may use the Operator Changes functionality in Petrinex to request an operator change if necessary.

- Initially at Go-Live, the most likely reason would be a well Licensee who is transferring operatorship to the contracted Facility Operator that the well (stream) is linked to.

Enter Related Business Associates for Oil Valuation

- Oil that is delivered to a custody transfer point requires a pipeline splits submission where the volume is broken out into its individual owners and purchasers.

- An Oil Valuation Royalty Tax Payer record is created for each owner listed in a pipeline split and an Oil Valuation Purchaser record is created for each purchaser.

- Both the Owner and Purchaser must submit their oil valuation pricing information. The owner's price is compared to the purchaser's price as an audit check and must match.

- Some companies market their own volumes. In these cases, both the owner and the purchaser in the pipeline split are the same. This is considered non-arm's length. In these cases Petrinex does not create the Oil Valuation Purchaser record.

3. Activities at Go-Live

- Sometimes a company's producing and marketing functions can have different Business Associate IDs. As this is still a non-arm's length sale, Petrinex must be able to determine that they are related for the purposes of oil valuation.

- Producers may enter related purchaser BA IDs in the Audit menu section of Petrinex.

- By entering the related BA ID, Petrinex knows not to create an Oil Valuation Purchaser record when these 2 companies are used together in a pipeline split.

7. Manitoba Government Topics

Manitoba Government Topics

- Anticipated/Required Areas for Regulation Change:

    – Requirement to report through Petrinex
    – Deadlines associated with Petrinex reporting
    – Non-compliance for missing, incomplete, late submissions
    – Facility Licensing

    Industry will be consulted throughout the regulatory review process.

Manitoba Government Topics

- Additional Data Requirements from Industry
  - Perforation/Packer information
  - Royalty Tax Attribute data:
  - Mineral ownership (Crown/Freehold) records incomplete
  - Other

  Separate communication on these forthcoming

- This is a Process!
  - Duplicate reporting (existing forms + Petrinex) is necessary for a period of time as systems and processes evolve.
  - Common data reported by form and through Petrinex must match
  - Data reporting to Petrinex will enhance data integrity for future process enhancements.

Agenda

8. Next Steps & Important Dates

Next Steps

- Petrinex will continue to work on the following activities with Manitoba Stakeholders:
    - Development & Testing of Petrinex functionality
    - Data Conversion
    - Industry Readiness materials:
        - Updates to the Industry Readiness Handbook
        - Related Tips & Job Aids
        - Additional Change Leader Meetings
    - Training Module Development
    - Interoperability Testing

- Industry Stakeholders can begin focusing on:
    - Determination of the Primary/Backup USA.
    - Determination of future users as per the reporting needs of the company.
    - Change Leaders should work on developing an implementation plan.
    - Change Leaders should begin educating individuals within the company as to the timeline and scope of PMIP as well as the learning resources available to them

Important Dates

Prior to Petrinex Go-Live		
Target	**Activity**	**Responsibility**
Now	• Submit Facility & Well-Facility Link data.	Industry
Oct	• Change Leaders receive an email that conversion reports are ready to review.	Petrinex
	• Submit Primary/Backup USA contact information.	Industry
Ongoing	• Review conversion files and communicate errors, missing data, updates.	Industry
28-Oct	• Deadline to include Facility data in scheduled conversion run for test environment.	Industry
12-Nov	• Submit IIO test files for monthly reporting functionality.	Vendors/Industry
Late Nov	• Change Leaders receive an email that updated conversion reports are ready to review.	Petrinex
Q1, 2020	• Begin releasing Manitoba Learning Modules.	Communications Team
10-Jan	• Deadline to include Facility data in scheduled conversion run for test environment. (Last practice run)	Industry
Early Feb	• Change Leaders receive an email that updated conversion reports are ready to review.	Petrinex
Early Mar	• Deadline to include Facility data in final conversion for Go-Live.	Industry
	• Deadline to submit Primary/Backup USA contact information for Go-Live.	Industry
TBD	• Login/Password information communicated to Primary USA.	MGET

Important Dates

Post Petrinex Go-Live		
Target	**Activity**	**Responsibility**
03-Apr	• Petrinex Go-Live for March Production Month.	Project Team
	• Primary USA set up users and roles for their company.	Industry
Early Apr	• Update opening inventories for all operated facilties.	Industry
	• Request an Operator Change for any stream (well, unit) in which another BA should be responsible for submitting Royalty Tax Payer information.	Industry
	• Make any corrections to well status, well-facility linkages, facility operatorship.	Industry
	• Enter any Related BA relationships for Oil Valuation purposes.	Industry

Questions