

## Tips and Clarification to Aid SK Users

Release/Revision Date	Location of Change in this Document	Comment
May 8, 2012		Initial Release

**Audience:** All Saskatchewan Users

**Purpose:** This tip provides information and tips on some reporting items to assist Saskatchewan users with the new ECON reporting requirements on Petrinex.

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There is also an additional tip entitled "[Registry Saskatchewan Reporting Known Issues](#)" available on the Petrinex Website under Tips and Alerts - Current which outlines some workarounds and/or clarification with regard to some known Petrinex issues, ECON legacy issues or areas of confusion around some of the new ECON reporting requirements.

## ITEMS BROUGHT FORWARD FROM PREVIOUS TIPS

### 1. **Petrinex Broadcast Messages**

To assist users, the Petrinex team posts important announcements, information/updates on issues with Petrinex, early closure information, and posting of new website materials in the form of a Broadcast Message on the Petrinex website homepage.

To ensure that you receive all of these important messages, you are encouraged to bookmark the homepage ( <http://www.petrinex.ca/> ) as one of your online “favourites” rather than the login page.

### 2. **Calendars**

Another tool used to assist users, are two calendars posted on the Petrinex website at <http://www.petrinex.ca/> (click the Calendars tab)

- a) **Petrinex/Service Desk Hours of Operations** - this monthly calendar highlights the hours Petrinex and Petrinex Support are available. Included in those highlights are days where Petrinex is open prior to deadline days, or early closures due to extracts to ECON. Note: all hours have been posted as Mountain Time.
- b) **Petrinex SK Reporting Calendar** - this monthly calendar highlights the reporting deadlines and timing of appropriate compliance reports. Attached to the calendar is a table describing the individual items and timing of information availability.

### 3. **Saskatchewan Ministry of the Economy Website Link**

Saskatchewan's logo has been included in the logo sweep at the top of the page along with the rest of the Petrinex stakeholder logos. By clicking on the ECON logo, users will be linked to the Saskatchewan Ministry of the Economy website page where Saskatchewan industry partners can find information about regulatory, legislative and royalty-related reporting to the Ministry of the Economy.

Some sections of the ECON information directive related to Registry Reporting have been posted on the ECON website at: <http://www.er.gov.sk.ca/ReportingDirectives>. Additional sections of the directive will be added as they become available.

### 4. **Pipeline splits are mandatory**

The reporting of oil pipeline splits is mandatory for Saskatchewan as part of an integrated oil valuation process that replaces the oil valuation information contained

on the existing ECON forms ER61, ER61U, ER61S, ER61R and ER386. “Pipeline Splits” is a term used to describe the process related to identifying the individual owners and their purchasers for oil that is delivered to a Custody Transfer Point (CTP) facility. In Petrinex, CTPs identify the starting point of a pipeline split. Multiple levels of splits to other facilities (‘cascaded to’ facilities) may be required to completely split the volume among shippers, owners and purchasers. Valid Saskatchewan CTP facilities are:

- Terminal
- Pipeline
- Waste Plant
- Out of Province Facility
- Battery
- Refinery
- Well
- Miscellaneous code - RM (Road Maintenance) or MC (Miscellaneous)

Petrinex requires three facility IDs to identify oil pipeline splits. Without all the IDs, the pipeline split is considered incomplete. These IDs are:

- **Delivering Facility ID** – the facility that delivers and/or produces the product.
- **Receiving Facility ID** – the facility that receives the product. If the Receiving Facility is a terminal (TM) or pipeline (PL) it will be the same as the CTP Facility.
- **Custody Transfer Point Facility ID** – the facility where the shipper/purchaser takes custody of the product (often the same as the Receiving Facility ID).

If a volume is split to another facility (cascaded), the delivering and receiving facilities change, but the custody transfer point facility remains the same.

The oil pipeline split process involves splitting (distributing) the volume that is sold (delivered to a custody transfer point) during a production month between shippers, owners and purchasers.

There are two kinds of volume records associated with pipeline splits.

- **The Volume Requiring Split (VRS)** is equal to the oil and LPG pipeline, terminal or waste plant receipt volumes reported in volumetrics.
- **The Actual Volume (Split)** is the actual delivering facility operator’s reported volumes for shippers, owners and purchasers or cascades to other facilities. The delivering facility operator reports the actual volume as part of pipeline splits.

In addition to identifying volumes by shippers, owners and purchasers, the following information needs to be included in a pipeline split:

- If the volumes are part of a unit, then the unit ID needs to be identified in the Stream ID field.
- If the take-in-kind volumes are a royalty owner taking their volumes in-kind (RTIK), then the RTIK box needs to be checked so that the volumes do not auto-populate the Royalty/Tax Payer Oil Valuation screen as pricing is not required.
- The first point of sale (POS) flag is required. If this flag is checked, an oil valuation royalty tax payer record and an oil valuation purchaser record are automatically created. If this flag is not checked, only an oil valuation purchaser record is automatically created.

**Petrinex rules will not allow the custody transfer point (CTP) for purposes of pipeline splits and oil valuation to be reported at a Custom Treater (CT).** A process was set up where the CT operator could contact ECON and set up a terminal (TM) at the outlet side of the CT in order to report an oil sale at the TM. If you have not already been advised of this TM facility code, you are encouraged to contact the facility operator. In order to facilitate the new Saskatchewan Petrinex reporting for Pipeline Splits and Oil Valuation, it is critical that the Facility Operators, Royalty/ Tax Payers and Purchasers involved in these processes use valid and correct Custody Transfer Points (CTPs). Royalty Tax Payers and Purchasers must also identify the same CTP on their oil valuation records corresponding to the oil pipeline splits submitted by Facility Operators.

**The only time a facility operator is to use the Contract Number field in the pipeline split process and corresponding valuation process is to create two distinctly separate pipeline split records to allow the sales to be reported separately.** For example, where oil sourced from a given facility receives two different prices by virtue of taking a different path to the same Custody Transfer Point, the contract # must be used to differentiate the two pipeline splits. Oil is trucked from BT1 to BT2. From BT2, the oil is trucked to two Custom Treaters that are both connected to PL1, which is the CTP, and different prices are paid for the oil received from each Custom Treater.

Note: Additional training is available.

For more information related to Pipeline Split Reporting functionality on Petrinex please refer to the Resource Centre Online Training System, Petrinex SK Training Module *4.03 Manage Oil Pipeline Splits*.

For more information and step by step instructions on volumetric reporting in Petrinex, please refer to Resource Centre Online Training System, Petrinex SK Training Module *4.02 Manage Volumetric Submissions*.

If you have not already requested a training profile and obtained access to the Petrinex Online Training System, and the Petrinex SK training module collection, you can do so by clicking the following address <http://www.petrinex.ca/17.asp> and clicking on the link entitled “**Access The Online Training System**”. This link will open an application form to complete and forward to the Petrinex Support at [petrinexsupport@petrinex.ca](mailto:petrinexsupport@petrinex.ca)

## **5. New Well Status Codes**

ECON has posted their new directive entitled Well Information & Status Changes at the following link <http://www.er.gov.sk.ca/ReportingDirectives>. This new directive includes a list of the Well Event Descriptions under Appendix 4.

## **6. Use of actual Alberta and/or Saskatchewan Facility or Well IDs**

With both Alberta and Saskatchewan being part of Petrinex, cross-border auto-population between Alberta and Saskatchewan has been implemented. Therefore, for cross border entries between Alberta and Saskatchewan, facility operators will be required to use actual Alberta or Saskatchewan facility or well IDs. Saskatchewan will no longer use Saskatchewan issued Alberta Facility IDs.

## **7. Cross-Border Volumetric Auto-Population**

Generally, volumes reported to Petrinex as a receipt at a facility results in a corresponding disposition being auto-populated to the upstream facility which delivered the volume. Because the Alberta volumetric reporting deadline is earlier than the corresponding Saskatchewan deadline, a cross-border “window” has been established to allow Alberta facility operators to balance their facilities by entering volumes disposed to Saskatchewan facilities for the current month, instead of waiting for the auto-populated volume that will be created once the Saskatchewan facility enters the receipt volume. If the Saskatchewan facility operator subsequently reports a receipt from an Alberta facility that is different from the disposition that was reported by the Alberta facility operator, the Alberta facility disposition will be auto-populated and marked as “Pending” until accepted by the Alberta operator. If this is a gas disposition from Alberta to Saskatchewan, the Alberta facility operator will be required to enter the in-stream components (ISC)s, as ISCs are not reported in Saskatchewan.

## **NEW TIPS & ITEMS**

### **1. First Production Definition**

Prior to Petrinex implementation, the definition of 'first production' in Saskatchewan was: **when the well event first produced or injected the primary fluid**. Now, the first production is defined as **when the event first produced or injected any fluid**.

To report a fluid which is produced prior to the primary fluid, the well event status Mode component must be set to "ACTIVE".

*Example: To report water which has been produced prior to the primary fluid of oil, the well event status must be set to: "OIL ACTIVE PROD N/A"*

## **Gross Completion Interval (GCI) Requirements**

For wells licensed prior to March 15, 2012, a GCI may be entered on Petrinex, but input of a GCI is not a mandatory requirement. If GCI is entered in cases where it's not required, validation of the GCI data against the perforation/plug/packer data will not be performed. Furthermore, perforation data may not be displayed on Petrinex in those cases.

For wells licensed on or after March 15, 2012, a GCI entry **is** required at the time that the well event status mode is changed to "ACTIVE". This GCI will be subject to validation against perforation/plug/packer data since it will be available and displayed on Petrinex.

## **2. Commingling**

Prior to reporting any commingling activity on Petrinex, all approvals must be in place and work-over notifications must be communicated to ECON.

Once the notification process is complete, ECON will create a designated commingling reporting event on Petrinex (a "REPORT" event). The structure component of the well event status on this event will be equal to "REPORT".

When the mode component of the well event status for a "REPORT" event is changed to "ACTIVE", the associated commingling events must then be identified. This is done on Petrinex by selecting the appropriate events using the checkboxes (☑) within the commingling functionality. When selected, the associated events will automatically be assigned a status structure component of "COMMIN" as of the same date that the "REPORT" event was set to "ACTIVE".

As a result of the above process, volumetric reporting is only required for the "ACTIVE REPORT" event.

*Example:*

***Typical Status prior to Commingling:***

Event	Horizon	EVENT STATUS				START DATE
		FLUID	MODE	TYPE	STRUCTURE	
/00	Sparky (232114)	N/A	COMP	N/A	N/A	2012-04-01
/02	Waseca (231340)	N/A	COMP	N/A	N/A	2012-04-15
/03	Commingled Mannville (230901)	N/A	COMP	N/A	REPORT	2012-04-15

***Typical Status after Commingling:***

Event	Horizon	EVENT STATUS				START DATE
		FLUID	MODE	TYPE	STRUCTURE	
/00	Sparky (232114)	N/A	N/A	N/A	COMMIN	2012-05-01
/02	Waseca (231340)	N/A	N/A	N/A	COMMIN	2012-05-01
/03	Commingled Mannville (230901)	OIL	ACTIVE	PROD	REPORT	2012-05-01

### **3. Horizontal Well Attribute Clarification**

Definition of a “BOSS” event

In Saskatchewan, the first leg drilled on a horizontal well is deemed by ECON as the “BOSS”. On Petrinex, this event has a status structure of “BOSS”. This is important

because all volumetric reporting is to be assigned to the “BOSS” event. All other legs associated with the same well licence are assigned a status structure of “DRAIN” and require **no** volumetric reporting.

#### **4. Work-over Reports and Timings**

A number of Industry partners have run into issues relating to well event status items on Petrinex. To assist, some examples of issues are presented below as well as explanations/solutions.

**ISSUE:** A status mode of “COMP” (completed) is expected, but is not appearing on Petrinex and the user is therefore unable to set the well status Mode to “ACTIVE”.

- 1) Check to ensure the Work-Over Report for the completion has been submitted to the appropriate ECON Field Office. Work-Over Reports are required to be submitted to the field office within 24 hours of the work being done.
- 2) Once a Work-Over Report has been submitted, expect 5 business days for the processing of this report (i.e. the reported status change should be reflected on Petrinex within 5 business days).

**ISSUE:** A status mode of “ACTIVE” is expected, but is not appearing on Petrinex.

- 1) If the well event in question should be shown as “ACTIVE” prior to March 15, 2012, an ER-63 form must still be completed and submitted to ECON. At this time Industry must also provide the facility code the well event should be linked to. Once submitted, ECON will change the status Mode to “ACTIVE” and create the well to facility link on Petrinex.
- 2) If the well event in question should be shown as “ACTIVE” after March 15, 2012, the licensee themselves can change the status on Petrinex.

#### **5. PROD/INJ clarification**

A “PROD/INJ” event is defined as **any well event approved to produce and inject fluids**, either consecutively or concurrently. Such a well will have a well event status type component of “PROD/INJ” on Petrinex.

This situation is considered one event with one status covering both production and injection activity. Examples of when this well status type component would be used include cyclic and SAGD events.

It should be noted that any well event approved to inject more than one fluid type (usually water and natural gas or water and CO<sup>2</sup>) will have a well status fluid component equal to "WAG".

## **6. Provincial Gas Price (PGP) clarification**

Royalty/Tax on natural gas produced prior to March 2012 had been calculated based on a Provincial Gas Price (PGP) that was established in units of \$/1000 m<sup>3</sup>.

As of the March 2012 production month, the PGP is now being established in units of \$/GJ. While Industry is now required to submit the heat value for produced gas at a well level commencing with the March 2012 production month in order to convert the \$/GJ price to units of \$/1000 m<sup>3</sup> for royalty/tax billing purposes, the submitted heat value information will not be used for royalty/tax billing purposes until the new billing system is fully implemented (estimated to be late 2012 or early 2013). Until this occurs, the Ministry will use a heating value of 37.0 MJ/m<sup>3</sup> to convert the price to \$/1000 m<sup>3</sup> for royalty/tax calculation purposes.

Once the new billing system is fully implemented, ECON will utilize the heat values reported at the well level to determine the price in units of \$/1000 M<sup>3</sup> for royalty/tax calculations retroactively, commencing with the March 2012 production month.

### **More information:**

Please contact the PETRINEX Service Desk.

# 403-297-6111

# 1-800-992-1144 (Toll Free)

E-mail [petrinexsupport@petrinex.ca](mailto:petrinexsupport@petrinex.ca)