Volumetrics/Valuation – PURREC at WP and CT and elimination of ‘WO’

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**Audience:** All Saskatchewan Users

**Purpose:** To inform Industry that as January 2019 production month;
- Operators must use PURREC at a Waste Plant and Custom Treater to report purchased oil volumes only when the operator of the waste plant or custom treater purchases the oil;
- Volume Requiring Split (VRS) will no longer be triggered by a REC of OIL at a Waste Plant; and
- RTPs will no longer need to eliminate oil valuation reporting by submitting ‘WO’ into the owner contract field in pipeline split functionality.

**Background:** Effective January 2019 production month (201901),
- Royalty Tax Payers (RTP) will no longer be able to submit the ‘WO’ in the pipeline split “owner contract” field to stop the generation of the oil valuation record.
- A receipt (REC) at a Waste Plant (WP) facility subtype 701 (Surface Waste Facility, 702 (Cavern Waste Plant) or 703 (Oil By-Product Storage Structure) will no longer generate a volume requiring split (VRS).
- Operators of Custom Treaters (CT) and Waste Plant (WP) must enter a purchase receipt (PURREC) when oil has been purchased at the CT or a credit is received for the oil at the WP to trigger oil valuation. The new functionality will allow operators to distinguish between purchased oil and non-purchased oil. This new functionality of PURREC will only be able to be used going forward.
To report purchased oil at a custom treater, the operator of the custom treater will enter a PURREC at the custom treater for the amount of oil (OIL) purchased only when the operator of the custom treater purchases the oil. For the water portion of received volume, the operator at the custom treater will enter a REC which will auto-populate a DISP at the delivering facility. A PURREC at a custom treater will auto-populate a PURDISP at the delivering facility. PURREC cannot be submitted for any other products other than OIL at a custom treater. Once the operator of the custom treater purchases the oil (i.e. uses a PURREC) then they are responsible for any downstream volume requiring split (VRS) records. The operator of the custom treater will NOT cascade the volumes to the originating facility see examples 1, 2 and 4.

- Currently the battery that has the PURDISP cannot cascade volumes to another facility in the pipeline split. This will be fixed in the March 6, 2019 release in Petrinex.

To report purchased oil at a waste plant, the waste plant operator will enter a PURREC for OIL, WATER and/or SOLIDS only when the operator of the waste plant purchases the oil (i.e. a credit is received). A PURREC cannot be submitted for GAS. The delivering facility will receive an auto-populated PURDISP record for the OIL and an auto-populated DISP record for the WATER and SAND (the solid type “sand” auto populates to at a delivering facility). All waste codes that currently allow the reporting of a REC of OIL will also be able to report a PURREC. Also the dangerous and non-dangerous fluids flag will work as normal with PURREC. See examples 5 and 7. If the waste plant does not purchase the oil (i.e. does apply a credit to the delivering facility for the waste oil received) then the waste plant operator will submit a REC of OIL, WATER, and/or SOLIDS, which will auto-populate a DISP at the delivering facility. The delivering facility does not need to submit any pipeline split and oil valuation for the REC of OIL as it has not triggered a volume requiring split.

- Currently when the waste plant assigns the PURREC to a battery, the battery cannot cascade volumes to another facility in the pipeline split. This will be fixed in the March 6, 2019 release in Petrinex.

Once a PURREC is submitted at a Custom Treater or Waste Plant, a pipeline split record will be created for the OIL portion. If a REC is submitted at a Custom Treater or Waste Plant it will no longer trigger a pipeline split. PURREC functionality will still be available to be used for purchased oil between batteries.

If the oil is not purchased by the custom treater or waste plant a REC is submitted at the waste plant or custom treater operator see example 2 and example 6.

Below are examples of how to submit volumetric and pipeline split information.

Important: Just after these examples, we have included a section on known issues and how these will be handled.
Example 1: Oil is purchased by the operator of the custom treater in the same month as delivered.
Example 2: Oil is purchased by the operator of the custom treater in a subsequent month then delivered.
Example 3: Oil is NOT purchased by the operator of the custom treater.

Example 4: Oil is both purchased and not purchased by the operator of the custom treater.
Example 5: Oil is purchased by the operator of the waste plant

Example 6: Oil is NOT purchased by the operator of the waste plant
Example 7: Oil is both purchased and not purchased by the operator of the waste plant.
KNOWN ISSUES AND HOW THESE WILL BE HANDLED:

The following are issues discovered with the new PURREC functionality for WPs and CTs.

- When a Waste Plant operator submit a PURREC or REC for OIL, WATER and SOLIDS in certain circumstances the subsequent auto-populated DISP for WATER at the upstream facility does not generate. This causes the upstream facility to be out of balance and could be receiving volumetric errors that relate to metering difference of water (VME0023, VME0024, VME0025, and VME0026). **ER will not penalize VME0024, VME0025 and VME0026 for production months 2019-01 to 2019-06, as fix will be implemented on June 6, 2019.**

- When a Custom Treater submits an amendment from a PURREC to REC the volume requiring split (VRS) is not removed for the pipeline split causing an pipeline split imbalance (PLS097). **ER will not penalize the pipeline split imbalance (PLS097) for production months 2019-01 to 2019-06, as fix will be implemented on June 6, 2019.**

- When a Waste Plant Operator submits an Inventory Adjustment (INVADJ) the PURREC is not included in the formula, therefore the operator is receiving a WPE0005, WPE0006, and WPE0007 relating the too INVADJ being above the tolerance. **ER will not penalize the WPE0005, WPE0006 and WPE0007 for the production months of 2019-01 to 2019-06, as fix will be implemented on June 6, 2019.**

- When a Waste Plant Operator submits both a PURREC and REC from the same facility, the VRS is not generating for the PURREC. This will cause a pipeline split imbalance (PLS097). **ER will not penalize the pipeline split imbalance (PLS097) for production months 2019-01 to 2019-06, as fix will be implemented on June 6, 2019.**

- When a Waste Plant Operator submits PURREC for oil from GP, it causes an imbalance, as the PURDISP was not included in the formula. Therefore operator of GP is receiving a VME0018. **ER will not penalize the VME0018 for production months 2019-03 to 2019-06, as fix will be implemented on June 6, 2019 (on case by case basis, since it is for the current month only)**

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