

Production Allocation Discrepancy Report

Jurisdiction	Release/Revision Date	Location of Change in this Document	Comment
AB/BC	June 5, 2024	Process – AB Only	Additional information on timing of royalty recalculation
AB/BC	November 15, 2023	Updated information throughout the document.	Please review this updated tip in its entirety.

Audience: AB and BC Natural Gas Producing and Allocating Facility Operators.

Purpose:

To remind facility operators about the purpose and use of the Production Allocation Discrepancy (PAD) report.

Process:

The Production Allocation Discrepancy (PAD) report allows AB and BC Industry operators to identify situations where residue sales gas and extracted (processed) liquids exceed the raw gas production and the discrepancy is greater or less than expected.

In Alberta only, a Petrinex generated PAD report (warning) is available to applicable facility operators the day prior to the Alberta Energy and Minerals (AEM) Allocation Reporting Deadline (approximately the 10th of each month), allowing industry to review and/or correct occurrences when the volume variance is **+20% with a quantity of at least 10.0 10³m³ between the latest amendment of volumetrics and the stream allocation for a given production month and production entity**. The day after this deadline a second Petrinex generated PAD report (final) is available to industry, and this final report is used by AEM to levy interim Crown royalty default assessments. The results of this monthly reconciliation process are communicated by AEM to industry with discrepancy reports to operators and royalty impact reports to owners identified on OAF submissions. The potential royalty impact for a given stream / production month remains on the DOE PAD report for at least six months prior to any actual royalty recalculation appearing on the Crown royalty invoice. Operators may submit amendments until a production year is statute barred as royalty recalculations related to PAD are not final assessments. Once a production month has undergone initial royalty recalculation, any new discrepancies for that month will immediately be subject to further recalculation without first appearing on the DOE PAD report. Prior period interest is applied to both the initial royalty recalculation and any subsequent amendments while a production year is open. Since 2009-01, the well-based royalty formula includes the production rate as part of the Crown royalty rate calculation. Allocating volumes higher than the volume produced could mean that the Crown royalty rate is too low. This report will be used by AEM to determine cases where a recalculation of the royalty rate may need to be undertaken.

There is a Production Allocation Discrepancy (PAD) Report – Industry Version available to Industry **in both AB and BC** that can be requested and allows Industry to determine the minimum volume discrepancy per cent.

Key Principles:

Security: The Petrinex generated PAD report and Industry version is designed for facility operators who submitted volumetrics or allocations and is restricted to users within the Business Associates (BA's) that have access to experimental facility data. Users who do not have access to experimental facilities will not be able to request or access the PAD report. Each BA must ensure they have at least one user with experimental access to access the report details.

Report format & timing: The Petrinex Generated report and Industry version is available in a CSV format only. These reports can also be requested at any time (on- request) by an operating BA who submits volumetric or allocation data and has access to experimental facilities using the Petrinex submit report request functionality. This on-request report will run during the day and is based on the previous day's submissions. A change to volumetric or allocation data will appear on the next day's PAD report.

Exemptions from AEM PAD charges: The AEM recognizes that there may be legitimate reasons for a discrepancy that cannot be corrected by amending data. Please contact the AEM Volumetric and Cost Reporting (V&CR) team for information regarding the exemption process.

For More information:

Regarding the Alberta Petrinex Generated PAD report please contact AEM Volumetric and Cost Reporting team.

V&CR Voicemail: 780-422-8727
Alberta Toll Free: 780-310-0000
Email: VCR@gov.ab.ca

Regarding the PAD report – Industry version please contact the Petrinex Business Desk.

Phone: (403) 297-6111
Toll Free: 1-800-992-1144
E-mail: petrinexsupport@petrinex.ca

View the training job aid titled "[Production Allocation Discrepancy \(PAD\) Report: Data Included and How to Use it](#)" click here or go to the Petrinex Website – Learning Centre – Training Job Aids – Production Allocation Discrepancy (PAD) Report.