



## Registry Tip

# Correcting & Avoiding Errors that result in Provisional Assessments

Release/Revision Date	Location of change in this document	Comment
January 7, 2002		Initial Release
January 13, 2003	NOTE	New section
February 12, 2004	Key Principles	Update information

**Audience:** Facility operators

**Purpose:** This Alert describes how stakeholders can correct and avoid errors that result in provisional assessments.

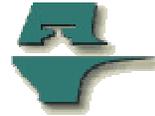
**NOTE:** If a stakeholder believes the Provisional Assessment charges on their monthly Gas Royalty Invoice are incorrect; they should contact the Gas Royalty Client Services Help Desk at (780) 427-2962.

The Department of Energy (DOE) will review, on a case-by-case basis, situations where clients believe a problem has occurred. If a charge is determined to be the result of performance/ calculation errors with the Petroleum Registry of Alberta, or calculation errors with the Mineral Revenue Information System (MRIS), the DOE will reverse the provisional assessment and the corresponding interest.

**Key Principles:** Stream and Owner Allocation Factors (SAF & OAFs) must be submitted to the Department of Energy (DOE) via the Registry in order to identify who should be charged gas and gas by-product crown royalties. When there are errors or omissions in these submissions, the DOE will provisionally assess the operator who is responsible for these errors or omissions.

**The Problem:** The following outlines the most common reasons provisional assessments (PAs) charged in the DOE Gas Royalty Invoice.

1. **Missing SAF/OAF** - Where an activity in the Registry volumetric submission is a royalty trigger, matching SAF and OAF submissions are required to define the stream and



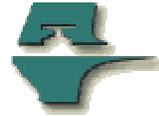
owner allocation information for royalty calculation. If the SAF or OAF is not filed or does not match the volumetric submission, the operator of the facility will be provisionally assessed.

2. **Missing SAF/OAF Cascade:** The downstream facility operator has allocated (cascaded) a portion of the total volume and energy to another facility and that facility operator did not respond in time. The upstream operator was provisionally assessed.
3. **Unallocated CSO (Common Stream Operator) Volumes:** The pipeline (PL) entered the receipt from the meter station (MS), which created the MS dispositions, but either the wrong receipts, or no receipts, were entered for the meter station. The Common Stream Operator (CSO) was provisionally assessed.

## Resolutions:

Industry operators must take the following steps to reverse the provisional assessment charges and be billed the correct Crown royalties.

1. **Missing SAF/OAF:** If a volumetric submission has been filed on the registry a matching SAF or OAF must be filed. Updated SAF/OAF discrepancies can be obtained from the Registry Ensure Complete report.
2. **Missing SAF/OAF – Cascade:** The upstream operator who has been cascaded to must submit to the Registry an SAF and OAF that exactly matches the production month, product, and activity. In addition, the upstream operator (the one who has to respond to the cascade) must also indicate the downstream operator's facility in the cascade facility field. Placing a facility ID in this field advises the Registry and DOE that a response is occurring to a cascade initially created by the operator of that cascade facility. The from/to field may match exactly, or "All" may be used. Unless these items are identified properly, the Registry and the DOE will not be able to recognize the cascade the SAF and OAF are applicable to.
3. **Unallocated CSO volumes:** It is the Common Stream Operator's responsibility to balance the meter station facility or they will be charged provisional assessments on any unbalanced volume or energy.
  - a) The CSO needs to make a volumetric submission so the meter station receipts exactly match the total volume, energy and ISC's reported by the pipeline and auto populated as the meter station's disposition. This type



of submission will be required for any and all production months where b) below has not been implemented.

- b) The Meter Station infrastructure data may be updated to allow for the autopopulating of the receipt at the meter station if there is a one to one relationship between the MS and it's connected upstream facility (i.e. a gas plant). This update eliminates the need in future months to make a monthly volumetric submission for the MS receipts.

### **Resolution Results**

Once provisional assessments have been levied, operators have until the next invoice cycle to correct them and avoid current period interest charges on the provisional assessment. Example: **October 2002 production month items must be corrected by January 15<sup>th</sup>, 2003.**

### **More information:**

Please refer to the Department of Energy's Gas Royalty Calculation Information Bulletin – October 2001 for more information regarding interest on provisional assessments.