
VIPIR News

Volumetric and Infrastructure Petroleum Information Registry

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OIL & GAS INDUSTRY GETS READY FOR VIPIR

Ross Weaver became industry readiness manager for the VIPIR project in December 2000 and his efforts are already being felt. In this issue, Ross talks about the benefits of the VIPIR project and his approach to helping the oil and gas industry achieve these benefits as soon as possible.

Why was the industry readiness manager position created for the VIPIR project?

There are two answers. First, since VIPIR is a joint initiative of the Alberta government and the oil and gas industry, it makes sense to have both ministry and industry representatives actively involved in the final design and quality testing of the system. This will help to ensure that VIPIR delivers the promised benefits.

Second, this is a project that will change the way industry communicates with government and other industry partners. Industry needs to be ready for that change...and that is a key responsibility of the industry readiness team.

Why did you choose to become involved with VIPIR?

I enjoy being part of the solution to big, complex issues. VIPIR is an exciting initiative dealing with the streamlining of information transfer between stakeholders in the oil patch and the Resource Development Ministry. I was excited to learn that VIPIR is a cooperative venture between industry and government, that it's been thoroughly researched, and has a vision of outstandingly effective information management for the oil and gas industry.

I've seen lots of cases where industry and government systems perform well in a given functional area, but don't "talk" well to other functional areas or between stakeholders. VIPIR's central registry approach is a big step towards bringing those systems together to eliminate duplication and reconciliation. Access to the registry through the Internet is also a real plus.

What are the responsibilities of the industry readiness team?

The industry readiness team will contribute to **VIPIR readiness** by participating in the final design, quality assurance and testing of the project. We will contribute to **industry readiness** through 5 functions:

Communications: We will ensure that industry is aware of VIPIR. Stakeholders will be kept informed about how they will be affected and the steps they need to take to prepare for implementation.

Training: VIPIR has just hired Dan Magnan, a recognized training expert to oversee industry and Ministry training. We will work closely with Dan to assess training needs and develop and deliver training programs to industry.

Industry Readiness Monitoring: From now to production implementation, our team will monitor industry's readiness for VIPIR, both quantitatively and qualitatively. We'll use this information to tailor our communications and training approach.

Change Management: Change is a constant in our industry, so we want to facilitate an efficient and effective transition that will help companies achieve the benefits of VIPIR as soon as possible. We'll try to be mindful of smaller producers all over Alberta that may not have many resources available.

Risk Management: Just about every major undertaking has risks and VIPIR is no exception. We all have a role in identifying those risks and in developing strategies to help mitigate them.

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How will industry and government benefit from the VIPIR project?

A lot of work has gone into assessing the potential benefits of VIPIR. Here's what the business case analysis came up with:

- In return for its investment in systems development and training, the oil and gas industry will realize administrative and revenue benefits of about \$19 million annually.

VIPIR will integrate and eventually eliminate dual reporting of volumetric and infrastructure information to the Department of Resource Development and the Alberta Energy and Utilities Board (AEUB). The administrative savings for industry to not have to report to two organizations will be about \$12 million a year to industry.

VIPIR will help industry minimize incorrect and incomplete reporting, resulting in another savings of about \$7 million a year in royalty overpayments and penalties.

- Industry will benefit from being able to share data with its business partners, in addition to meeting Ministry reporting requirements.
- The Alberta oil and gas industry will be more competitive in the global marketplace.
- The Ministry of Resource Development will realize administrative benefits of approximately \$2.5 million annually.

A key, but less quantifiable, benefit for me is the potential for this first phase of VIPIR to provide a platform of experience and infrastructure for future industry-to-government and industry-to-industry applications that will benefit all stakeholders.

What will implementation involve?

The industry and government business and systems team are translating the **what** of VIPIR (detailed VIPIR requirements) into the **how** of VIPIR (detailed business system design).

Business system design (BSD) is a key phase. Out of it will come detailed design, cost and time estimates. We are looking for BSD to be complete in early March. After that, we will provide industry with detailed information on implementation timing, systems specs and training.

How is the industry readiness team funded?

The industry readiness team operates under the auspices of the Canadian Association of Petroleum Producers (CAPP) and the Small Explorers and

Producers Association of Canada (SEPAC). The team is funded primarily through the Broad Industry Initiatives program (BII) for major initiatives that benefit a cross-section of industry. Funds are administered by CAPP and SEPAC and are generated through a levy on Alberta oil and gas wells. Another initiative funded by BII was recent advertising that you may have seen on TV under CAPP and SEPAC banners.

Who else is working with you on the industry readiness team?

The team today consists of Ann Hagedorn, Joanne Quirk-Williams, Darrell Skoryeko, and Gary Fiselier. They were all involved in Business Area Analysis and bring a lot of experience to the project. We are currently looking for an additional senior production/royalty accountant for the team, and will add more staff later in the year.

How should industry go about contacting you?

I anticipate that most companies will want to wait until the BSD phase is complete in March before contacting us. At that time, we will verify the implementation date for VIPIR, based on the outcome of the business system design and communicate our plans for training and change management.

In the meantime, we welcome comments, and especially offers to participate in efforts to fine-tune the design of VIPIR, such as the reporting calendar committee and the pipeline review (see p.3). You can get in touch with us by e-mail through the VIPIR Project Office at VIPIR.resdev@gov.ab.ca or (780) 415-6116. Parties will be directed to those who can best respond to the specific query.

EUB DATA CLEAN-UP

The EUB is cleaning up the data on its Production Injection and Disposition (PID) and the Basic Well Data (BWD) systems, so that the information contained on these systems will be ready for loading onto the VIPIR registry.

The Board has set up a team to carry out the cleanup, targeted for completion by October 2001.

"While some of these changes can be made internally, we'll also need to contact some oil and gas operators about data we have received from them," indicated Richard Gowan who will be the liaison with industry on the clean-up. "The EUB appreciates industry's assistance in helping us get ready for VIPIR."

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Any questions about the clean-up may be directed to Richard at (403) 297-8958, or Michele Kelly, the team leader/coordinator, at (403) 297-2596.

VIPIR CONTACTING PIPELINE COMPANIES

Oil and gas pipelines companies can expect to hear from the VIPIR project team in January-February 2001 as part of the business system design of the registry. The project team needs to verify some of the data elements for pipeline business processes that were identified during Business Area Analysis (BAA) and will be included in the registry. These include the activities of receipt, disposition, fuel and flare, etc. that make up volumetric reporting at pipelines. They are all current EUB filing requirements.

The VIPIR registry will also report pipeline split information from industry to industry. Pipeline splits are the volumetric totals of oil, gas or liquids that are measured at receipt points on the pipeline and allocated [split] between owners and shippers, based on industry agreements.

Most of the analysis and confirmation work will involve pipeline split reporting, as this is not ministry-regulated, and there is no standardized way of reporting between one pipeline company and another. Any pipeline representative interested in being part of this process should call Ann Hagedorn at (403) 297-8651 or by e-mail at ann.hagedorn@gov.ab.ca

REPORTING CALENDAR INTEGRATES DIFFERENT FILING DEADLINES

An important benefit of the registry is the simplified reporting that will result from the Registry Reporting Calendar. Currently, industry must coordinate different filing calendars and deadlines from various parties, i.e. TransCanada Pipelines, Alberta Petroleum Marketing Commission, the EUB, etc. The proposed registry calendar will integrate these deadlines into a single reporting tool, based on current deadlines.

Combining these reporting calendars will involve some minor shifting of dates. The project team is putting together a committee to review the proposed reporting calendar and ensure that the outcome is fair for all affected parties. Those interested in participating should contact Ann Hagedorn at (403) 297-8651 or by e-mail at ann.hagedorn@gov.ab.ca.

VIPIR NEEDS PRODUCTION ACCOUNTANTS

Production/royalty accounting specialists are required immediately to be part of the VIPIR industry readiness team. These Calgary-based positions are funded by the oil and gas industry through the Canadian Association of Petroleum Producers (CAPP) and Small Explorers and Producers Association of Canada (SEPAC) Broad Industry Initiatives (BII) program.

Job descriptions and application instructions are available from the VIPIR Project Office at VIPIR.resdev@gov.ab.ca or (780) 415-6116. Interested parties should submit applications by February 9, 2001.

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