



# The Petroleum Registry of Alberta

*Energizing the flow of information*

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## WHAT IS CHANGING?

The Petroleum Registry of Alberta (formerly VIPIR) will impact virtually every oil and gas company in this province. A significant amount of change is in store for industry with a new way of doing business when the Registry is implemented in October 2002. Listed below are five areas that will see Registry related change.

### Changes to Existing Industry-to-Government Reporting

The majority of industry reporting to and from the DOE (for royalty-related information), and the EUB (volumetric and infrastructure reporting), will take place through the Registry. Royalty invoicing will take place via the Internet. And among other changes, form-based reporting (S-Reports, OAS reports, APMC 120, 121 etc.) will cease to exist. These will be replaced by a variety of new, re-engineered processes that will be accomplished through the Registry.

### New EUB and DOE "Rule Changes"

A number of important DOE and EUB "rule changes" will be implemented concurrent with the introduction of the new Registry. Implementation of the government's new NGL policy, EUB fuel and flare reporting, and new compliance enforcement processes are all examples of changes that will become effective with the Registry. Producers should familiarize themselves with these changes to assure they are ready and in compliance.

### Industry-to-Industry Processes

In addition to the mandatory/regulated reporting that

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## REGISTRY DETAILS

The best source to find details about the Registry is on the Registry web site, which has been revamped to focus on what industry must do to get ready for implementation. The best areas to find details are in Frequently Asked Questions (FAQs) and the *Change Leader* handbook.

Both these areas are considered "living documents". They will change, and be adjusted, as industry offers its input on what it needs to successfully implement the Registry. FAQs address stakeholder questions about the Registry. The *Change Leader* handbook is a guide that maps out the areas operators need to address, and plan for, to successfully take advantage of the Registry.

Another tool for establishing a two-way flow of information with industry are two dedicated phone lines. These have been set up for stakeholder questions and comments. For those in Calgary, call 297-6111. Other locations can use the toll-free line at 1-800-992-1144. Question and answers from these calls will be posted as FAQs on the web site as soon as possible.

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must be done in the Registry, there are also a number of key functions for purely “industry-to-industry” purposes. These include: effective mechanisms to facilitate pipeline split processes and partner reporting (which will eliminate existing paper processes).

### New Access to Information

More than an effective tool for data submission, the Registry contains effective processes to access information. Access to definitive, shared data will be available through the Registry's query and report functionality. Registry users can access this information, subject to authorization and confidentiality considerations. Reports can be viewed, printed, and downloaded electronically.

### Data Management

In order to achieve the benefits of the Registry, your organization will need to consider significant changes in the method and frequency of submitting data to regulatory and industry partners.

For a more detailed look at the impact of the Registry, check out the *Change Leader Handbook* on the Registry web site at [www.petroleumregistry.gov.ab.ca](http://www.petroleumregistry.gov.ab.ca)

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## SPECS RELEASED TO INDUSTRY

The Registry team met its stated goal in October by releasing software development specifications to industry. The specifications are required by software vendors, pipelines, and some operators to modify their software to meet the reporting requirements of the Registry. The first release of specifications took place October 9<sup>th</sup> during a meeting with representatives of eight software vendors and two producer companies. Additional specifications were released on October 24<sup>th</sup>.

Specifications delivered included the batch interface designs for the following business functionality:

- Volumetric submissions
- Allocations (Stream and Owner allocation factors)
- Pipeline splits
- Well status
- Non-operator data retrieval.

By the end of November, the Registry will follow up with the vendors to confirm their development plans and schedules. A similar meeting is set for November with pipeline companies.

## LAUNCH A SUCCESS

October saw a major push to ensure that all stakeholders are part of a two-way flow of communication leading towards implementation of the Petroleum Registry of Alberta. Roughly 500 production accountants were present when the project's new name and logo were unveiled to industry, during CAPPA's 40<sup>th</sup> anniversary conference.

Many of this group also took part in an hour-long presentation on the need of industry to be aware of, and get ready for, implementation of the Registry. All members of the Industry Readiness Team attended the conference, which allowed participants time and opportunity to ask more detailed questions about the direction and impact the Registry will have on industry. Other items distributed to industry during the month were the revamped, more detail-oriented newsletter, an information brochure, and an executive letter. The letter was designed to inform the executive level of industry of the new name and look of the Registry and stress the importance that a person (a *Change Leader*) be appointed in each company to plan for implementation.

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## MINISTRY PRESENTS TO STAFF

The Registry's new name and logo was also unveiled during October in Edmonton and Calgary to Department of Energy and EUB staff at a series of “Knowledge of Business” sessions.

The presentations, hosted by Ministry Readiness Manager John Finlaison, were an opportunity for Ministry staff to learn details about the project's status and how the Registry will affect their business processes in the future. Over three different days, roughly 200 people attended the sessions and were encouraged to ask questions about the Registry's impact on the Ministry and industry. The answers to these questions will be listed in the FAQ section of the Registry web site as soon as possible.

The presentations provided a clear overview of the history of the project, its roll out date, and how industry and government stakeholders will use the Registry. It then went on to describe in greater detail how the Registry will impact specific department internal applications. A brief look at the overall plan for training within the department and industry wrapped up the presentations.

Additional “Knowledge of Information” sessions will take place over the life of the project to ensure Ministry staff are prepared for implementation of the Registry.

## DETAILS – con't from page 1

One of the most successful information/detail tools used by the Registry is presentations. A number of these have been posted on the web site. These presentations give stakeholders an opportunity to learn more about the project and to pose questions to those who are involved with building the Registry. Companies and associations are invited to contact the Registry offices to arrange for a presentation to their group. To set up such a meeting, please use the numbers listed above.

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### NGL ROYALTY POLICY UPDATE

*(“NGLs” will be implemented concurrently with the Registry in October 2002. The following update was provided by the Department of Energy.)*

In December 1999, Alberta's Resource Development Minister announced a new NGL Royalty Policy. Over the past two years an NGL Advisory Committee has been working on development of an appropriate model for implementation of this NGL policy. The information requirements for the new policy will be implemented concurrent with implementation of the Registry in October 2002.

The policy includes 6 key points:

1. A distinct royalty for recovered ethane
2. Recognition of NGL components in residue gas for royalty purposes
3. Calculation of royalty on NGL volumes recovered at points downstream from field plants
4. Recognition of costs for downstream extraction
5. Adjustment of royalty rates:
  - a. Royalty neutrality
  - b. Appropriateness of existing rates for NGLs and consequential changes to gas royalties
6. Adjustment of existing cost allowed for gas and NGLs

The first item, a distinct royalty for recovered ethane, was put into regulation in early 2000.

A model has now been developed and approved by the NGL Royalty Advisory Committee (comprised of representatives from government and industry stakeholders groups) for implementation of the policy and covers the remaining items. Further work to fine-tune the royalty rates is still required and will be completed before implementation of the Registry. The model is based on netback pricing of in-stream components, and therefore implicitly includes real downstream value and costs.

The implementation model is based on actual gas and NGL component pricing, tolling, and physical

flow. The administration of the calculations will primarily be done by the Department of Energy, with producers having to change their systems only to obtain additional information. Most additional reporting will come from the main pipeline system operators. Some further reporting of gas content will be required from producers who sell raw gas, sell large volumes without going through a main pipeline system, inject gas, and from the common stream operator, in cases where the pipeline meter receives gas from more than one facility. Potentially some additional clarification of gas price reporting will be required from some large volume end users. The model will be implemented with the Registry and will be making use of Registry methods for information collection and validation.

#### **The NGL model – Plant gate residue gas stream products and pricing**

For each plant gate in the province, the Department of Energy will be determining the components of the residue gas stream or streams on a monthly basis using pipeline information. The royalty rate appropriate for each component (the same rate as applied to the extracted NGL) will be calculated for that component.

Similarly, the price for each in-stream component will be determined. Using this information two weighted average royalty rates and prices will be determined for the residue gas stream for the plant gate (one for old gas and components and one for new gas and components). These rates and prices will replace the current old and new royalty rates and reference price.

Any change in overall royalty rate at a plant automatically adjusts the costs allowed at that plant for processing.

Prices will be developed for each in-stream component using similar reporting, information and methods as for today's gas reference price.

The price will reflect the actual provincial average value of each in-stream component including pricing for components delivered outside of Alberta (at heating value), shrinkage uplifts paid for components in Alberta, and appropriate tolling calculations on all pipelines.

Work will be continuing over the winter to finalize appropriate royalty rates that will ensure appropriateness and will achieve general royalty neutrality.

For more information on NGLs, please contact Donn Ampleford, Department of Energy, at (780) 415-0449.