

Transportation Allowance Rate Calculations for APMC Royalty Volumes

Jurisdiction	Release/Revision Date	Location of Change in this Document	Comment
AB	December 1, 2023		Initial Release

Audience: Alberta crude oil producers who deliver APMC royalty volumes to Alberta, and approved Saskatchewan, or British Columbia facilities. . For a listing of approved SK and BC facilities see Tip [“Reporting APMC Volumes at Out-of-Province Facilities”](#).

Purpose: To inform Alberta producers and battery operators how to properly calculate the trucking rate used when claiming an allowance for the transportation of Crown oil to a custody transfer point (i.e., battery (BT), Terminal (TM), Cleaning Terminal (CT)).

Calculating a Trucking Allowance Rate

The transportation rate is expressed as a unit cost in \$/m³ and is calculated by dividing the sum of eligible cost components by the volume of oil delivered (total of Crown royalty and lessee volumes) in the month. The unit cost of trucking Crown royalty oil is equal to the *eligible* unit cost of trucking the lessee’s share.

The following documents and inputs are required to calculate and verify unit costs per \$/m³:

- Trucking invoices and tickets for the *total volume* (crown and company production) transported from the battery to a receipt point for the delivery month; and
- Producer Activity Report, or similar report, indicating:
 - Total volume received at facility on Producer Activity Report (volume should match the Oil Disposition volume reported in Petrinex) and;
 - Basic Sediment and Water content per truckload as a percentage (only BSW ≤ 0.5% is eligible for claim).

Non-Arm’s Length Calculations

Trucking costs incurred on a non-arm’s length (a purchase transaction in which the buyer and seller have a relationship or business affiliation) basis cannot exceed trucking rates available from the lowest cost competitive source as documented by competitive bids. Applications and/or inquiries may be made via email to Valuation@apmc.ca as they are reviewed and approved on a case-by-case basis.

Sample 1: Varying Rates and Billable Hours

In delivery month September 2023, Battery A delivered 2,500m³ (as per Petrinex volumetric reporting) of crude oil to Terminal B of which 625m³ was the crown royalty share. In the first half of September 1,250m³ was transported under a fixed rate contract of \$16.85/m³. There were 50 billable hours in travel and wait times at a rate of \$100/hr for this volume. The second half of September saw 1,250m³ transported under a fixed rate contract of \$21.15/m³ with 40 billable hours in travel and wait times at a rate of \$120/hr. Assume all oil delivered meets pipeline specification.

First half of September: 1,250m³ x \$16.85/m³ = \$21,062.50

Billable hours: 50 x \$100/hr = \$5,000.00

First half total cost: \$21,062.50 + \$5,000.00 = \$26,062.50

Second half of September: 1,250m³ x \$21.15/m³ = \$26,437.50

Billable hours: 40 x \$120/hr = \$4,800.00

Second half total cost: \$26,437.50 + \$4,800.00 = \$31,237.50

Total cost for month: \$26,062.50 + \$31,237.50 = \$57,300.00

Total cost divided by total volume trucked for September:

\$57,300.00 ÷ 2,500m³ = \$22.92/m³

Total September trucking claim: \$22.92 x 625m³ = \$14,325.00

Sample 2: Eligible and Ineligible Associated Costs

There are conditions under which the transportation of Crown royalty oil must meet to be eligible for trucking allowance claims. Please refer to the [Petroleum Marketing Regulation Guidelines](#) for further details.

In delivery month October 2023, battery A delivered 1,875m³ of crude oil to terminal B where 500m³ was the crown royalty share. In October, the entire volume was transported under a fixed rate contract of \$21.15/m³. There were 45 billable hours in travel and wait times at a rate of \$100/hr for this volume. This month, however, 250m³ of the oil delivered (and 15 of the hours charged) from battery A to terminal B did not meet the BSW requirement of ≤ 0.5% per truckload. The costs associated with these deliveries cannot be used in the calculation of the trucking rate. The rate should be calculated as such:

October cost (eligible): 1,875m³ - 250m³ = 1,625m³

1,625m³ x \$21.15/m³ = \$34,368.75

Billable hours: 45 - 15 = 30

30 x \$100/hr = \$3,000.00

Total cost for month: \$34,368.75 + \$3,000.00 = \$37,368.75

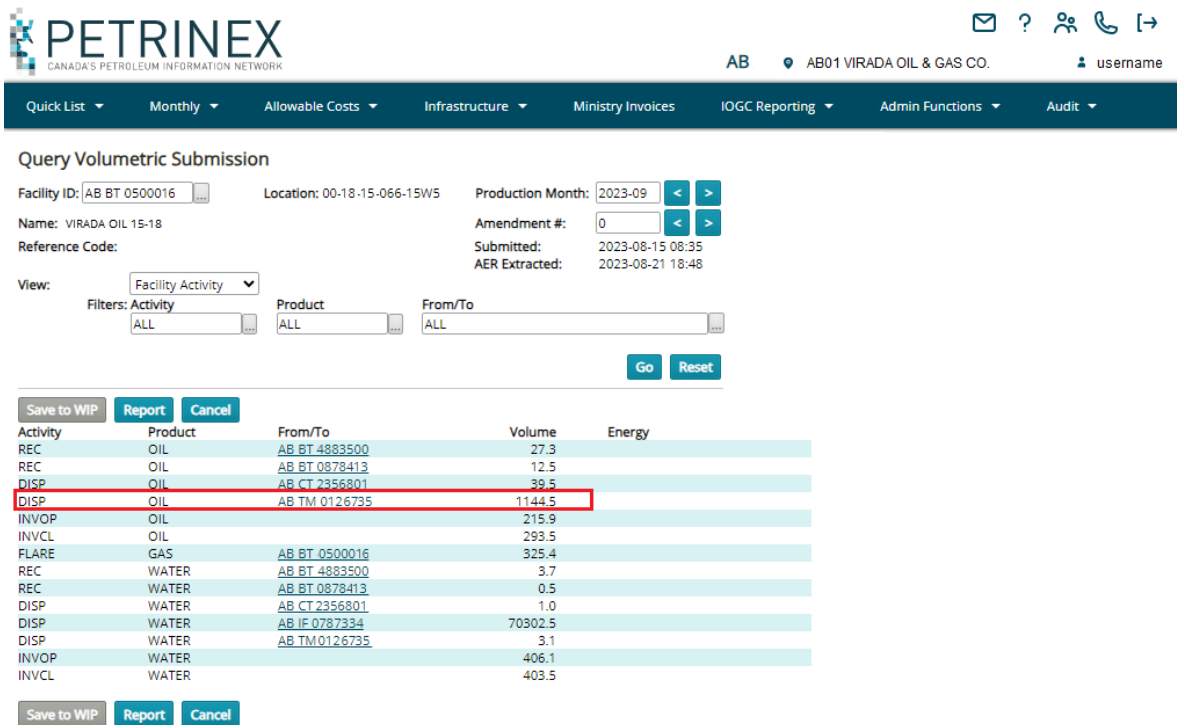
Total eligible cost divided by total volume trucked for October:

\$37,368.75 ÷ 1,875m³ (entire volume reported to Petrinex) = \$19.93/m³

Total September trucking claim: \$19.93 x 500m³ = \$9,965.00

Note: To find the total disposed volume trucked for a specific delivery path log into Petrinex.

- Go to **Monthly tab > Volumetric > select Query Volumetric Submission** and search by Facility ID and Production Month.



Query Volumetric Submission

Facility ID: Location: 00-18-15-066-15W5 Production Month:

Name: VIRADA OIL 15-18 Amendment #:

Reference Code: Submitted: 2023-08-15 08:35 AER Extracted: 2023-08-21 18:48

View: Filters: Activity Product From/To

Activity	Product	From/To	Volume	Energy
REC	OIL	AB BT 4883500	27.3	
REC	OIL	AB BT 0878413	12.5	
DISP	OIL	AB CT 2356801	39.5	
DISP	OIL	AB TM 0126735	1144.5	
INVOP	OIL		215.9	
INVCL	OIL		293.5	
FLARE	GAS	AB BT 0500016	325.4	
REC	WATER	AB BT 4883500	3.7	
REC	WATER	AB BT 0878413	0.5	
DISP	WATER	AB CT 2356801	1.0	
DISP	WATER	AB IF 0787334	70302.5	
DISP	WATER	AB TM 0126735	3.1	
INVOP	WATER		406.1	
INVCL	WATER		403.5	

This screenshot shows the BT disposed 1144.5m³ to ABTM0126735 in 2023-09. The reported disposed volume includes both crown and the company's own production. The number reported here should always serve as the denominator in any trucking rate calculations for the month.

Sample 3: Multiple Allowance Costs

The following is a suggested template and producers/operators are free to create their own as long as the methodology is compliant with what's been described here.

Total Rebate Calculated:			
Total Trucking costs for month:			
a) Trucking Charges per Volume	<i>Invoice #22617</i>	<i>Invoice #22645</i>	
Total volume trucked (uninterrupted delivery)	395.00	825.00	
Multiplied by Truck rate (\$) per invoice	\$ 25.00	\$ 25.00	
	\$ 9,875.00	\$ 20,625.00	\$ 30,500.00
b) Trucking Charges per Hour (Wait-time)			
Total hours billed	17.0	14.0	
Rate per hour	\$125.00	\$125.00	
	\$ 2,125.00	\$ 1,750.00	\$ 3,875.00
c) Chains			
		4.0	
		\$125.00	
		\$ 500.00	\$ 500.00
d) Fuel surcharges	\$ 9,875.00	\$ 20,625.00	
	0.21	0.21	
	\$ 2,073.75	\$ 4,331.25	\$ 6,405.00
e) Terminalling charges	\$ 685.00	\$ 645.00	\$ 1,330.00
Total Trucking Charges			42,610.00
Total Petrinex Volumes Delivered			1,289.00
Calculated Trucking Rate			\$ 33.06
APMC Volume delivered		x	179.00
Expected Rebate			\$ 5,917.14

FAQs:

- **Who do I contact for help with a transportation question or calculation?**
 - Please email Valuation@apmc.ca or Chris.Kirby@apmc.ca
- **What information do I need to provide as a first-time reporter?**
 - Please provide a copy of Producer Activity Report, and applicable trucking invoices, if possible.
- **Is there a claim deadline for trucking claims?**
 - All claims, including amended claims for reimbursement of transportation allowances must be submitted by the end of the *second year* following the year in which the delivery occurred.
- **Is GST included in my calculation?**
 - No. GST is *not* eligible and *cannot* be claimed in the trucking allowance.
- **Can I submit an estimated truck rate?**
 - No. Trucking allowance claim disbursement is based on actual trucking costs and not estimates.

- **What if I need to change or redirect a delivery path?**
 - Producers are required to obtain **prior approval** from the APMC when changing or redirecting delivery paths as per the [Petroleum Marketing Regulation Guidelines](#). Please email Valuation@apmc.ca for further discussion.

- **Do I get a rebate for oil delivered to an Alberta Cleaning Terminal (CT)?**
 - Oil must be $\leq 0.5\%$ BSW to be eligible for rebate at the CT and be accompanied by a *Producer Activity Report*.

- **Which transportation costs am I allowed to include in the rate calculation?**
 - Typical costs billed include travel/wait time billed by the hour, chains, terminalling fees, and fuel surcharges provided they are direct costs of transporting oil from the BT to the delivery point. APMC has the final determination on eligible costs for trucking allowance claims.

- **If a battery delivers to another battery, then to a terminal am I eligible to claim trucking costs on both legs of the delivery?**
 - No, you can only claim the trucking cost on the final leg. The second BT serves as an interruption in the delivery process and transportation costs prior to that point are ineligible as per the [Petroleum Marketing Regulation Guidelines](#).

- **When can I expect to be paid after submitting a trucking allowance claim?**
 - Please refer to the [Petroleum Industry Reporting Calendar](#). Under normal circumstances, if your claim is extracted from Petrinex *prior* to the invoice deadline you can expect payment by the payment deadline.

PETROLEUM INDUSTRY REPORTING CALENDAR – JANUARY 2024 THROUGH DECEMBER 2024

	TRUNK/FEEDER PIPELINE TO OPERATOR AND TRUNKLINE TO FEEDER PIPELINE	OPERATOR TO FEEDER PIPELINE	OPERATOR TO TRUNKLINE PIPELINE	FEEDER PIPELINE TO TRUNKLINE PIPELINE	OPERATOR TO APMC	PIPELINE TO SHIPPER	SHIPPER TO BUYER	
PRODUCTION MONTH	PIPELINE RECEIPTS BY FIELD BATTERY	PIPELINE RECEIPTS SPLIT BY SHIPPER	PIPELINE RECEIPTS SPLIT BY SHIPPER	TRANSFERS	ROYALTY VOLUME SPLIT AND TRANSPORTATION ALLOWANCE	SHIPPER'S BALANCES	INVOICES	PAYMENTS
JANUARY	February 6	February 12	February 13 Noon	February 13	February 13 9 pm	February 16	February 21	February 26
FEBRUARY	March 5	March 11	March 12 Noon	March 12	March 12 9 pm	March 15	March 20	March 25



TIP

- **Why is my payment held?**
 - If an operator doesn't respond to an APMC inquiry and provide the requested supporting documents, the APMC may place the claim on hold and suspend all future payments until receipt and verification of the documents is complete. There may be other reasons for your payment to be held. Please contact Valuation@apmc.ca.
- **Why is my company audited?**
 - Trucking claims are periodically selected for audit verification to ensure the accuracy of submitted rates. If discrepancies are discovered, the operator is required to correct the submission in Petrinex. While an audit is in progress, payments from the selected battery are held pending resolution of the audit.

Trucking allowance-related inquiries can be directed to Valuation@apmc.ca

More information:

Please contact the Petrinex Business Desk.

Phone: 403-297-6111

Toll Free: 1-800-992-1144

E-mail: petrinexsupport@petrinex.ca