



February 13, 2008

INFORMATION LETTER #OGC 08-05

**Subject: Gas Processing Plant & Cross Border Production Facility Application Requirement Clarification – Production Accounting Model**

**To: Industry Clients**

**Regarding the OGAA Implementation:** All necessary regulations, documents and background information on OGAA can be found at [www.ogc.gov.bc.ca/OGAA/](http://www.ogc.gov.bc.ca/OGAA/)

For any questions pertaining to the status of this document, please contact the Commission representative listed below.

**Background:**

Since October 2006, the Oil and Gas Commission (OGC) has required the submission of the production accounting model with detailed volumetric and allocation data for all cross border production facility and gas processing plant applications.

This Information Letter formalizes this requirement.

*NOTE: Production accounting allocation model reviews are performed in conjunction with the Ministry of Small Business and Revenue; Mineral, Oil & Gas Revenue Branch, Validations / Audit section.*

**Requirement:**

As of February 25, 2008, when a BC 20 Production Facility application is submitted, the OGC will also require a production accounting model with detailed volumetric and allocation data. This requirement applies only to applications for cross border production facilities or gas processing plants. This information will be included in the application review process, and the final cross border production facility or gas processing plant decision will consider the production accounting model submission.

The data submission will emulate monthly cycle volumetrics including reporting forms (i.e. S1, S2, Form 16, 17) as well as monthly cycle allocation reports used for Crown royalty determination purposes. The production accounting model should represent the process flow for the production facility or gas processing plant under application. The model can use real or mock data; however, the production accounting data must be processed in the accounting environment employed for the cross border production facility or gas processing plant upon commencing operations.

The OGC may waive portions of the production accounting model requirements for those cross border production facilities or gas processing plants which have been previously reviewed by the OGC and for which the current application will not alter or affect the production accounting model.

Each cross border production facility or gas processing plant production accounting system will be applicant-specific. However, there are common model elements across all

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systems. The following represents typical information that may be submitted in order to meet production accounting model requirements:

- Processing facility or gas processing plant Process Flow Diagram / Meter Schematic.
- Gathering Schematic.
- Raw well volumes.
- Processing facility or gas processing plant volumes.
- Gas and / or liquid analysis used in the production accounting system (production facility or gas processing plant and / or field).
- Volume estimation methods (if estimates involved).
- Gas / Liquid recombination worksheets.
- Production accounting worksheets used to complete S1, S2 reports.
- S1, S2, and / or Form 16 and Form 17 reports.
- Production accounting allocation worksheets used for allocation purposes.
- Working papers used in conjunction with the production accounting system (i.e.: 3<sup>rd</sup> party residue sales reports and 3<sup>rd</sup> party fluid analysis reports).
- Reports from production accounting system for each well in model for S1 or S2 reporting purposes.
- Reports from production accounting system for each well in model for allocation (royalty purposes).
- Assumptions made or used in conjunction with the production accounting model (i.e. gas has multiple processing options however production accounting model reflects only one of the processing options).
- Screen captures from the production accounting system for audit trail purposes.

If you have any questions regarding the above, please contact:

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***Original signed by:***

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