

IMG EPAP Subcommittee Agenda

May 1st 2019

Attendees: Chair - Duane Kimball, Linda Pruden, Justin Dolan, Mark Flynn, Brad Christensen, Osama K. Barahim, Pascal Bonnet, Kara Vance, Gary Fiselier, Berni Brunch

Objective: TO PROVIDE INPUT TO THE REGULATOR IN ORDER TO STREAMLINE INDUSTRY WORK PROCESSES & CONTROLS FOR EPAP WHILE NOT COMPROMISING ACCURACY ASSOCIATED WITH ROYALTY DETERMINATION

Agenda:

1. Review Previous agenda
2. Review New Ideas
3. Review Topics
4. Summary and action handout

Discussion/Minutes: (New writing in Blue)

3. New Ideas/ Background

- Combining CAI Subcommittee with this one. - Justin
 - Bring up the enforcement or necessity?
 - False Positives?
 - Deal with the errors
 - Which Workflow provide benefits
 - Questioning Zero?
 - With respect to Operator objectives on material value priorities
 - Provide Training for material impacts with royalty impacts
 - FOIP?
 - 30 day timelines?
 - **Hesitations to this idea:** Who is in this group? Will our group get bigger or are we taking on their work? Can we add members that focus on this topic?
 - Justin to answer
 - NTR> Justin to manage a formal request
- Combine Declarations (AB,SK,BC in future)... - Jonathan
 - Operator provides one declaration for all provinces within EPAP
 - Likely hood of Regulators buying in – slim

➤ Subtype Review- Pascal

- Providing the AER/ER with subtype Changes
 - Heavy Oil, 622 without request, etc.
 - Fits into a D017 update discussion
 - Made it Topic 6 of our agenda
 - Do not need a license, however, Operator has to request it. AER provided the 622 subtype
 - Limits are different
 - Action> Pascal/Linda – To provide a write-up to work off of.

➤ Every other year: - Duane (Jonathans original)

- Debunked from the AER's perspective. However, Operators have the ability to choose to review themes/subtypes as these deem fit.
- Rehashed into Topic 7 of our agenda.
 - The push would be to make it a win-win for industry and Regulator based on resourcing and quality.
 - Make it biennial by default
 - Action> DK, Pascal and Osama to discuss the formal request.

4. 5 main topics as per previous vote

Topic 1. Consolidation of themes/ review and/or update of NCE's to be reflective of D-017

- Remove Fuel CAI
- Which Ones to Consolidate?
 - Theme 1 – Control issues, possible include Schematics in it.
 - 2 and 3 combined
 - 4- Good
 - Combine 5 and 6
 - 7 and 8 together
 - Theme 9 – absorbed into 8??
 - 10 – FFV
 - 11 STAYS
 - 12 and 13 combined in 12 and 8
 - Theme 14 Stays

Summary: 9 themes that better suit the EPAP Objectives.

Driver: Review for NTE to match Theme closer. Duplication, efficiency, redundancy, effort.

Actions:

Brad - review NCE to New theme matches to ensure nothing is missed

DK - Compile these Themes. This includes changing descriptions

Justin – Keep Shelley in the loop

Great work by Brad and Kara to determine the new Themes and NCE's associated with them.

Do we send these now to get a sense of acceptability from the Regulator?

Parked until Regulator review.

Topic 2.

Declaration process – The EPAP declaration process has raised the level of measurement concerns to a level that is unprecedented in our history. CEO's and senior executives of companies are even more aware of the need for accurate measurement and reporting. Measurement priorities have taken on a more important role in all companies' operations across Alberta and Saskatchewan. However, with the high likelihood of the rejection of the declaration for most operators, the EPAP process and measurement integrity process is losing the credibility it has gained. The executive/CEO are usually concerned and dismayed that the company's declaration is rejected. The repeat appointments to re-sign a declaration due to administrative errors or information missing (common are wording in explanations, facility subtypes missing) occupy the CEO's time. The process loses importance with every repeated signature meeting in a year.

Deleted: facility count error,

The committee believes that the practice of the Regulator rejecting a producer's declaration at all, is problematic. The AER has no grounds to reject a declaration of measurement fitness of a company if the CEO/company officer has signed off on it. This is the operator's information and results, rejecting it outright should not be allowed.

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The current practice is for Petrinex or the Regulator to reject a declaration due to administrative details that are not correct. The committee requests that declaration is accepted as is and any administrative or procedural errors be corrected through the existing Workflow process.

Deleted: AER

Suggested solutions:

- a. Redefine the process to submit without signatures. The Regulator can raise administrative errors or information gaps and accept/reject the declaration. The EPAP stakeholder then fixes those errors before the CEO/Executive sign the declaration. *AND/OR*
- b. Accept the signed off declaration as is. Add a line to the declaration that the signatory is aware that administrative changes can be made after the sign off. The Regulator then provides Workflows to fix administrative errors. E.g. subtypes missing. *AND*

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Deleted: Facility count

- c. The Regulator must provide standardized wording for the operator to use in common explanations of not applicable sub-types in themes.

Deleted: AER/ Petrinex

Drivers for this: Standardization of the demand. Credibility of the Measurement Team involved, and the Declaration itself.

Action:

Maureen - to provide a second look at the wording on this action and objective.

Great write up by Maureen. Reviewed with team. Only minor tweaks as message is clear.

DK> To send to Maureen and to team to finalize this topic and Park until submission.

On point c. Regulator/ Petrinex to create a Dropdown menu in a "Reason Code" Column. This would be where any N/A facilities would answer "WHY" it's Not Applicable. Another suggestion is to Allow Operators to add in free comments in the "Comments" Section

Topic 3. Update Operator Handbook

- It's out of date
- Make the SK Small Operator Handbook the Operator Handbook and leave it at that.

Message to Regulator (AER): The Current handbook is out of date with current regulations and should be rescinded and updated. The option we suggest is to utilize the ER Operator handbook.

Topic 4. Clarity on frequency of evaluation of facilities

- AER States it is a recommendation to perform on all subtypes
- Would potentially get a strict guideline from AER
- Operators don't want a workflow from their decision to not perform controls
- Could be an update to the handbook
- Operators primarily use a risk based approach (Ex. Boe/day, Royalty impact, third party) to completing EPAP and facilities, not on Subtypes.
- We may never get to some low ranked facilities for a formal review
- Do not agree that every facility should be looked at frequently.
- Potential Message: Handbook states that every Facility has the opportunity to be evaluated. We want to eliminate workflows associated with not performing controls on subtypes year over year.

Topic 5. What is the AER criteria for evaluation of a submission-remarks clarity-specifics

- Will be answered as part of Topic 2. Can be Handled with the update in the Handbook.
- DK> To be formally removed as a topic.

5. Summary and Action handout

A lot of great discussion. Very passionate and insightful. [Still true](#)

Our list now includes 5 topics with the addition of the CAI Subcommittee Workload and topic 5 is amalgamated into Topic 2

Monthly meetings to conclude this committee's requirements by the September IMG meeting.

The focused Objective is to provide the AER/ER our recommendations and await response and to provide the IMG an update on progress.

May Action Handout:

Duane

- Remove Topic 5 and add in Topic 6 and 7 (Now 5 and 6 respectfully) into workbook
- Set up meeting with Pascal and Osama on a structured Biennial approach/request.
- Set up non-formal meeting with AER- Shelley and Justin, on behalf of the IMG and discuss our recommendations and requests. Invite to next Meeting
- Set up non-formal meeting with ER- Blake and Justin, on behalf of the IMG and discuss our recommendations and requests. Invite to next Meeting
- NOT rescinding anyone's Subcommittee privileges.
- Provide to the group Repsol's messaging to the Regulator for Not Applicable Facilities.

Justin

- Provide CAI Subcommittee direction. The EPAP SC will not push subject further
- Meet with AER/ER on Non-formal discussions.

Pascal and Linda

- Provide a request/write up of impact of having heavy oil subtypes similar to Sask.

Pascal, Duane and Osama

- Provide the structured Biennial approach.

April Action Handout

Duane

- Amalgamate Themes for Topic 1 – By Brad
- Provide The declaration Completion guidelines posted by the regulators – By Brad

Justin

- CAI Subcommittee amalgamation
- Keep Regulators in the loop as we move forward
- Post minutes on IMG

Brad – Provide an analysis of NTE to the newly formed Themes

Maureen – Provide a second look at the Topic 2 Suggestions

NEXT MEETING: June 5th, 9-11 AM, Bankers Hall West, Suite 2000, 3rd st SW, Calgary Alberta