

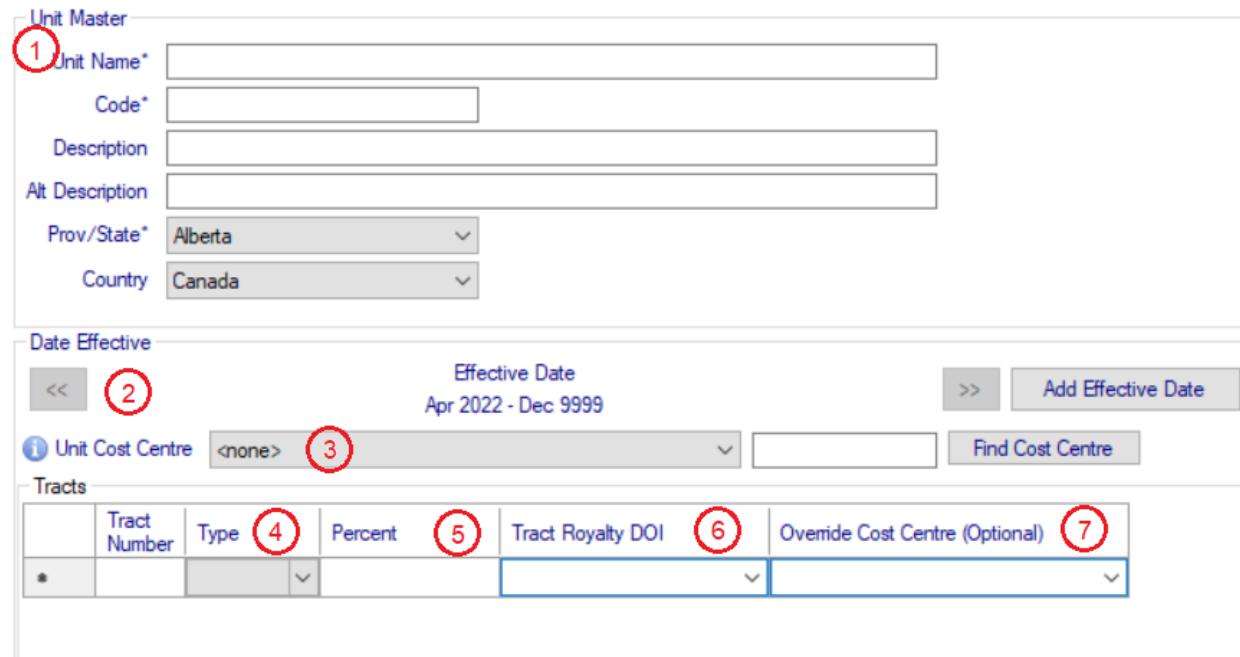
Energy Corridor's Production Accounting Unit Setup

Creating a new unit

When wells are part of a unit, the royalties are paid at Unit tract level. To create a unit, go to Master->Units. Then on the Well Units tree, right-click and “Add Unit.”

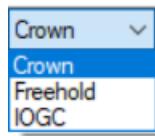
Unit Master

Below is an explanation of each section or field on the unit master.



The screenshot shows the 'Unit Master' setup screen. It includes fields for Unit Name*, Code*, Description, Alt Description, Prov/State* (Alberta), and Country (Canada). Below these are sections for Date Effective (Effective Date: Apr 2022 - Dec 9999, Add Effective Date button), Unit Cost Centre (<none>, Find Cost Centre button), and Tracts (a table with columns: Tract Number, Type, Percent, Tract Royalty DOI, and Override Cost Centre (Optional)). The 'Type' column is circled with a red circle labeled 4, the 'Percent' column is circled with a red circle labeled 5, the 'Tract Royalty DOI' column is circled with a red circle labeled 6, and the 'Override Cost Centre (Optional)' column is circled with a red circle labeled 7.

1. This is the unit master details that is used for reporting. The unit's name is used for reporting and the code is used for reporting and for submitting to government (e.g. Petrinex).
2. The cost centre and tract details are date effective and used to calculate unit royalties and booking to financial. When the details change, a new effective date should be added to capture the changes.
3. Unit Cost Centre is used for booking unit royalties to the required cost centre in the financial module. If left as '<none>', the royalty value will be distributed to the individual wells in the unit based on their contribution to the base volume and booked to the individual well's cost centre.
4. Each tract can be tagged as either Crown, Freehold or IOGC. The type will be used to calculate the total percent that will be needed to calculate royalties, in particular TIK Crown royalty in Alberta.
5. The total percent of all tracts must equal to 100%. The tract percentage is applied to unit royalties that includes that tract.
6. The tract royalty DOI is used to calculate each payor's split of the base volume. Please refer to the 'Unit Royalties' section for more information.



NOTE: This DOI should match the DOI set up the booking cost centre, either at the Unit level or tract level for the royalty sub account.

Sub Account DOI's	Main Account (Add Only)	Sub Account Range			Effective Date	Division of Interest
		From	To	Usage Description		
		13 Freehold - Oil	13 Freehold - Oil		2018-12	1 ECL 100%

7. If you wish to book at individual cost centre level for each tract instead of at the Unit level, a cost centre can be provided on the tract. When royalties are calculated for this tract, this cost centre will be used instead of the Unit or individual wells.

Adding Well to Unit

At this time, to add a unit to a well, you must go to the Well Master and select the Unit that this well is associated with.

In the future, the wells in a unit will be handled at the unit master.

Unit Royalties

Setting up unit royalties is similar to setting up well royalties with a few differences.

Well Name*	SK FH WELL 1								
Primary Product*	Oil								
Description									
Alt Description									
Prov/State	Saskatchewan								
Country	Canada								
Mineral Owner	<table border="1"> <tr> <th>Type</th> <th>Percent</th> </tr> <tr> <td>Crown</td> <td>0.00000</td> </tr> <tr> <td>Freehold</td> <td>100.00000</td> </tr> <tr> <td>IOGC</td> <td>0.00000</td> </tr> </table>	Type	Percent	Crown	0.00000	Freehold	100.00000	IOGC	0.00000
Type	Percent								
Crown	0.00000								
Freehold	100.00000								
IOGC	0.00000								
Well Group	<input type="checkbox"/>								
Well Unit	<input checked="" type="checkbox"/>								
	SASK C Pool Unit#2								

<p>FHOR Name <input type="text" value="TRT 2 PSKY"/></p> <p>Description <input type="text"/></p> <p>Royalty Owner <input type="text" value="Exxon"/></p> <p>Royalty Type <input type="text" value="Override"/></p> <p>Product <input type="text" value="Oil"/></p> <p>Base Volume <input type="text" value="Prod"/></p> <p>NRT Percent <input type="text" value="0.00000"/></p> <p>Tracts</p> <p><input type="radio"/> All Tracts ①</p> <p><input checked="" type="radio"/> Tract <input type="text" value="2"/></p> <p><input type="radio"/> Multiple Tracts (Separate by :)</p> <p>Price Deductions</p> <p>Use deduction in royalty price calculation</p> <p><input checked="" type="checkbox"/> Deduction 1</p> <p><input checked="" type="checkbox"/> Deduction 2</p> <p><input checked="" type="checkbox"/> Other Deduction 1</p> <p><input checked="" type="checkbox"/> Other Deduction 2</p> <p>Financial</p> <p>Sub Account <input type="text"/> ②</p>	<p>Effective Date <input type="text" value="Apr 2022 - Dec 9999"/></p> <p><input type="button" value="<<"/> <input type="button" value=">>"/> <input type="button" value="Add Effective Date"/></p> <p>Status <input type="text" value="Active"/></p> <p>Take In Kind <input type="checkbox"/></p> <p>Royalty Formula</p> <p>Fix Percent <input type="text"/></p> <p>Percent</p> <p>Variable Name <input type="text"/></p> <p>Value <input type="text" value="10.00000"/></p> <p>Deduction</p> <table border="1"> <tr> <th>Name</th> <th>Global Data</th> <th>Deduction Volume</th> <th>Applicable Product</th> </tr> <tr> <td>*</td> <td></td> <td></td> <td></td> </tr> </table> <p>Factors</p> <table border="1"> <tr> <th>Include</th> <th>Type</th> <th>Value</th> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td>% Production</td> <td>100.00000</td> </tr> <tr> <td><input type="checkbox"/></td> <td>% Lease</td> <td>0.00000</td> </tr> <tr> <td><input type="checkbox"/></td> <td>% Royalty Owner</td> <td>0.00000</td> </tr> <tr> <td><input type="checkbox"/></td> <td>% Payer</td> <td>0.00000</td> </tr> </table> <p>Limits</p> <table border="1"> <tr> <th>Include</th> <th>Type</th> <th>Value</th> </tr> <tr> <td><input type="checkbox"/></td> <td>Min Price - Roy Vol (\$/unit)</td> <td>0.00000</td> </tr> <tr> <td><input type="checkbox"/></td> <td>Min Price - Base Vol (\$/unit)</td> <td>0.00000</td> </tr> <tr> <td><input type="checkbox"/></td> <td>Max Deduction (\$/unit)</td> <td>0.00000</td> </tr> <tr> <td><input type="checkbox"/></td> <td>Max Deduction (%)</td> <td>0.00000</td> </tr> <tr> <td><input type="checkbox"/></td> <td>Min Royalty (%)</td> <td>0.00000</td> </tr> <tr> <td><input type="checkbox"/></td> <td>Min Royalty Amt (\$)</td> <td>0.00000</td> </tr> </table> <p>Division Of Interest ③</p> <table border="1"> <tr> <th>Business Associate</th> <th>Include Production</th> <th>Payable By</th> </tr> <tr> <td>Energy Corridor Ltd.</td> <td><input checked="" type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> </tr> <tr> <td>Questfire Energy</td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>Bonavista Petroleum Ltd.</td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>Ventura Resources Inc.</td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> </table>	Name	Global Data	Deduction Volume	Applicable Product	*				Include	Type	Value	<input checked="" type="checkbox"/>	% Production	100.00000	<input type="checkbox"/>	% Lease	0.00000	<input type="checkbox"/>	% Royalty Owner	0.00000	<input type="checkbox"/>	% Payer	0.00000	Include	Type	Value	<input type="checkbox"/>	Min Price - Roy Vol (\$/unit)	0.00000	<input type="checkbox"/>	Min Price - Base Vol (\$/unit)	0.00000	<input type="checkbox"/>	Max Deduction (\$/unit)	0.00000	<input type="checkbox"/>	Max Deduction (%)	0.00000	<input type="checkbox"/>	Min Royalty (%)	0.00000	<input type="checkbox"/>	Min Royalty Amt (\$)	0.00000	Business Associate	Include Production	Payable By	Energy Corridor Ltd.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Questfire Energy	<input type="checkbox"/>	<input type="checkbox"/>	Bonavista Petroleum Ltd.	<input type="checkbox"/>	<input type="checkbox"/>	Ventura Resources Inc.	<input type="checkbox"/>	<input type="checkbox"/>
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1. Tract selection. One to all tracts can be selected. When selected, the tract percent will be applied to the base volume to calculate the royalty.
2. Like in well royalties, if a booking cost centre has multiple royalty and the royalties has different DOI, sub accounts must be created for each DOI. The default sub account is set up in the Financial Interface master, any sub accounts that is different on the cost centre can be overridden here.
3. The division of interest partners is based on the tract DOI.

Include Production

When the Include Production is unchecked, that partners volume will not be included in the royalty calculation. You would want to do this if the partner takes in kind and pays for their share of the royalty.

E.g. If there are four partners A, B, C, D all with 25% interest in the tract but D takes in kind and pays for his share of royalty, you will uncheck D only for Include Production. Therefore, when calculating the royalty, only 75% of the base volume will be used to calculate the royalty.

FAQ: Can I use Factor to achieve the same result instead of unchecking Include Production

A: Yes, instead of using the Division of Interest, you can use a Factor and specify the royalty WI percent. However, if the DOI changes, you will need to update the factor. By using the Include Production, if the DOI on the tract changes it will automatically be picked up by the royalty calculator and applied. For example, let's say D no longer has 25% interest in the tract and it's been updated to 20% and still takes in kind. If you use a Factor you will need to update the factor from 75% to 80%. If the Include Production was used, no change will be needed.

Payable By

The "Payable By" is used for reporting purposes in Production Accounting only. This allows

For example, if an agreement has been made on the tract that you will pay 100% of the royalty on 100% of the volume, then you would have all partner Include Production checked by only have yourself as the 'Payable By.'

NOTE: If you are using EC Financial, unchecking a partner's payable by does not affect the cost centre DOI and the correct DOI must be still set up in the associated Cost Centre.