

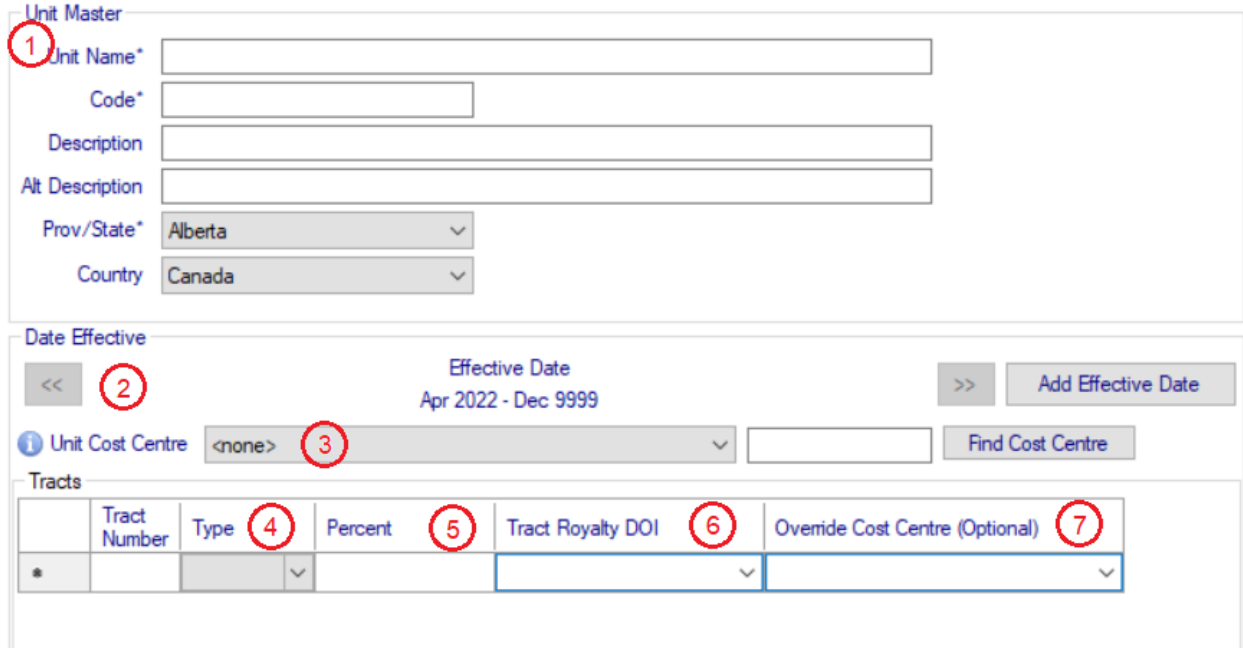
Energy Corridor’s Production Accounting Unit Setup

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.”

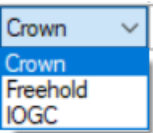
Unit Master

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



The screenshot shows the 'Unit Master' form with the following fields and sections:

- Unit Master:** Unit Name* (1), Code* (2), Description, Alt Description, Prov/State* (Alberta), Country (Canada).
- Date Effective:** Navigation arrows (2), Effective Date (Apr 2022 - Dec 9999), Add Effective Date button.
- Unit Cost Centre:** Unit Cost Centre dropdown (3), Find Cost Centre button.
- Tracts:** Table with columns: Tract Number, Type (4), Percent (5), Tract Royalty DOI (6), Override Cost Centre (Optional) (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	Sub Account Range			Usage Description	Effective Date	Division of Interest
	Main Account (Add Only)	From	To			
*	13 Freehold - Oil	13 Freehold - Oil			2018-12	1 ECL 100%

- 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.

Well Name* SK FH WELL 1
 Primary Product* Oil
 Description
 Alt Description
 Prov./State Saskatchewan
 Country Canada
 Mineral Owner

Type	Percent
Crown	0.00000
Freehold	100.00000
IOGC	0.00000

Well Group
 Well Unit SASK C Pool Unit#2

Unit Royalties

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

Effective Date: Apr 2022 - Dec 9999

Status: Active

Take In Kind:

Royalty Formula: Fix Percent

Variable Name	Value
Percent	10.00000

Deduction

Name	Global Data	Deduction Volume	Applicable Product
*			

Factors

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"/>	% Payor	0.00000

Limits

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

Division Of Interest

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"/>

Financial Sub Account

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.