



# EPAP Overview

PASC  
April 2011

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## Agenda

- Who is Corvelle?
- Overview of ERCB's EPAP
- Operator implementation considerations
- Questions & Discussion

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## Yogi Schulz Biography


- Partner in Corvelle Consulting
- Information technology related management consulting
- Microsoft Canada columnist & CBC Radio host
- PPDM Association board member
- Industry presenter:
  - Project World - 4 years
  - CIPS Informatics - 7 years
  - PMI - Information Systems SIG - 2 years
  - Convergence - 4 years
  - PPDM Association - several years



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## Corvelle Profile

- Consulting firm focused on oil & gas
- IT project management
- Management consulting
- Oil & gas data management

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## What is EPAP?

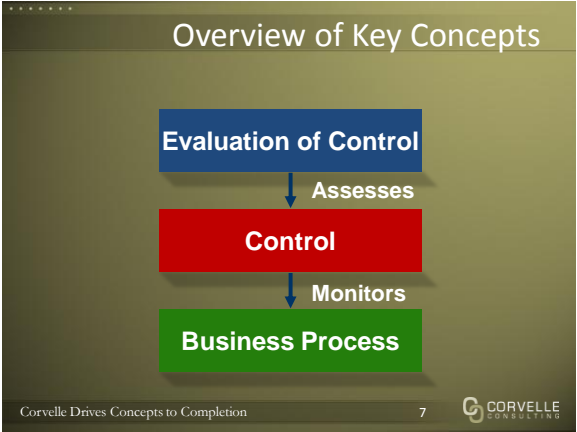
- E**nhanced **P**roduction **A**udit **P**rogram (EPAP)
  - New ERCB approach to auditing for compliance with ERCB measurement and reporting requirements
- ERCB Objectives:
  - Raise level of assurance over measurement & reporting
  - Raise level of compliance with measurement & reporting

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## What does measurement and reporting include?

1. Design Considerations	9. Trucked Production
2. Device Maintenance	10. Fuel/Flare/Vent
3. Device Operations	11. Measurement Schematics
4. Sampling & Analysis	12. PA Master Data
5. Gas Well Testing	13. PA Periodic Data
6. Oil Well Testing	14. PA Monthly Reporting
7. EFM	15. Exemptions
8. Field Production Records	

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- ### Who is involved?
- Production Operations
  - Production Accounting
  - Measurement
  - Engineering
  - Senior Management
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### EPAP Impact on Operators

Senior executives of the operator will have to confidently submit a declaration of the state of their compliance to the ERCB

Operators will need to strengthen the design and operation of business controls that assure compliance

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- ### When are operators required to respond?
- Operators were expected to set their declaration month in 2010
  - First EPAP Declaration in 2011
  - Annual EPAP Declaration
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- ### Mitigating the Risk of Noncompliance
- Ensure controls are in place to mitigate risk of noncompliance
  - Evaluate controls
  - Remediate areas of noncompliance
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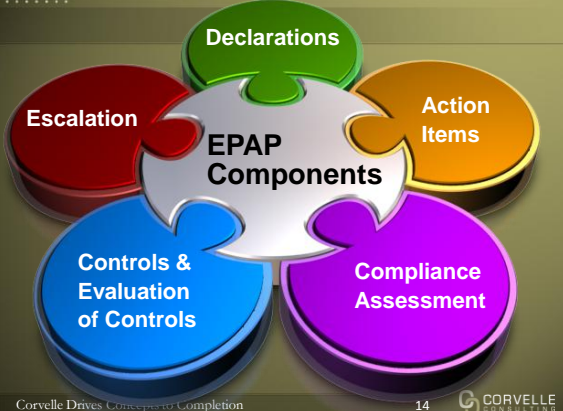
- ### Where does EPAP apply?
- EPAP applies to Alberta oil & gas operators
  - EPAP does not apply to:
    - Other oil & gas producing jurisdictions
    - Minable oil sands
    - Non-operating interests
  - EPAP applies only to ERCB measurement and reporting requirements
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### Why did the ERCB feel the need to introduce EPAP?

- ERCB substantive production audits suggest that compliance varies considerably
- To respond to this variation, the ERCB developed EPAP to:
  - raise the level of assurance
  - raise the level of compliance
- Goals will also raise the level of assurance over accuracy and completeness

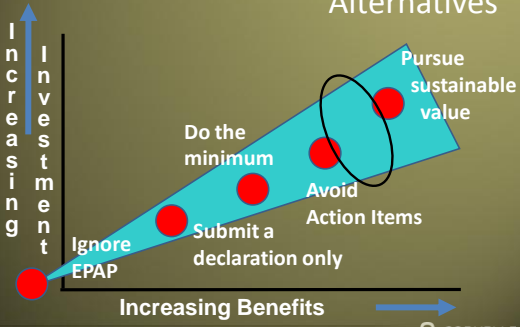
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### EPAP Components



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### EPAP Implementation Alternatives



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### What are operators doing to prepare?

- Set their level of assurance
- Select a sample of properties
- Conduct evaluations of controls
- Complete the EPAP Declaration
- Plan remediation
- Investigate and resolve items on the Compliance Assessment Report (CAR)


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### Some Perceptions by Operators

Some operators believe they currently have few controls. Do controls already exist?


Potential for increased operating costs with no potential benefits. What are some benefits?

There are costs to implement EPAP. Are there consequences if EPAP is ignored?

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### Actions to Consider

- For more information about EPAP, visit [www.epapsolutions.com](http://www.epapsolutions.com)
- Ensure your EPAP implementation plan provides adequate assurance
- Ensure someone is reviewing the CAR

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