



**CAPPA**

Canadian Association of  
Petroleum Production Accounting



# What is Production Accounting?

# What is Production Accounting?



- ▶ A career in Production Accounting is a unique blend of accounting, regulatory, data analysis and reporting of revenues and royalties.
- ▶ Production accountants receive information from the field, land administrators, joint venture analysts, marketing and financial departments in order to perform monthly requirements of their role.

# What is Production Accounting?

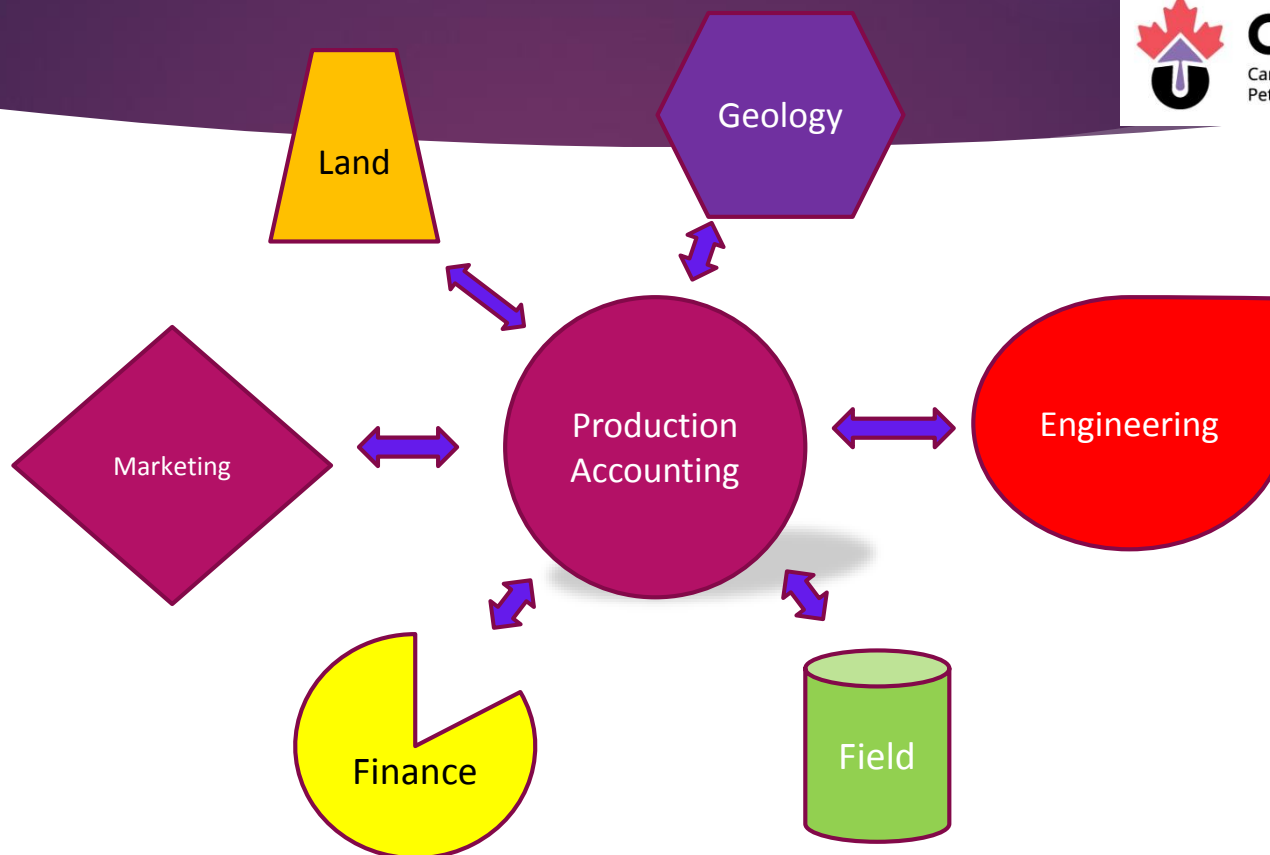


- ▶ Production Accountants work with volumes of oil, gas and water produced from the wells, inventory at facilities and distribution from the facility including revenue, division of ownership and royalties.
- ▶ The information that the Production Accountant produces is critical to company operations, management and financial reporting. It is the juncture where **operational data is translated into financial bookings.**

# What is Production Accounting?



- ▶ We strongly rely on the other **asset management disciplines and the field** to effectively perform our duties.
- ▶ Data used in our day-to-day job functions is relayed to us through **Landmen and administrators and joint venture and financial accountants**.
- ▶ We are all *interdependent* upon each other to successfully **achieve positive corporate results**.





Land

Production  
Accounting

- Well and Facility Ownership
- Royalty Agreement details
- Acquisition and Divestitures



Engineering



Production  
Accounting

- Facility Flow and Process
- Capital and Op Cost Allocation
- Regulatory Compliance
- Forward planning



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- Well Tests and Inventories
- Product Deliveries
- Monthly Throughput / Production Data
- Well and facility status



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Marketing

Production  
Accounting

- Sales Delivery Points
- Product Pricing
- Purchaser Statements
- Transportation Charges



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- Income Statement
- Dollars AND Volumes
- Revenue/Royalty Analysis
- Cost Center sensitivity
- Financial Audits – Internal and External
- GAAP/CSOX Compliance



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# The Time Paradigm



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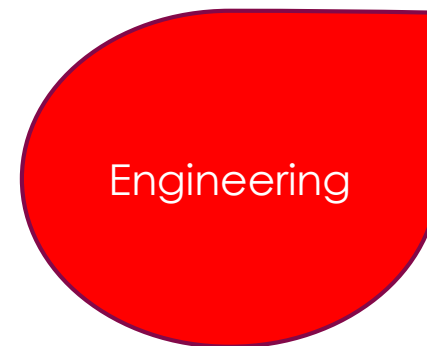
Production  
Accounting

PAST



Field

PRESENT

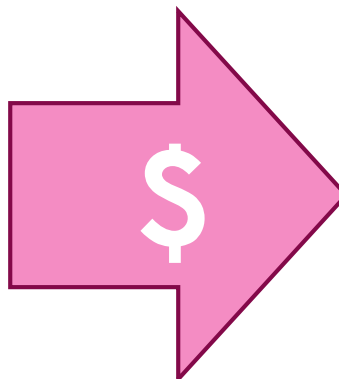


Engineering

FUTURE



Gas &  
NGL (natural  
gas liquids)



- REVENUE
- ROYALTIES
- REPORTING

# WHO ARE PRODUCTION ACCOUNTANTS?



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# Production Accountant Qualities & Skills



- ▶ Proficient With **Numbers – Dollars & Volumes**
- ▶ **Deadline** Driven
- ▶ **Organized**
- ▶ Good **Communicator – Written & Verbal**
- ▶ **Computer Savvy**
- ▶ **Ability To Learn Quickly**
- ▶ **Adaptable To Change** And Surprises

# Education route to Production Accounting



- ▶ High School Diploma
- ▶ English comprehension of a minimum of Level 8 of the Canadian Language Benchmark
- ▶ Excel training/experience
- ▶ Financial Accounting prerequisite prior to entry into Level 4

# Education route to Production Accounting



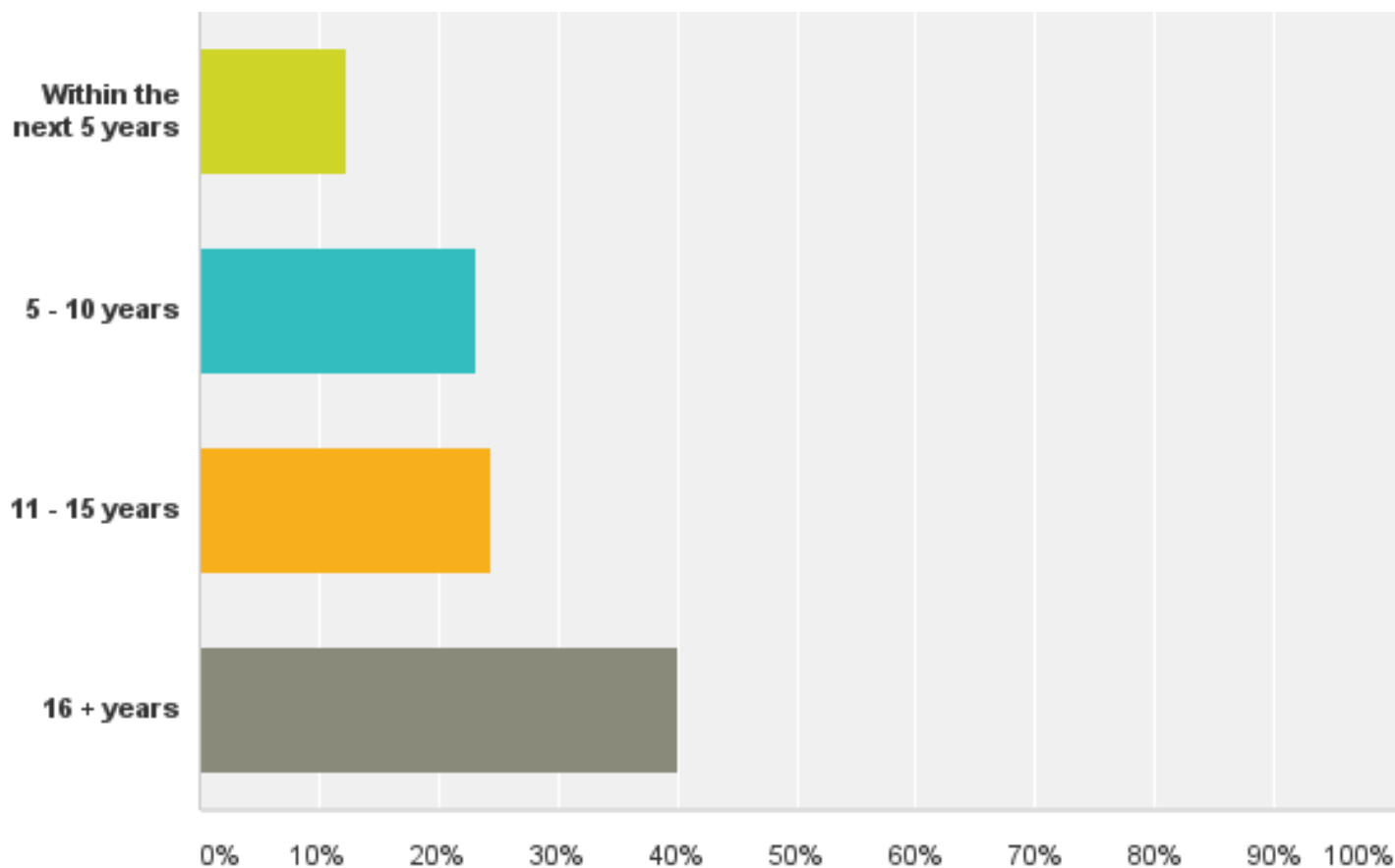
- ▶ 5 Courses - available day, evening, distance or online
- ▶ Completion of Petrinex modules (government web-based reporting system) in each of Levels 2, 3, 4 & 5

# 2015 Member Survey – Projected Retirement



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# Production Accounting – Continuing Education opportunities



- ▶ Ongoing Continuing Professional Development (CPD) Seminars
- ▶ Post Secondary Degree (ACCT, ECON, FNCE)
- ▶ Accounting Designation (new CPA, legacy CA, CMA, CGA)

# Monthly & Yearly Deadlines



## ALBERTA REPORTING CALENDAR

**June**

Sun	Mon	Tue	Wed	Thu	Fri	Sat
1 i) APMC Reconciliation & Preliminary Over/Under Delivery Penalty Reports	2	3	4	5 A) Oil and LPG Receipt Volumes AC) GCI Status of Review Report	6 B) Gas Receipt Volumes	7
8	9	10 C) AER Noncompliance Enforcement Action Review - Deadline	11 D) Oil/LPG Pipeline Splits Deadline # 1 E) Missing/Incomplete Oil/LPG Pipeline Splits Warning	12 G) Oil/LPG Pipeline Splits Deadline # 2 H) APMC Royalty Volume Splits & Transportation Allowance Claims	13 F) Production Allocation Discrepancy Report - Preliminary I) DOE: SAF/OAF Ensure Complete Report - Warning J) DOE Gas Royalty Statement of Account	14
15 L) DOE Allocation Reporting Deadline	16	17 K) Production Allocation Discrepancy Report * DOE Gas Royalty Invoice Cycle Begins	18 N) AER Volumetric & Waste Management Noncompliance Warnings M) Gas Pipeline Splits	19 Q) AER Volumetric Data and Waste Management Reporting Deadline P) DOE Crown Oil Royalty Inventory Deadline S) APMC Delivery Confirmation & Outstanding Overdelivery Claims Report	20 Q) AER Mineable Oil Sands Noncompliance Warning	21
*22 R) AER Mineable Oil Sands Reporting Deadline	*23	*24 T) Industry: SAF/OAF Ensure Complete Report - Warning U) AER Noncompliance Fee Invoice	25 V) APMC Financial Processing Package including Penalty Adjustments W) SAF/OAF Complete for Industry Reporting	26	27 X) DOE Oil Crown Royalty Statements	28
29 Y) DOE Oil Approval &/or Termination Letters for Royalty Programs Z) DOE Oil Royalty Program Report AA) APMC Forecast Confirmation Report AB) DOE Gas Royalty Invoice	30					

**2014**

Updated January 2014

# Monthly desk at a glance



- ▶ Week one – Gather, analyze and enter production data
- ▶ Week two – Allocate and report pipeline “splits”
- ▶ Week three – Governmental volume and allocation reporting
- ▶ Week four – Booking revenue, royalties and custom fees

# Yearly tasks



- ▶ Gas Cost Allowance
- ▶ Asset Reviews
- ▶ Audits
- ▶ Equalizations/13<sup>th</sup> Month Adjustments

# Yearly tasks



## Gas Cost Allowance

- ▶ Crown royalty reduction program to shoulder share of natural gas and liquid sales, i.e. royalties
- ▶ Captures capital, operating costs and custom fees
- ▶ Depreciation, return on equity
- ▶ Prior Year actuals - tracked and reported on by April 30th

# Yearly tasks



## Asset Reviews

- ▶ Ensure accurate reporting
- ▶ Mitigate lost revenue or overpayment
- ▶ From wellhead to plant sales gate
  - Ownership %
  - Royalty Calculations
  - Facility charges
  - 3<sup>rd</sup> party custom fee charges

# Yearly tasks



## Audits

- ▶ Internal for financial reporting
- ▶ Crown volumetric and GCA to ensure compliance
- ▶ Partner JV audits to ensure proper allocation
- ▶ Regulatory for volumetric measurement and allocation compliance – **Enhanced Production Audit Program**
- ▶ Field, Operations and Production Accounting focus

# Yearly tasks



## Equalizations / 13<sup>th</sup> Month Adjustments

- ▶ As outlined in Construction Ownership & Operation (CO&O) Agreements
- ▶ Reallocates facility revenue and expenses according to actual throughput
- ▶ Can include third party volume and charges

# Production Accounting tools



- ▶ Field Data Capture software
- ▶ Schematics and Diagrams
- ▶ Internal PA Software and MS Office
- ▶ Government Reporting, eg. Petrinex
- ▶ Royalty Tracking Software
- ▶ Internal Financial Software
- ▶ EMAIL, PHONE, FACE to FACE



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- ▶ Salary Range - \$55 - \$110+
- ▶ Dynamic Industry Career
- ▶ Opportunity to work with great people
- ▶ Multi-vocational opportunities
- ▶ Team focused and Professional
- ▶ Close to the action – start to finish

For more information and how to enroll

[www.cappa.org](http://www.cappa.org)

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