

March 6, 2006

INFORMATION LETTER #OGC 06-04

SUBJECT: Cross Border Measurement

To Industry Clients:

When volumes of fluids that are subject to royalty payments (ie: natural gas, condensate, and crude oil) are transported into or out of the Province of British Columbia and are commingled with fluids from other provincial or territorial jurisdictions (Alberta, Northwest Territories, Yukon) prior to product sales measurement, the allocation of volumes from sales to the volumes from each jurisdiction is a critical factor in determining the royalties payable to each jurisdiction. Accurate measurement of the fluid streams prior to commingling ensures correct allocation.

At the present time, specific approvals are given through the Facility Approval process on a site-specific project basis. However, due to the proliferation in recent years of pipelines transporting fluids into and out of the province it has become apparent that a document is required to provide specific guidance that industry may refer to during the planning stages of their projects.

The Oil and Gas Commission (OGC) has released a **draft copy** of the new OGC Measurement Manual - Measurement Requirements for Upstream Oil and Gas Operations Manual. The **draft manual** is currently available on the OGC website at <http://www.ogc.gov.bc.ca/documents/guidelines/fm/Measurement%20Manual%20-%20March%206.pdf> and considered to be under stakeholder review.

Pending final release of the OGC Measurement Manual - Measurement Requirements for Upstream Oil and Gas Operations Manual the OGC will be **implementing only Chapter 7 Cross Border Measurement of the manual effective March 6, 2006.**

Any producer that is involved in the receipt or delivery of fluids via pipeline into or out of the Province of British Columbia is to refer to Chapter 7 of the Measurement Requirements for Upstream Oil and Gas Operations manual.

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