

Appendix 12 Facility Netback Calculation Form



Facility Netback Calculation Form

Part A: Corporate Reconciliation

Date of completion _____

Licensee name _____

ERCB four-digit company code _____

Licensee year-end _____

	LLR Program	LFP	OWL Program	Other revenue or expense	Total for company
Revenue					
Operating costs					
Specific general and administrative costs					
Net revenue					

Part B: Facility Netback Calculation for the _____ Program

	Facility 1	Facility 2	Facility 3	Facility 4	Total
Facility ERCB licence or waste management approval number					
Facility type					
Licensee's percentage ownership of facility					
Revenue					
Operating costs					
Specific general and administrative costs					
Net revenue					
NPL volumes (m ³ or 10 ³ m ³)					
Netback (\$/m ³ or \$/10 ³ m ³)					

The signature below certifies that the information contained within is complete and accurate.

Name (printed) _____

Position _____

Signature of corporate signing officer _____

See the following page for instructions on how to complete this form.

Completing the Netback Calculation Form

- The ERCB must be able to clearly track the financial information provided on the Facility Netback Calculation Form back to the financial statements provided. An in-house profit-and-loss statement and/or an explanation of the methodology used to come up with the entries on the Facility Netback Calculation Form may be required.
- All entries reported on the Facility Netback Calculation Form must correspond to the same accounting time period as the company's corporate year-end financial statements.
- Excluded revenues are to be recorded in the "Other revenue or expense" column to reconcile totals with the company's corporate year-end financial statements.
- If the licensee's net revenue is negative for all the facilities that would normally be recorded on the Facility Netback Calculation Form, no netback submission is required, as an asset value will not be generated for a negative net revenue value.
- For the purpose of the netback submission, net revenue refers to earnings before interest, taxes, and depreciation and is equal to gross margin (midstream revenue less cost of goods sold) less direct operating costs and applicable general and administrative costs.
- The netback under liability management programs is intended to represent the net revenue value that a similar midstream licensee could achieve if it operated the same midstream facility. Therefore, revenue and expense items that would not be typical of facility operations should be excluded from the netback calculations.
- "Corporate Officer" is a position listed in the corporation's bylaws and ordinarily includes president, vice president, treasurer, and secretary.

NPL Volumes

- Directive 006 (LLR) and Directive 024 (LFP) – "NPL volumes" refers to the total received inlet volumes reported to the PRA against the reporting facility ID codes attached to your facility licences. Report only third-party volumes from which you generate revenue. Volumes from a licensee's own production are not to be included.
- Directive 075 (OWL) – "NPL volumes" refers to the volume of material that has been removed from a facility and/or disposed of permanently at a facility via deep well disposal that was initially received as industrial or oilfield waste.

Large Facility Program (LFP)

- *Directive 024* LFP submissions for straddle plants require a five-year average netback. List each of the five years separately using the format in Part B. Submit the corresponding financial documentation for the most recent year-end. If five years' worth of financial information is not available for a facility, the ERCB will use the average for the number of years that a licensee has owned the facility until such time as a five-year average is available.

Oilfield Waste Liability (OWL) Program

- The first waste management (WM) facility that receives the waste volumes is the facility that is to record the revenue for netback calculation purposes. The volumes reported must correspond to the same accounting period as the licensee's most recent year-end.
- Under the PRA, produced water going to a waste plant (WP) gets reported to the WP. Therefore, for those instances where the produced water is reported to a WP, the first WM facility that receives the produced water is the facility that is to record the volume and corresponding facility-specific netback for those volumes. The netback would not be reflected in the LLR Program in these instances.

Direct any questions by e-mail to LiabilityManagement@ercb.ca or to the Liability Management Group's help line 403-297-3113.