

Producer Cost of Service Reporting Procedures for Shared Equipment

Petroleum and Natural Gas Act

This information letter is intended to clarify the reporting of shared equipment between two or more facilities for Producer Cost of Service (PCOS). Equipment sharing may occur when a facility is required to send its natural gas through another facility before the natural gas reaches a plant.

For the purposes of a PCOS rate calculation, equipment that is eligible for sharing is gathering lines, compressors and dehydrators. Line-heaters and field processing units are not eligible.

Reporting Procedures

Charging a Fee

If you are a facility operator charging a fee for the use of your PCOS equipment, you must complete the following steps when submitting your BC-22 form for your facility where the shared equipment is located:

1. Contact the facility operator who is paying a fee to use your equipment and inform them of the equipment ID numbers for the shared equipment.
2. Enter the equipment ID numbers of your shared equipment in cells C8, D9, or E7.
3. Enter the facility code of the facility sharing your equipment in cells C6, D7 or E5.

Being Charged a Fee

If you are a facility operator being charged a fee to use another's PCOS equipment, you must complete the following steps when submitting your BC-22 form for your facility:

1. Contact the facility operator who is charging you the fee and request the equipment ID numbers for the equipment being shared.
2. Enter the equipment ID numbers of the shared equipment in cells C8, D9, or E7.
3. Enter the facility code of the facility charging the fee in cells C6, D7 or E5.

The capital and operating costs of shared equipment are allocated to each facility using either of the methods below, or a combination of both. We determine which method to use, and may contact a facility operator during the allocation process. The Production Volume Allocation method is the most commonly used.

The allocation methods are:

1. Fixed Ratio Allocation: Capital and operating costs are allocated based on fixed ratios provided by the facility operators.
2. Production Volume Allocation: Capital and operating costs are allocated based on the previous year's production volumes for each reporting facility delivering gas to the gathering line segment.

Find additional information on the reporting requirements for shared equipment in the [BC-22 report completion guidelines](#).

For more information on Producer Cost of Service, see the [Oil and Gas Royalty Handbook](#).

Further Information

If you are sharing PCOS equipment and require additional information please contact Earl Duplassie at the following:

Telephone (Victoria): 250 387-4458

Email: earl.duplassie@gov.bc.ca

Access our forms, publications, legislation and regulations online at gov.bc.ca/oilandnaturalgastaxes (go to [Forms and Publications](#)).

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The information in this letter is for your convenience and guidance and is not a replacement for the legislation.