

EQUALIZATION STEERING COMMITTEE

DATE November 13th, 2013

TO Equalized Shippers

FROM Industry Equalization Steering Committee

SUBJECT **Change to Butane Valuation in Stream WADF Calculation**

Based on feedback from several EQ administrators with respect to the administrative process and required systems configuration for the condensate methodology amendment, the deadline has been extended to February 2013 production. This will facilitate adequate time to assess the administrative process and implement any necessary system configurations.

Please review internally the methodology change and ensure your organization is aware of the impact to personal, process, and systems that will ensure the changes are implemented effectively.

Background:

On September 26, and with two subsequent reminders, a memo and ballot was sent to industry with a proposal to change the butane valuation in the condensate stream WADF calculation. The Equalization Steering Committee had identified a gradual increase in the light ends content, C4 and less, of certain streams entering the CRW condensate pool and proposed that:

- Propane and lighter components in the condensate have a higher deemed contribution to the butane penalty. The propane minus content will be multiplied by 3.0 and then added to the actual butane content to arrive at the "C4-" content that is used for the stream WADF calculation.
- For C4- content greater than 5.0 volume percent calculated using the method identified in point 1 above, the first 5.0 volume percent of the C4- will receive condensate price. The portion over 5.0 volume percent will receive no value.

The result of the ballot was in favour to change the butane valuation in the stream WADF calculation and the changes were to be effective with December 2012 production.

For most CRW feeder streams, these changes will have no impact on their WADF. For the few streams where butane and lighter content has been increasing this should address the current concerns expressed.

The Equalization Steering Committee is continuing to analyze concerns that the C4- content is increasing in light and medium equalized crude streams and may propose corrective action through the equalization methodology process.

Keith Donovan
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Co-chairs of the Industry Equalization Steering Committee