Pneumatic Annual Reporting

Guideline PNG051

April 2025

Revision 1.0

Governing Legislation:

Act: *The Oil and Gas Conservation Act*

Directive: *Directive PNG036: Venting and Flaring Requirements*

saskatchewan.ca

Saskatchewan

Record of Change

Revision	Date	Description
0.0		Initial draft
1.0	April 2025	Approved first version

Contents

1. Introduction

This Guideline is intended to aid licensees in complying with the requirements for pneumatic annual reporting under section 11 of *Directive PNG036: Venting and Flaring Requirements* (Directive PNG036). This guideline details what information pneumatic annual reports should contain and how to submit these reports.

Questions on this Guideline can be directed to the ER Service Desk at 1-855-219-9373 or ER.servicedesk@gov.sk.ca.

2. Background

Section 11 of Directive PNG036 outlines requirements around natural gas-driven pneumatic instruments and pumps. Starting in 2025, licensees are required to maintain an inventory of pneumatic devices from all facilities licensed prior to January 1, 2025. Starting in 2025, corporate-level inventories are required to be reduced by 25 per cent per year, and companies can do this by either choosing to reduce the number of pneumatic devices or reducing the total annual volume of gas vented from those devices. Section 11.4 of Directive PNG036 requires companies to submit annual reports for the purpose of establishing corporate-level inventories and to verify compliance with reduction requirements. Facilities licensed after January 1, 2025 are required to utilize non-emitting alternatives.

3. Baseline Inventories

To demonstrate compliance with reduction requirements in pneumatic annual reports, a corporate-level baseline inventory should be established to compare against future year-end inventories. This section outlines how a baseline inventory should be established and how it may change over time.

Initial corporate-level baseline inventories must include natural gas-driven pneumatic devices from all facilities of which a company was the licensee as of December 31, 2024. If a company made investments to reduce its natural gas-driven pneumatic device inventory prior to the end of 2024, the devices or leak rate reduced may be included in the baseline inventory to allow previous reductions to count towards annual compliance thresholds.

As assets change over time due to facility transfers, a company’s corporate-level baseline inventory may need to be adjusted. For both acquisitions and dispositions, baseline inventories should be adjusted for the following year so as not to alter the current year’s reduction requirement and to allow companies time to update internal inventories.

Compliance with annual reduction requirements will be considered based on the facilities a company has licensed as of December 31 of each year that were not acquired during that year. As a result, companies with acquisitions that increase their natural gas-driven pneumatic device inventory are not required to address the inventory increase until the following year. Facilities that are shut-in throughout the year count towards annual reduction requirements and do not alter a company’s baseline.

See Appendix 1 for a case study example on establishing a corporate-level baseline inventory and how the baseline may change over time due to a change in assets.

4. Initial Annual Report Requirements

The purpose of the initial annual report is to provide information on corporate-level baseline inventories, how they were compiled and to outline plans for reducing those inventories in accordance with annual reduction requirements. The initial annual report should include the following information:

- A summary of natural gas-driven pneumatic devices at facilities of which the company was the licensee as of December 31, 2024.
  - The *Pneumatic Annual Report Summary Template* may be used for this purpose;
- Background on pneumatic inventory baseline, including:
  - A summary of how the baseline inventory was compiled and how the inventory is managed internally;
  - If investments made to reduce natural gas-driven pneumatic device inventories throughout 2024 or earlier were considered, a summary of the work done and associated reductions;
- An indication of how compliance will be demonstrated in subsequent annual reports. Directive PNG036 allows for compliance to be shown either by reducing the total annual gas vented from natural gas-driven pneumatic devices or by reducing the total number of natural gas-driven pneumatic devices (vent volume or instrument count). Provided both annual vent volume and instrument count are available, companies may choose to switch the method of demonstrating compliance in future reports.
- A summary of what actions are planned to comply with annual reduction requirements.
- A summary of the challenges to complying with annual reduction requirements.

Inventory summaries should be based on facility-level information that should be kept on record for audit purposes.

Companies that do not have natural gas-driven pneumatic devices should declare this in their initial annual reports.

As per Directive PNG036, the initial annual reports must be submitted by April 1, 2025. Requests for extension can be submitted to the ER Service Desk at ER.servicedesk@gov.sk.ca.

5. Annual Reporting Requirements

The purpose of subsequent annual reports is to highlight work that was done to comply with annual reduction requirements and demonstrate an adjustment to corporate-level baseline inventories where necessary. Annual reports should contain the following information:

- a summary of natural gas-driven pneumatic devices at facilities of which a company was the licensee as of December 31 of the given year;
- a summary of changes to the initial baseline resulting from changes in assets throughout the year; and
- a summary of work completed throughout the year to comply with annual requirements.

The *[Pneumatic Annual Report Summary Template]* can be used to summarize year-end inventories and adjust baselines where necessary.

As per Directive PNG036, annual reports are required to be submitted by April 1 of the following year.

6. Submission

Corporate-level obligations for submitting pneumatic annual reports are set each year in the Integrated Resource Information System (IRIS). Pneumatic annual reports must be submitted through IRIS by attaching the documentation outlined in sections 4 and 5 of this Guideline. Obligations are fulfilled upon submission. The following process should be used in IRIS to fulfill the obligations:

- Open the “Business Associate” main page;
- Go to the “Emissions” page. Figure 1 shows where to access the emissions page and permissions required;
- As shown in Figure 2, on the emissions page, go to the “Associated Documents” tab;
- Change the filter to “BA level”;
- Click the pencil icon beside “Edit Associated Documents”;
- Attach the required document and select the document type as “Pneumatic Annual Report”;
- The obligation will be fulfilled by attaching the document.

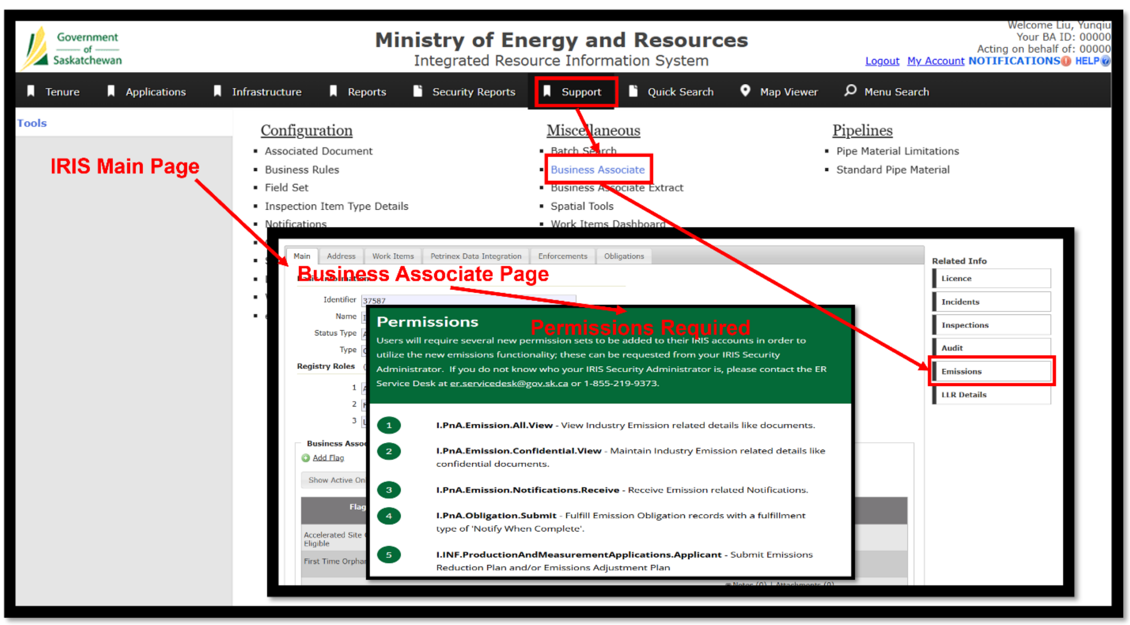

Figure 1: screenshots for IRIS main page, business associate page, permissions required and emissions tab

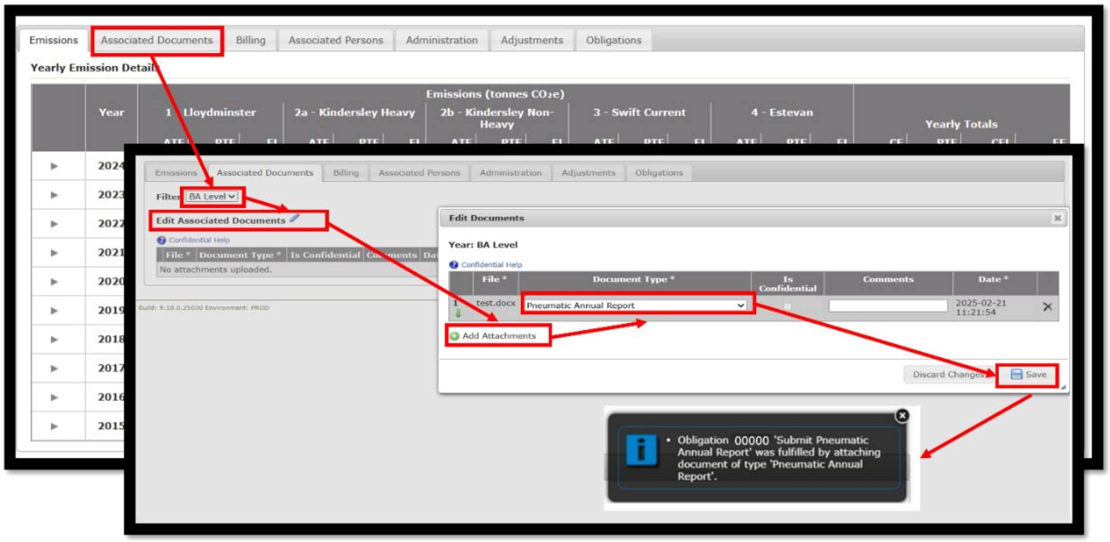

Figure 2: Process to fulfill the obligation

Appendix 1: Case Study

This case study illustrates how corporate-level baselines may be adjusted and associated reduction requirements may shift over time due to early investment in natural gas-driven pneumatic replacement as well as changes in assets resulting from acquisitions and dispositions throughout a given year. This case study utilizes a total count of natural gas-driven pneumatic devices to demonstrate compliance with reduction requirements. However, compliance through reductions in total annual vent gas from natural gas-driven pneumatic devices could be substituted. An editable version of Table 1 (see page 9) is available in the *Pneumatic Annual Report Summary Template* for use.

1. December 31, 2024
   a. Company A had a *Total Inventory* of 50 natural gas-driven pneumatic devices at facilities that it was the licensee of as of December 31, 2024.
   b. 50 devices were also replaced with non-emitting alternatives prior to 2025.
   c. To recognize investments made prior to 2025, the total *Baseline Pneumatic Inventory* includes the devices replaced prior to 2025, making the total 100 devices.
2. December 31, 2025
   a. A reduction of 25 per cent of Company A's *Baseline Pneumatic Inventory* is required in 2025 making the *Year End Inventory Requirement* 75 devices.
   b. Company A acquired assets with 20 devices throughout 2025. Instead of adjusting the *Baseline Pneumatic Inventory* and associated *Year End Inventory Requirement* for the current year, the baseline is adjusted in the following year making the *Following Year Baseline Adjustment* 120 devices.
   c. As the acquired devices are not considered part of the baseline until the following year, the inventory used to determine compliance with reduction requirements does not include the acquired devices. The *Total Inventory* for 2025 is 70 devices; however, the *Compliance Inventory* is equal to 50 devices. Comparing the *Compliance Inventory* to the *Year End Inventory Requirement* results in compliance for 2025.
3. December 31, 2026
   a. A reduction of 50 per cent of Company A's *Baseline Pneumatic Inventory* is required in 2026 making the *Year End Inventory Requirement* 60 devices when accounting for the adjusted baseline due to acquisitions in the previous year.
   b. Company A sold assets with 10 devices throughout 2026. Similar to an acquisition, instead of adjusting the *Baseline Pneumatic Inventory* and associated *Year End Inventory Requirement* for the current year, the baseline is adjusted in the following year making the *Following Year Baseline Adjustment* 110 devices.
   c. Company A also made investments to reduce 10 devices in 2026 making the *Total Inventory* on December 31, 2026 equal to 50 devices (70 initial devices minus 10 sold minus 10 reduced) resulting in compliance for 2026.

Table 1: Company A Compliance Schedule

Method: Device Count			
Category	**December 31st, 2024**	**December 31st, 2025**	**December 31st, 2026**
Baseline Pneumatic Inventory	100	100	120
Reductions prior to January 1, 2025	50	NA	NA
Acquisition in the Reporting Year	NA	20	0
Disposition in the Reporting Year	NA	0	10
Reduction in the Reporting Year	NA	0	10
Total Inventory	50	70	50
Compliance Inventory	NA	50	50
Year End Inventory Requirement	NA	75	60
Compliant?	NA	Yes	Yes
Following Year Baseline Adjustment	NA	120	110
Next Year's Inventory Requirement	75	60	28