



Synoptic audit uncovers data discrepancy in South Texas and recovers millions for major energy company.

Profitability is at risk when measurement and analytical biases exist—even at fractional levels. Which is why a major energy company contracted SPL as an unbiased, third-party provider of auditing services—to identify the cause of data variances triggering a dispute and mitigate future problems.

THE CHALLENGE

Unbiased, independent auditing services are an important step in ensuring measurement accuracy across the board. When natural gas pipelines carry billions of cubic feet of gas per day, it is imperative that the gas measurement readings at the custody transfer measurement stations are in agreement—or entire operations can be put at risk due to costly legal action. Data discrepancies can arise from a number of causes such as inaccurate measurement and/or analytical equipment, improperly calibrated equipment, failure to properly account for phase changes, and human error, and they can adversely impact the bottom line for both the seller and the purchaser. So, when a major energy company noticed a difference of several BTUs in the custody transfer of natural gas—causing a dispute of fair and equitable payment—it needed an impartial auditor to uncover the cause of the varying readings and provide a solution that would prevent future discrepancies.

CASE STUDY

LOCATION

South Texas

SERVICE

Audit of complete chromatograph system and ongoing supply of certified gas calibration standards.

RESULTS

- Enhanced asset loss control
- Recovered > \$10 million
- Mitigated potential legal issues stemming from dispute



THE SOLUTION

Prior to contacting SPL, the seller had speculated that the measurement error stemmed from a change in the gas calibration standard being utilized on the analyzer at the custody transfer measurement station for the buyer. SPL was called in to coordinate an independent audit of the analyzers for both the seller and the buyer. SPL's initial review confirmed that the data discrepancies in BTUs began around the same time that the buyer changed its gas calibration standards. With a custom blended standard in hand—blended by SPL—audits were conducted on the seller's analyzer (by SPL) and the buyer's analyzer (by a separate, independent auditor). The results from both audits confirmed:

- Significant error in buyer's measurement data
- Improperly handled gas calibration standards

The audit showed the buyer's measurements to be several BTUs lower than they should have been, while audit results run on the seller's side showed a mere difference of < 1 BTU.

THE RESULTS

Utilizing a more representative standard composition resulted in accurate measurements and ensured data integrity—which, ultimately, provides fair and equitable asset marketability data.

As a result of the audit, both parties realized the correct BTU figures—which resulted in a payout to seller of over \$10 million by buyer.

