

Custody Transfers



Sam Carbis Solutions Group, LLC

Introduction

Custody Transfers or fiscal metering are one in the same. They refer to the commercial transaction of transporting substance from one party to another. During such a transaction it is critically important for both parties that the measurement of the substance being transported is accurate. Custody Transfers occur in the transferring of unrefined and refined petroleum from ship, barge, railcar, or truck. These Custody Transfers take place through the production process. ^[1]

Carbis completed a custody transfer truck terminal in southeastern Texas which is part of the Eagle Ford Shale Oil play the first part of 2011. The application allowed for collection of “sweet crude” from several local wells by a pipeline to storage tank within the terminal. The crude was then transported by tank truck to the refineries through a custody transfer transaction. These types of transaction involve strict industry standards, governmental regulation and taxation requirements, in addition to the contractual terms between the two parties.



Like in the Bakken play in North Dakota, Niobrara and Green River plays in Wyoming, Colorado, and Utah all are racing to move this newly captured crude through horizontal fracturing or hydraulic fracturing. ^[2] This process is not only being used to capture new oil. It is revitalizing older wells. Oil companies are seeking alternative methods of getting the increase in production to market. Traditional pipelines are on the drawing board; however government regulation and delays have caused Oil companies to look at truck and rail as a viable alternative.

Carbis Inc. is actively engaged in several projects in the Bakken Shale play. Both on the front end of the collection of the crude and also on the back end when the product is being off loaded or transloaded from rail to truck or rail to pipeline.

ENDNOTES

- 1 http://en.wikipedia.org/wiki/Custody_transfer
- 2 <http://oilshalegas.com/shalefields.html>