

**Excerpt from Petrinex IOGC Industry Readiness Handbook Version 2.10**

**IOGC INDUSTRY CHANGE SUMMARY vFinal (Updated December 20, 2022)**

(Black Print: Information only. No industry reporting change required. Red Print: Industry reporting changes were required.)

		Target Change Date (Calendar Quarters)
General	<p><b>Data Submission:</b></p> <p>-The medium-<b>long term objective is</b> that IOGC will receive all information required from Industry to calculate AB and SK IOGC royalties through Petrinex; and <b>that Industry will no longer submit information (including estimates) manually, upload or through the IOGC.</b> This objective will be realized once all necessary regulatory and system changes (Petrinex &amp; IOGC) are completed. [Monthly Extract Petrinex to IOGC]. <b>HOWEVER: FOR ALBERTA INDUSTRY WILL HAVE TO CONTINUE TO SUBMIT TO PETRINEX AND TO IOGC UNTIL FURTHER NOTICE FROM INDIAN OIL AND GAS CANADA</b></p>	<p align="center"> SK July 2021</p> <p align="center"> AB DEC 2022</p>
	<p><b>IOGC / Petrinex Communications:</b></p> <p><b>1.1.1.1</b> -Companies will continue to pay IOGC royalties based on their estimates As an initial step, IOGC will provide its current assessments to BA’s through a new area in Petrinex similar to “Ministry Invoices and Statements” called “<b>IOGC Ministry Reports</b>” [under IOGC Reporting]</p>	<p align="center"> SK Jan 2022</p> <p align="center"> AB DEC 2022</p>
	<p><b>Mineral Ownership (FN interest):</b></p> <p>-Petrinex will use DOE and GoS ownership records to identify FN wells/facilities “of interest”. IOGC will rely on IOGC ownership records for the purposes of royalty calculation. For AB, and SK, Petrinex will have a “<b>First Nations Interest Discrepancy Report</b>” identifying DOE/GoS and IOGC “views” of ownership for reference. Alberta BAs will also be able to access FN ownership information through Query PE (online) and the PE Report AB: SK through Query RTA and the RTA Report (Federal Freehold Exempt and Federal 508).</p>	<p align="center"> AB Sept 2020</p> <p align="center"> SK Q2 2019</p>
	<p><b>Compliance and other Process Changes:</b></p> <p>-Historically the initial point of contact for IOGC associated with IOGC reporting has been the Royalty Tax Payer. Post implementation the initial point of contact will be the Operator.</p>	<p align="center"></p>

	<p>-In Saskatchewan IOGC will rely on SER compliance assurance processes associated with Oil Valuation. In Alberta IOGC will manage compliance assurance for Oil Valuation.</p> <p>-IOGC provisional assessment and penalty processes may be introduced by IOGC. Any such changes will be communicated at a future date.</p> <p>-EPAP is out of scope for this project. Change to existing Saskatchewan EOR reporting is out of scope.</p>		
	<p><b>Data Sources:</b> -Apart from any exception listed below, IOGC will source required data from Petrinex that Industry currently reports through Petrinex to AER/DOE and GoS.</p>		
	<b>SK Only</b>	<b>AB Only</b>	
<b>Infrastructure</b>	-No change from current SK reporting.	-No change from current AB reporting.	
<b>Volumetrics</b>	-No change from current SK reporting.	-No change from current AB reporting.	
<b>Allocations</b>	-Currently there are 2 operators that will report gas allocations on specific properties where royalties are calculated on sales (vs. Production). Allocations for royalty purposes are not required from operators of leases where royalties are based on production.	-Gas sales allocations already exist in AB and IOGC will use the SAF data by wells/units of interest.	 <b>SK-Q4 2017</b>
<b>Royalty Tax Payer</b>	-No change from existing SK process. Operators use this functionality to identify parties (RTPs) responsible for paying royalty on FN production.	--Royalty Tax Payer functionality, a modification of the SK process, will be introduced in AB for operators to identify RTPs for production/sales on FN interest land.	 <b>AB Aug 2020</b>
<b>Pipeline Splits</b>	-No change from existing SK process. Pipeline Splits will be used to identify (and auto-populate) the Royalty Tax Payers (RTPs) and Purchasers responsible for reporting sales price and purchase price in the OV-RTP and OV-Purchaser processes.	-Not applicable in AB for IOGC purposes.	
<b>Oil Valuation- Royalty Tax Payer</b>	-No change from existing SK process. IOGC RTPs will report prices on volumes to be valued identified in Pipeline Splits.	-The oil volume to be valued will be autopopulated based on volumes from Volumetrics and RTPs from RTP functionality. In OV-RTP the RTP will identify purchasers and the price received for their oil. This is a modification of the OV-RTP Saskatchewan functionality.	 <b>AB Nov 2020</b>

	SK Only	AB Only	Target Change Date (Calendar Quarters)
<b>Oil Valuation-Purchaser</b>	-No change from existing SK process. IOGC Purchasers will report purchase prices on volumes identified from pipeline splits for arm's length transactions. IOGC will be able to run a query to identify outstanding discrepancies.	-Purchasers identified in the OV-RTP functionality will report prices paid in a process similar to OV-Purchaser in SK.	 AB Nov 2020
<b>EVAP</b>	- No change from existing SK process. IOGC will rely on GoS EVAP audit processes for non-arms-length transactions	-EVAP is not applicable in Alberta	
<b>Product Pricing</b>	-Where leases require valuation to be determined on actual sales (vs. index) a new screen/process will be used for the RTP to enter prices received for Gas/C5-SP/Cond, NGLs and Sulphur (if applicable).	-Where leases require valuation to be determined on actual sales (vs. index) a new screen/process will be used for the RTP to enter prices received for Gas/C5-SP/Cond, NGLs and Sulphur (if applicable).	SK – Aug 2020  AB – Nov 2020 
<b>GCA</b>	-New functionality will be developed in Petrinex for IOGC-specific GCA reporting where lease agreements provide for deductions for Gas Cost Allowance.	-New functionality will be developed in Petrinex for IOGC-specific GCA reporting where lease agreements provide for deductions for Gas Cost Allowance.	SK – Feb 2019  AB – Feb 2019 
<b>Non-Compliance Reports</b>	-Industry will rely on non-compliance reports used in SK for existing functionality. New non-compliance/missing processes/reports will be developed for (and delivered concurrently with) new IOGC functionality:  ▪ Product Pricing – (sweeps and on-demand)	-Industry will rely on non-compliance reports used in AB for existing functionality. New non-compliance/missing processes/reports will be developed for (and delivered concurrently with) new IOGC functionality:  ▪ Product Pricing, RTP, Oil Valuation – (sweeps and on-demand) )	

<b>Production Allocation Discrepancy (PAD) Report</b>	<b>SK</b> -There is no PAD report for Saskatchewan.	<p>-AB- The PAD report is a tool used to compare gas production volumes reported at the wellhead to gas and product(s) allocations reported at the stream (well or unit) level. The report is used to ensure that Crown royalties have been assessed correctly and that field operations/reporting is within corporate tolerances. Combined allocation volumes of the gas and liquids should theoretically always be less than or equal to the wellhead gas production. If allocations are greater than the production from the stream; or if allocations are significantly less than production, it is likely that an error has been made in the allocation/reporting process.</p> <p>-In Alberta for Crown Royalty purposes, the monthly auto-created PAD report flags any discrepancy outside the pre-established Alberta Energy tolerance threshold of +/-20%. Royalties are automatically recalculated if the discrepancy is not fixed within an established time frame. Industry has access to an Industry version of the PAD report that can be run On-Demand, in which the tolerance threshold is set by requester as a report variable.</p> <p>-IOGC now has access to the Industry version of the PAD report for AB and will use the report for audit purposes to identify production - allocation discrepancies associated with First Nations “of interest” production. Industry also has the option to use the “identifier list builder” on the PAD report to specifically select FN “of interest” properties.</p>	 <b>AB – Jul 2019</b>
<b>Working Interest Owner Report</b>	The royalty tax payer volume will be calculated using the sum of “Freehold Fed Exempt” and “Freehold Fed 508 Exempt” RTP Percent set up for the Stream in the Royalty Tax Payer and Stream level volume.	<b>ALBERTA</b> the royalty tax payer volume will be calculated using the sum of “First Nations Interest” RTP Percent set up for the Stream in the Royalty Tax Payer and Stream level volume for Alberta	 <b>SK July 2021</b>    <b>AB Dec 2022</b>
<b>Alberta Modernized Royalty Framework [MRF]</b>	<b>SK</b> – no MRF as MRF is ALBERTA only	IOGC has Alberta wells of interest to IOGC subject to MRF methodologies. The existing IOGC RIMS2 (Resource Information Management 2) project did not include provisions for MRF in its scope as MRF did not exist at that time. IOGC is required to calculate royalties for these and future MRF wells, but does not currently have this capability, nor all the data required for the calculation.	  <b>AB April 2022</b>