



Freedom To Create. Spirit To Achieve.

# **Joint Industry/ Alberta Energy Crown Oil and Gas Royalty Information Exchange Event**

**October 6<sup>th</sup>, 2011**

**Government  
of Alberta** ■

# Welcome & Introductions

- **Sean Nicholson** – CAPPA President
- **Rhonda Wehrhahn** – Assistant Deputy Minister,  
Resource Revenue & Operations

# Agenda

Time	Topic	Duration
9:00 – 9:30 am	<b>Networking Session</b> (Refreshments)	30 min
9:30 – 9:40 am	<b>Welcome/Introductions</b>	10 min
9:40 – 10:05 am	<b>Gas Section</b> Update on Gas and NGL Review	10 min
	Production vs. SAF	15 min
10:05 – 10:35 am	<b>Oil Section</b> Update on Crude Oil Par Price Review	5 min
	“Wellhead to Dollars” Process Improvement Project	5 min
	Mature Oilfield Review	10 min
	Frequently Asked Questions about Oil Royalty Calculations	10 min
10:35 – 10:50 am	<b>Break</b>	15 min

# Agenda

Time	Topic/Speaker	Duration
10:50 – 11:55 am	<b>General Section</b>	
	Overview of the Proposed Audit Changes under Section 38 and 39 of the Mines and Minerals Act	10 min
	Upcoming PRA Breakout Session at the CAPP Conference	10 min
	Department of Energy Tools and Reports	30 min
	<ul style="list-style-type: none"> <li>- Crude Oil Crown Royalty Statements</li> <li>- Oil Royalty Program Report/Letters</li> <li>- Oil Royalty Calculators</li> <li>- Information Letters/Information Bulletins</li> <li>- Contact Information</li> <li>- General Oil Information on the Web</li> <li>- Royalty Guidelines</li> <li>- Movement towards industry-wide distribution of RMF2 (Reassignment of Royalty Responsibility) and EAGEV (Energy Adjusted Gas Equivalent Volume) reports</li> </ul>	
	Did You Know?	15 min
11:55 am – noon	<b>Closing Remarks</b>	5 min

# **GAS SECTION**

# **Gas & NGL Reference Price Reviews Update**

# Gas Reference Price Review

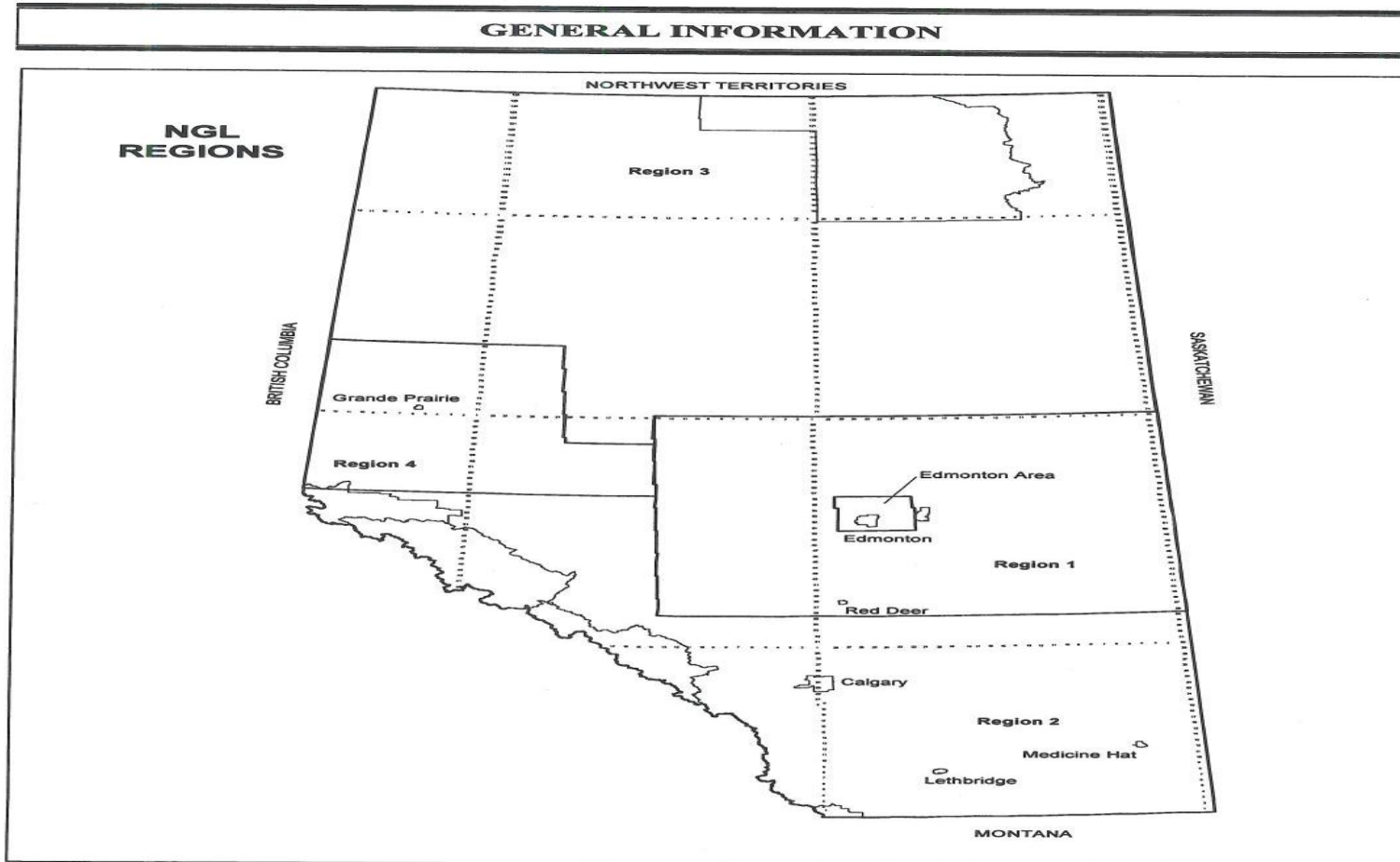
- GRP implemented for January 2011 Production
  - NGX AMP used as a market price proxy
  - Intra-AB Transportation deductions using NGTL firm service receipt tolls and fuel gas
- Valuation Principle of Producer Proceeds was clarified
- ISCs valued as gas until producers receive additional value for their ISCs
- Model performing as intended

# NGL Reference Price Review

- Last review was in 1998
- NGL Review began in January 2011
- Industry are actively involved in the review process
- Project Purpose:
  - Continuation of the GRP Review
  - Industry concerns that certain NGL RP netback values are not transparent and different from their own sales values
  - Efficient, Accurate, Transparent and Sustainable Model
- Current NGL Valuation Model is based on reported field purchase prices
- 24 buyers report field purchases in 4 regions and non-field purchases in the Edmonton area
- Product prices are averaged to maintain confidentiality, reducing transparency and accuracy



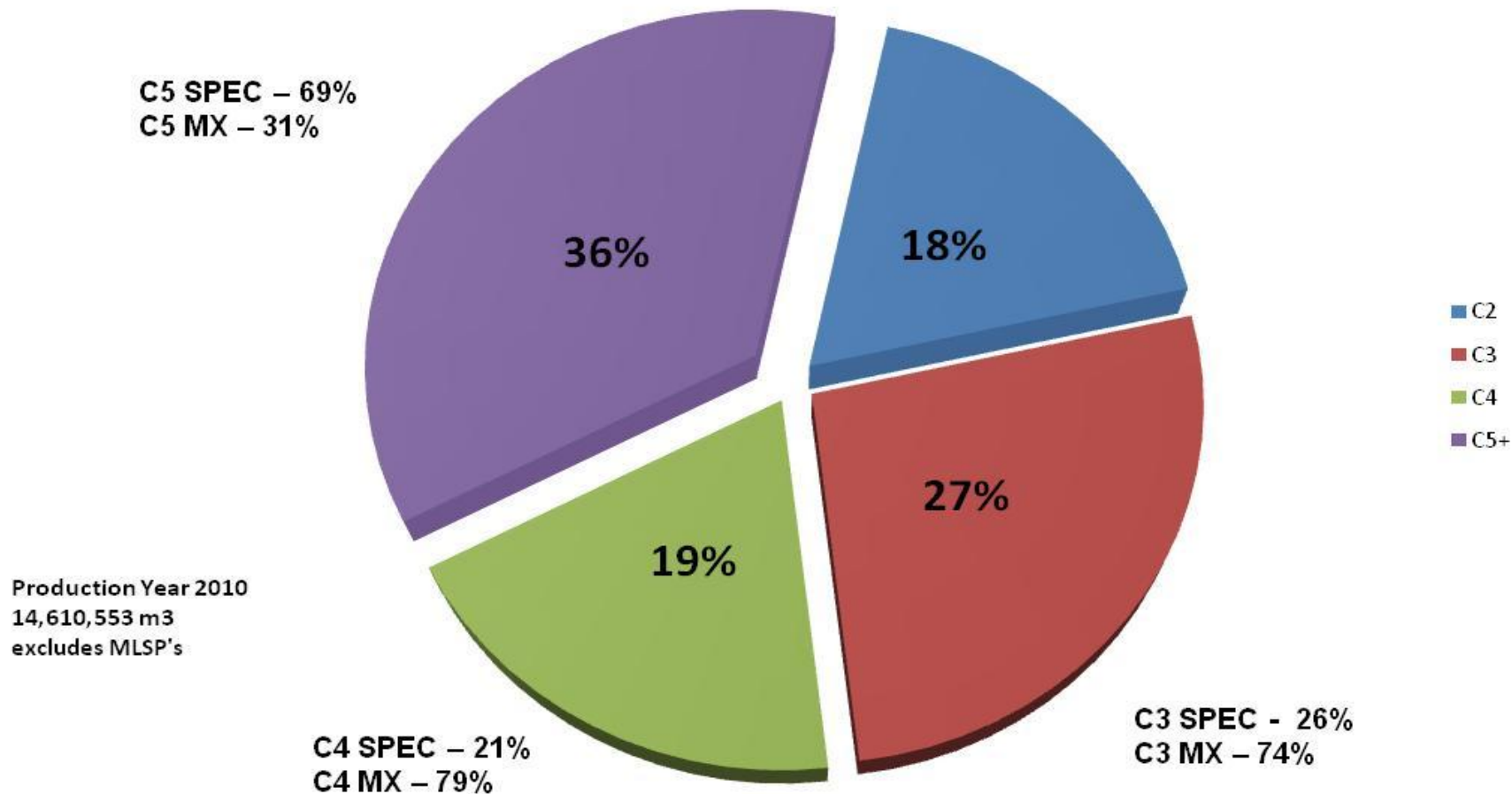
# NGL Reference Price Regions



# NGL Market Characteristics

- The NGL marketing business is complex
- The current Alberta NGL market has many sellers and few buyers
- A few companies control the downstream pipeline and fractionation infrastructure
- Open access for producers to the downstream market within Alberta or North America is limited
- Collecting information to calculate the NGL Reference Prices and Allowances is complex and the frequency and degree of reporting errors by clients is high

# Total Provincial Production Natural Gas Liquids m3



# Possible NGL Reference Price Alternatives

- Initially team identified 6 options:
  - Status Quo
  - Modified Buyer Reporting
  - Producer Reporting Actuals
  - Producer Contract Survey
  - Selected Producer Reporting
  - Crown takes NGLs in-kind
- Only Selected Producer Reporting option considered for next stage of analysis

# Selected Producer Reporting Option

- A representative sample of producers would report monthly third party sales transactions (mostly at plant gate and terminal locations) and transportation costs from the gas plant to point of sale
- Reported sales prices and transportation costs will be aggregated on some yet-to-be-determined basis to determine monthly NGL reference prices

# Next Steps

- Survey a small sample of producers (5 producers) to obtain NGL sales information
- Develop straw model for NGL valuation
- Expand survey to a larger number of producers and delivery months to ensure adequate representation of producer proceeds
- Test the outcomes against the project objectives
- Projected Timelines:
  - Analysis and draft Business Rules by June 2012
  - Approvals by September 2012
  - System design and implementation 2012/13

# Questions?

# Production / Allocation Discrepancy Reporting



# Production / Allocation Discrepancy Reporting

## Background:

- Effective with 2009 reporting, the Alberta Royalty Framework (ARF) introduced a new well event based royalty rate formula with a quantity ( $r_q$ ) component that is influenced by reported well production.
- Prior to 2009, the royalty rate was the FARR (Facility Average Royalty Rate) which was an average royalty rate applied to all wells tied to that facility.
- Royalty submissions show variance between reported production and allocations on the Stream Allocation Factor (SAF) / Owner Allocation Factor (OAF).

# Production / Allocation Discrepancy Reporting

## Background:

- To encourage and ensure accurate reporting, consider a new process where allocated quantities using SAF / OAF are reconciled to well event production volumes.
- A Production / Allocation Discrepancy Reporting subcommittee (CAPP Accounting and department) met to discuss the issue and develop a solution.
- Agreed that any recalculation of royalty must be simple as it is intended to be an interim measure to initiate corrective action.

# Production / Allocation Discrepancy Reporting

## Proposed Solution:

- Implement a new monthly reconciliation process on PRA to compare the SAF / OAF quantities for a stream with the reported production volumes, commencing with the January 2009 production period.
- A new Volumetric Discrepancies Reconciliation Report will show variances (both over and under) where the volume percentage difference between the SAF / OAF quantities and the production volumes is more than +/- 20% and the absolute volume difference is greater than  $10.0 \times 10^3 \text{m}^3$  for a given production month and stream.
- The report format will be comma separated values (CSV).
- For each business associate that has volume variances, this report will be run as a preview two days before the DOE allocation reporting deadline and as a final report on the reporting deadline. Business associates also have the ability to run their own reports on demand.

# Production / Allocation Discrepancy Reporting

## Timelines

- Department to work with PRA in developing business requirements and system design for report
- Target date of January 31, 2012 for system delivery and process implementation
- Shadow billing process to commence in February 2012 (December 2011 billing period) and run through June 2012 (April 2012 billing period) to quantify royalty impact on volume variances identified on the Volumetric Discrepancies Reconciliation Report
- Actual billing to commence in July 2012 (May 2012 billing period) to recalculate royalty for January 2009 to present on all streams that have been identified on the Volumetric Discrepancies Reconciliation Report, depending on how the quantity component ( $r_q$ ) is determined

# Production / Allocation Discrepancy Reporting

## Royalty Recalculation

- If the variance between the SAF / OAF quantities and the production volumes for a stream exceeds a published tolerance (20% absolute), all quantities for that stream are deemed to be incorrectly allocated.
  - e.g. Production volume = 100, SAF / OAF quantity is between 80 and 120, production volume is used to determine the  $r_q$
  - e.g. Production volume = 100, SAF / OAF quantity < 80, production volume is considered to be reliable and is used to determine  $r_q$  despite a variance in excess of a 20% tolerance
  - e.g. Production volume = 100, SAF / OAF quantity > 120, production volume is not considered to be reliable and a default  $r_q$  (30%) is used due to a variance in excess of a 20% tolerance

# Questions?

# OIL SECTION

# Update on Crude Oil Par Price Review

- Initial project planning will begin in January 2012
- Will use a similar approach for industry consultation as the Natural Gas and Natural Gas Liquids Reference Price Review projects
- Will use the “proceeds” based principal
- Will identify opportunities to streamline the associated processes while ensuring transparency, equity and efficiencies



# Wellhead to Dollars Process Improvement Project

- Collaboratively develop opportunities for improvement of communications, information exchange and business processes related to producers' oil production volumes and the Crown's royalty-in-kind volumes in three phases:
  - Forecasting (month prior to production)
  - Physical shipment (production month)
  - Accounting (after production month)
- Provide awareness and transparency of the end-to-end processes across internal functional groups and external stakeholders
- Rhonda Wehrhahn, Assistant Deputy Minister, Resource Revenue and Operations (**Chair**) and Aidan Mills, Husky Energy, General Manager Commodity Marketing are co-sponsors of the project
- First Steering Committee meeting held on September 21<sup>st</sup>
- Steering Committee and workgroups have ADoE, producers, mid-stream and pipeline representatives

# Mature Oilfield Review

# Mature Oilfield Review

## -Two phases-

### 1. Policy Foundation:

Definition of policy direction and policy agenda – 2009/2010 fiscal year. **Completed.**

### 2. Assessment and Development:

Specific products to deliver the policy agenda beginning in 2010/2011 fiscal year

- Includes review of the Enhanced Oil Recovery Royalty Relief Program. **Underway.**

# Consultations

Active consultative approach - ongoing industry stakeholder Engagement:

- CAPP Mature Oilfield Review Industry Group (includes SEPAC)
- Non-association-affiliated companies engaged separately

# Objectives of Enhanced Oil Recovery Royalty Relief Program Review

- Examine the economic effectiveness of the program from industry and Crown perspectives
  - Is the program appropriate going forward?
- Determine if the program appropriately enables EOR in the Mature Oilfield Review policy context
- Determine whether the program should remain unaltered, adjusted or rethought

# EORRRP Review - Timeline

- Review and report completed 2010-2011
- Define program parameter recommendations 2011-2012

# **Oil Royalty Calculation FAQs: How to calculate oil royalty when more than one rate?**

# NWRR well event (100% Crown) reaches production volume cap mid-month

## *What you need before you begin:*

- Production Month
- Density
- Par Price for the production month
- Total Oil Production amount
- Total Crown Production allocated to NWRR
  - *Remember both oil and gas volumes contribute to the NWRR cap of 7949.0 m<sup>3</sup> oil.*
  - *Remember all approved well events for the well licence contribute to the cap.*
- Crown Percentage
- Next royalty rate (RR) to be applied to this well event.



# NWRR well event (100% Crown) reaches production volume cap mid-month

- Production Month **August, 2011**
- Density **Light**
- Par Price for the production month **\$576.09**
- Total Oil Production volume **997.7 m<sup>3</sup> (all gas volumes were flared)**
- Total Oil Production allocated to NWRR **743.8 m<sup>3</sup>**
- Crown Percentage **100.0000000%**
- Next royalty rate to be applied to this well event **ARF**
  - (ARF-Alberta Royalty Framework, 2011)

# NWRR well event (100% Crown) reaches production volume cap mid-month

Total Royalty (m<sup>3</sup>) = Sum of Split Royalties

Total Royalty (m<sup>3</sup>) = NWRR Split + ARF Split

# NWRR well event (100% Crown) reaches production volume cap mid-month

**Step One:** Calculate full royalty using NWRR rate

Total Production: 997.7 m<sup>3</sup> oil

$$\begin{aligned}\text{NWRR Royalty} &= (\text{Total Production} \times 5\%) \times \text{Crown Percentage} \\ &= (997.7 \text{ m}^3 \times 0.05) \times 100.00000000 \% \\ &= 49.885 \text{ m}^3 \times 100.00000000\% \\ &= 49.885 \text{ m}^3 \text{ (round to one decimal)} \\ &= 49.9 \text{ m}^3\end{aligned}$$

# NWRR well event (100% Crown) reaches production volume cap mid-month

**Step Two:** Calculate full royalty using ARF rate

Total Oil Production (Quantity): 997.7 m<sup>3</sup> oil

ARF Royalty = (Total Prod. x Royalty Rate) x Crown Percentage

Royalty Rate =  $r_p + r_q$

# NWRR well event (100% Crown) reaches production volume cap mid-month

$Q_3$	304.0	273.6	0.03%	0.02%
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Price Component ( $r_p$ )			
Alberta Royalty Framework (2011)		Transition Wells	
Price ( $\$/m^3$ )	$r_p$	Price ( $\$/m^3$ )	$r_p$ Transition Wells
$PP \leq 250.00$	$((PP - 190.00) * 0.0006) * 100$	$PP \leq 250.00$	$((PP - 210.00) * 0.00035) * 100$
$250.00 < PP \leq 400.00$	$((PP - 250.00) * 0.0010) + 0.0360 * 100$	$250.00 < PP \leq 350.00$	$((PP - 250.00) * 0.00010) + 0.0140 * 100$
$400.00 < PP \leq 535.00$	$((PP - 400.00) * 0.0005) + 0.1860 * 100$	$PP > 350.00$	$((PP - 350.00) * 0.00005) + 0.0240 * 100$
$PP > 535.00$	$((PP - 535.00) * 0.0003) + 0.2535 * 100$	--	--
Maximum	35%	Maximum	35%

PP is the par price for the month in  $\$/m^3$

Note:  $r_p$  can be negative

Quantity Component ( $r_q$ )			
Alberta Royalty Framework (2011)		Transition Wells	
Quantity ( $m^3/month$ )	$r_q$	Quantity ( $m^3/month$ )	$r_q$ Transition Wells
$Q \leq 106.4$	$((Q - 106.4) * 0.0026) * 100$	$Q \leq 30.4$	$((Q - 30.4) * 0.0013) * 100$
$106.4 < Q \leq 197.6$	$((Q - 106.4) * 0.0010) * 100$	$30.4 < Q \leq 152.0$	$((Q - 30.4) * 0.0013) * 100$
$197.6 < Q \leq 304.0$	$((Q - 197.6) * 0.0007) + 0.0912 * 100$	$152.0 < Q \leq 273.6$	$((Q - 152.0) * 0.0008) + 0.1581 * 100$
$Q > 304.0$	$((Q - 304.0) * 0.0003) + 0.1657 * 100$	$Q > 273.6$	$((Q - 273.6) * 0.0002) + 0.2554 * 100$
Maximum	30%	Maximum	35%

Q is the monthly production in  $m^3$

Note:  $r_q$  can be negative

## Examples

# NWRR well event (100% Crown) reaches production volume cap mid-month

**Step Two:** Calculate full royalty using ARF rate

Par Price for the production month **\$576.09**

$r_p$  Formula for a Par Price greater than \$535

$$\{(((\text{Par Price} - \$535.00) \times 0.0003) + 0.2535) \times 100\} = \mathbf{26.58\%}$$

Note:  $r_p$  **Maximum rate is 35%**

# NWRR well event (100% Crown) reaches production volume cap mid-month

**Step Two:** Calculate full royalty using ARF rate

Total Oil production (quantity) 997.7m<sup>3</sup>

r<sub>q</sub> Formula for a quantity greater than 304.4 m<sup>3</sup>

r<sub>q</sub> Note: **Maximum rate is 30% \***

$$[(\text{Quantity} - 304.0 \text{ m}^3) \times 0.0003] + 0.1657 \} \times 100 = 37.38\%$$

**\* Max of 30% will be used**

# NWRR well event (100% Crown) reaches production volume cap mid-month

**Step Two:** Calculate full royalty using ARF rate

Total Oil Production (Quantity): 997.7 m<sup>3</sup>

$$\text{Royalty Rate (RR)} = r_p + r_q$$

(Note: Maximum 40%)

$$= 26.58\% + 30.00\%$$

$$= 56.58\%$$

$$= 40.00\%$$

$$\text{ARF Royalty} = [(\text{Total Prod.} \times \text{RR}) \times \text{Crown Percentage}]$$

$$=[(997.7 \text{ m}^3 \times 00.4000) \times 100.00000000\%]$$

$$= 399.08 \text{ m}^3 \text{ (round to one decimal)}$$

$$= 399.1 \text{ m}^3$$



# NWRR well event (100% Crown) reaches production volume cap mid-month

**Step Three:** Calculate Split Royalty Percentages

Total Crown Production = 997.7 m<sup>3</sup>

Total Crown Production Allocated to NWRR = 743.8 m<sup>3</sup>

$$\begin{aligned}\text{NWRR Split \%} &= \text{Crown Prod. Allocated} / \text{Total Crown Prod.} \\ &= 743.8 \text{ m}^3 / 997.7 \text{ m}^3 \\ &= 74.5514684 \%\end{aligned}$$

Total Crown Production Allocated to ARF = 253.9 m<sup>3</sup>

*(Total Crown Prod. - Total Crown Prod Allocated to NWRR = Total Crown Prod. Allocated to ARF)*

$$\begin{aligned}\text{ARF Split \%} &= \text{Crown Prod. Allocated} / \text{Total Crown Prod.} \\ &= 253.9 \text{ m}^3 / 997.7 \text{ m}^3 \\ &= 25.4485316 \%\end{aligned}$$

# NWRR well event (100% Crown) reaches production volume cap mid-month

$$\begin{aligned}\text{NWRR Royalty Split} &= \text{NWRR Royalty} \times \text{NWRR Split \%} \\ &= 49.9 \text{ m}^3 \times 74.5514684\% \\ &= 37.2 \text{ m}^3\end{aligned}$$

$$\begin{aligned}\text{ARF Royalty Split} &= \text{ARF Royalty} \times \text{ARF Split \%} \\ &= 399.1 \text{ m}^3 \times 25.4485316 \% \\ &= 101.6 \text{ m}^3\end{aligned}$$

$$\begin{aligned}\text{Total Royalty} &= \text{Sum of Split Royalties} \\ &= 37.2 \text{ m}^3 + 101.6 \text{ m}^3 \\ &= 138.8 \text{ m}^3\end{aligned}$$

# NWRR well event (100% Crown) reaches production volume cap mid-month

- Total Royalty = Sum of Split Royalties
- NWRR Split + ARF Split = Total Royalty (m<sup>3</sup>)  
**37.2 m<sup>3</sup> + 101.6 m<sup>3</sup> = 138.8 m<sup>3</sup>**
- Full NWRR = Total Prod x RR% x Crown % = 49.9 m<sup>3</sup>
- Full ARF = Total Prod X RR% X Crown % = 399.1 m<sup>3</sup>
- Crown Production allocated to NWRR = 743.8 m<sup>3</sup>
- NWRR Split % = Cr.Prod. allocated/ Total Crown Prod = 74.5514684%
- Crown Production allocated to ARF = 253.9 m<sup>3</sup>
- ARF Split % = Crown Prod. allocated/Total Crown Prod = 25.44885316%
- **(49.9 m<sup>3</sup> X 74.5514684%) + (399.1 m<sup>3</sup> X 24.44885316%) = 138.8 m<sup>3</sup>**

# NWRR (<100% Crown) well event reaches production volume cap mid-month

- Production Month **August, 2011**
- Density **Light**
- Par Price for the production month **\$576.09**
- Total Oil Production volume **997.7 m<sup>3</sup>(all gas volumes were flared)**
- Total Oil Production Allocated to NWRR **743.8 m<sup>3</sup>**
- Total Crown Oil Production Allocated to NWRR **711.7 m<sup>3</sup>**
- Crown Percentage **95.68565000%**
- Next rate to be applied **ARF**



**This has changed  
based on Crown %**

# NWRR (<100% Crown) well event reaches production volume cap mid-month

**Step One:** Calculate full royalty using NWRR rate

Total Production: 997.7 m<sup>3</sup> oil

$$\begin{aligned}\text{NWRR Royalty} &= (\text{Total Production} \times 5\%) \times \text{Crown Percentage} \\ &= (997.7 \text{ m}^3 \times 0.05) \times 95.6856500 \% \\ &= 49.885 \text{ m}^3 \times 0.956856500 \\ &= 47.7327865 \text{ m}^3 \text{ (round to one decimal)} \\ &= 47.7 \text{ m}^3\end{aligned}$$

# NWRR (<100% Crown) well event reaches production volume cap mid-month

**Step Two:** Calculate full royalty using ARF rate

Total oil Production (Quantity): **997.7 m<sup>3</sup>**

- Royalty Rate (RR) =  $r_p + r_q$ 
  - (Note: Maximum 40%)
    - = 26.58% + 30.00%
    - = 56.58%
    - = 40.00%

$$\begin{aligned}\text{ARF Royalty} &= [(\text{Total Prod.} \times \text{RR}) \times \text{Crown Percentage}] \\ &= [(997.7 \text{ m}^3 \times 00.4000) \times 00.956856500] \\ &= 381.86229202 \text{ m}^3 \text{ (round to one decimal)} \\ &= \mathbf{381.9 \text{ m}^3}\end{aligned}$$

# NWRR (<100% Crown) well event reaches production volume cap mid-month

## Step Three: Calculate Split Royalty Percentages

Total Crown Production = 954.7 m<sup>3</sup>

Total Crown Production allocated to NWRR = 711.7 m<sup>3</sup>

- NWRR Split % = Crown Prod. Allocated/Total Crown Prod.  
= 711.7 m<sup>3</sup> / 954.7 m<sup>3</sup>  
= 74.5469783 %

Total Crown Production Allocated to ARF = 243.0 m<sup>3</sup>

*(Total Crown Prod.-Total Crown Prod Allocated to NWRR = Total Crown Prod. Allocated to ARF)*

- ARF Split % = Crown Prod. Allocated/Total Crown Prod.  
= 243.0 m<sup>3</sup> / 954.7 m<sup>3</sup>  
= 25.4530218%

# NWRR (<100% Crown) well event reaches production volume cap mid-month

$$\begin{aligned}\text{NWRR Royalty Split} &= \text{NWRR Royalty} \times \text{NWRR Split \%} \\ &= 47.7 \text{ m}^3 \times 74.5469783 \% \\ &= 35.6 \text{ m}^3\end{aligned}$$

$$\begin{aligned}\text{ARF Royalty Split} &= \text{ARF Royalty} \times \text{ARF Split \%} \\ &= 381.9 \text{ m}^3 \times 25.4530218\% \\ &= 97.2 \text{ m}^3\end{aligned}$$

$$\begin{aligned}\text{Total Royalty} &= \text{Sum of Split Royalties} \\ &= 35.6 \text{ m}^3 + 97.2 \text{ m}^3 \\ &= 132.8 \text{ m}^3\end{aligned}$$



# NWRR (<100% Crown) well event reaches production volume cap mid-month

- Total Royalty = Sum of Split Royalties
- NWRR Split + ARF Split = Total Royalty (m<sup>3</sup>)  
 **$35.6 \text{ m}^3 + 97.2 \text{ m}^3 = 132.8 \text{ m}^3$**
- Full NWRR = Total Prod x RR% x Crown % 47.7 m<sup>3</sup>
- Full ARF = Total Prod X RR% X Crown % 381.9 m<sup>3</sup>
- Crown Production allocated to NWRR 711.7 m<sup>3</sup>
- NWRR Split % = Crown Prod Allocated/ Total Crown Prod  
= 74.546978 %
- ARF Split % = Crown Prod. Allocated/Total Crown Prod  
= 25.4530218 %
- **$(47.7 \text{ m}^3 \times 74.546978 \%) + (381.9 \text{ m}^3 \times 25.4530218 \%) = 132.8 \text{ m}^3$**

# Royalty Split between NWRR and HONWRR

- Production Month – August, 2011
- Density - Light
- Par Price for production month - \$576.09
- Total Oil Production amount – 997.7 m<sup>3</sup>
- Crown Percentage – 100.0000000%
- Crown Prod Allocated to NWRR – 743.8 m<sup>3</sup>
- Crown Prod Allocated to HONWRR – 253.9 m<sup>3</sup>

# Royalty Split between NWRR and HONWRR

- Total Royalty = Sum of Split Royalties
- NWRR Split + HONWRR Split = Total Royalty (m<sup>3</sup>)  
 $37.2 \text{ m}^3 + 12.7 \text{ m}^3 = 49.9 \text{ m}^3$
- Full NWRR = Total Prod x RR% x Crown % =  $49.9 \text{ m}^3$
- Full HONWRR = Total Prod X RR% X Crown % =  $49.9 \text{ m}^3$
- Crown Production allocated to NWRR =  $743.8 \text{ m}^3$
- NWRR Split % = Cr. Prod Allocated/ Total Crown Prod =  $74.5514684\%$
- Crown Production allocated to HONWRR  $253.9 \text{ m}^3$
- **HONWRR Split %**=Cr. Prod Allocated/Total Crown Prod  
**=  $25.4485316\%$**   
 **$(49.9 \text{ m}^3 \times 74.5514684\%) + (49.9 \text{ m}^3 \times 25.4485316\%) = 12.7 \text{ m}^3$**

# Make sure you have used the correct formula

- Production Month – August, 2011
- Density - Light
- Par Price - \$576.09
- Total Oil Production amount – 997.7 m<sup>3</sup>
- Crown Percentage – 100.0000000 %
  
- ARF Royalty – 399.1 m<sup>3</sup>
  
- ARFT Royalty – 384.4 m<sup>3</sup>

# QUESTIONS?

If you think of one later: [Karen.Langpap@gov.ab.ca](mailto:Karen.Langpap@gov.ab.ca)

Phone (780) 422-9047

**BREAK**

# GENERAL SECTION

# **Proposed Changes to Provisions for Recalculations Related to Royalty**



# Case for Change

- CAPP letter noting concerns with regards to Sections 38 and 39 of the Mines & Minerals Act
- Changes will lead to enhanced fiscal certainty
- Changes will enhance audit efficiency by recognizing the practicalities of audit
- A Window of Opportunity currently exists (?)

# Proposed Changes

- Expand the list of items subject to calculation and recalculation to include:
  - Pre-payout and pre-payback costs (coal)
  - Other Net Proceeds and other recoveries
  - Escalating rents
  - Cost carry forwards

# Proposed Changes

- Revise the time frames for calculations and recalculations:
  - A 3 year period for royalty payers following the end of the relevant production year to provide submissions or amendments related to matters subject to recalculation (the Amendment Period)
  - A subsequent 2 year period for the Department to assess, review and audit information (the Assessment Period)

# Proposed Changes

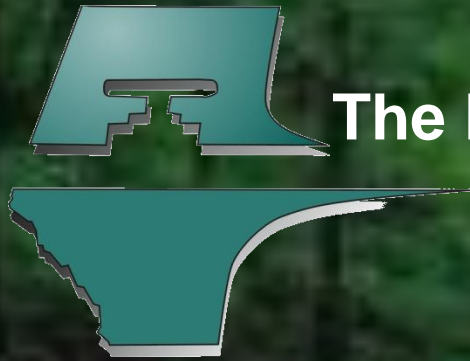
- The relevant Department Branch, will consider all information received in the Amendment and Assessment Periods and will make all calculations or recalculations necessary on receipt of that information (the Recalculation Period)
- The calculations or recalculations shall be finalized through notice to the royalty payer and the process will be completed within 5.5 years after the operating year at the latest. (3 Year Amendment Period plus 2 Year Assessment Period plus 6 month Administrative Period)
- It is the Notice of an Operating Decision, Calculation, Recalculation, or the Notice of an Audit Report, which can be Appealed

# Proposed Changes

- Objections or Appeals will only consider information and submissions provided by the royalty payer prior to the end of the three year period, or information that was provided during an audit
- An Appeal may not challenge a decision made pursuant to the Ministerial discretion

# Questions?

# Upcoming PRA Breakout Session at the CAPP Conference



The Petroleum Registry of Alberta  
*Energizing the flow of information*

# Tips to Simplify Your Life on the Petroleum Registry

CAPPA Conference, November 4, 2011



**Moving Around  
the Registry**

**From a  
Production  
Accountants  
Perspective**

**From a Strategic  
Perspective**

- 1. Registry Tools and Resources**
- 2. Registry Navigation**
- 3. Timeliness and Accuracy**
- 4. Partner Reporting Options**
- 5. CSV Files & Reports**
- 6. Use All Pipeline Split Reports**
- 7. What Other Reports Are Available?**
- 8. Registry Saskatchewan Inclusion Project Update**
- 9. Be a Registry Advocate**
- 10. Get involved**

# Department of Energy Tools and Reports

# Oil Royalty Information

## Where to find it?

# Oil Royalty Information – Where to find it

The Government of Alberta - Energy Website:

<http://www.energy.alberta.ca/>

# Oil Royalty Information – Where to find it

**Government of Alberta**  
Energy

Contact Us Using this Site

Alberta.ca > Energy Home > Our Business

About Us **Our Business** Key Initiatives Newsroom

Aboriginal Relations  
Bioenergy  
Coal  
Electricity  
Environment & Resource Services  
Minerals  
Natural Gas  
**Oil**  
Oil Sands  
Petrochemicals  
Tenure  
Services

## Our Business

Alberta is a global energy leader with a diverse resource portfolio which includes coal, electricity, minerals, natural gas, conventional oil, petrochemicals, renewable and Alberta's oil sands.

Albertans own 81% of the province's oil, natural gas and other mineral resources. The remaining 19% are 'freehold' mineral rights owned by the federal government on behalf of First Nations or in National Parks, and by individuals and companies. Alberta Energy is responsible for ensuring the development of Alberta's resources to the benefit of all Albertans. Alberta also supports;

- further the development of [enhanced recovery](#) technologies
- alternate sources of energy ([bioenergy](#), [nuclear](#))
- emissions reduction efforts ([Renewable Fuel Standards](#))
- maintaining a competitive [royalty and regulatory framework](#) necessary to attract capital investment from world markets.
- Other [Initiatives](#)

As the engine of Alberta's economy, energy revenues account for almost a third of the revenue allocated under Alberta's provincial budget and just over half of the

**Choose 'Our Business' and 'Oil'**

### Quick Links

- Information Letters
- Electronic Transfer System
- Petroleum Registry
- ERCB
- Industry Activity Reports

### Soldier Settlement Board

Titles transferred to Alberta April 2010  
[Learn More.](#)

### Innovative Technologies

[Learn more about the Program.](#)

**Related Links**

- [Energy Resources Conservation Board](#)
- [Alberta Utilities Commission \(AUC\)](#)
- [Petroleum Registry of Alberta](#)
- [ETS- Electronic Transfer System](#)
- [Information Letters](#)

# Oil Royalty Information – Where to find it

Alberta.ca > Energy Home > Our Business > Oil


[About Us](#) [Our Business](#) [Key Initiatives](#) [Newsroom](#)

- Aboriginal Relations
- Bioenergy
- Coal
- Electricity
- Environment and Resource Services
- Minerals
- Natural Gas
- Oil**
  - About Oil
  - Publications & Maps
  - Royalty Information
  - Legislation, Guidelines & Policies
  - Forms & Reporting
  - Online Services
  - External Resources
  - Oil Contacts
  - Oil Sands
  - Petrochemicals
  - Tenure
  - Services

**Related Links**

- [Energy Resources Conservation Board](#)
- [Alberta Utilities](#)

## Oil



The powerful image of a drilling rig on the prairie is a critical part of Alberta's past, present and future. Developing the province's conventional oil resources has been an important facet of Alberta life since 1914 when the province's first major oil field was discovered at Turner Valley. Alberta was also responsible for a pivotal event in Canada's energy history in 1947 when the drilling of a successful well at Leduc, just south of Edmonton, transformed the nation from oil-poor to oil-rich, overnight.

This development has created an extensive infrastructure that facilitates the continued drive to locate, drill for and transport the oil to market. This infrastructure continues to grow and Alberta's oil industry remains a key component of the provincial economy accounting for thousands of jobs in exploration, production, transportation, refining, distribution, and marketing. Conventional crude oil production was the third-largest source of non-renewable resource revenue for Albertans during the 2007/2008 fiscal year. Overall, it accounted for more than \$4.4 billion in royalty payments to the provincial government from 2005 to 2008.

Alberta's conventional oil deposits also contribute to the Canadian economy. In 2007, conventional crude oil production made up about 28 per cent of Alberta's total crude oil and equivalent production, which is about 21 per cent of Canada's total crude oil and equivalent production.

To ensure that this valuable resource contributes to our province for another 50 years, the Oil Development Business Unit manages the province's resources by promoting and encouraging exploration and development of reserves, calculating and collecting royalties from producers, and marketing the Crown's share of crude oil production through private sector and in-house marketing agents.

The Unit also supports the development of new technologies for recovering oil



**All Oil Royalty Calculators are here**

[Related Links](#)

[Calculators](#)

[Information Letters](#)

[Contact Us](#)



# Oil Royalty Information – Where to find it

**Government of Alberta**  
Energy

Contact Us Using this Site

Search

Alberta.ca > Energy Home > Our Business > Oil > Royalty Information > Calculators

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    - Schedule A
    - Calculators**
    - Innovative Technologies
    - CO2 Royalty Credit Program
  - Legislation, Guidelines & Policies
  - Forms & Reporting

## Calculators for Royalty

**ARF 2011 onwards**

[Adjusted Alberta Royalty Framework Calculator for 2011](#)

Effective January 1, 2011 for the Adjusted Alberta Royalty Framework (ARF). [FAQ](#)

**ARFT**

[Transition royalty rate calculator](#)

Effective January 1, 2009 to December 31, 2013 for the Transition Royalty rates. [FAQ](#)

**ARF 2009-2010**

[Alberta Royalty Framework Calculator \(2009-2010\)](#)

Effective January 1, 2009 to December 31, 2010 for the Alberta royalty framework (unless the client chose Transitional royalty rates for the well).

**Open years 2007 and 2008**

[Original Oil Calculator](#)

This original oil royalty calculator was used from 1993 to December 31, 2008.

Last reviewed/revised: 2011-09-09

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# Oil Royalty Information – Where to find it

**Government of Alberta**  
Energy

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Alberta.ca > Energy Home > Our Business > Oil

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  - Oil Sands
  - Petrochemicals
  - Tenure
  - Services

## Oil



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This development has facilitated the continued drive to local and Alberta markets. This infrastructure continues to grow and remains a key component of the provincial economy, accounting for thousands of jobs in exploration, production, transportation, refining, distribution and marketing. Conventional crude oil production was the third-largest source of non-renewable resource revenue for Albertans during the 2007/2008 fiscal year. Overall, it accounted for more than \$4.4 billion in royalty payments to the provincial government from 2005 to 2008.

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To ensure that this valuable resource contributes to our province for another 50 years, the Oil Development Business Unit manages the province's resources by

**Need to find a Oil Price? See new DOE changes?**

- Related Links
- Calculators
- Information Letters**
- Contact Us
- sepac



# Oil Royalty Information – Where to find it

Alberta [Using this Site](#) [Contact Us](#)

[Home](#) > Information Letters

[About Us](#) [Our Business](#) [Key Initiatives](#) [Newsroom](#)

**Set yourself up to always receive the latest information**

## Information Letters

[Comments or questions about searching or accessing Information Letters](#)

[Subscribe to Information Letter Updates](#) [Advanced Search](#)

287 Results returned for Commodity:Oil+ Status:Active+ Year From:All+ Year To:All+ Topic:All+ Organization:Oil Development

	Number	Subject	Status	IL Reference
NEW	<a href="#">2011-33</a> (28 KB)	Petroleum Royalty Regulation, 2009 Par Prices - November 2011 Production Month	Active	<a href="#">more info</a>
	<a href="#">2011-31</a> (28 KB)	Petroleum Royalty Regulation 2009 Par Prices - October 2011 Production Month	Active	<a href="#">more info</a>
	<a href="#">2011-27</a> (28 KB)	Petroleum Royalty Regulation, 2009 Par Prices – September 2011 Production Month	Active	<a href="#">more info</a>
	<a href="#">2011-24</a> (28 KB)	Petroleum Royalty Regulation, 2009 Par Prices - August 2011 Production Month	Active	<a href="#">more info</a>
	<a href="#">2011-21</a> (28 KB)	Petroleum Royalty Regulation, 2009 Par Prices - July 2011 Production Month	Active	<a href="#">more info</a>
	<a href="#">2011-16</a> (91 KB)	Petroleum Royalty Regulation, 2009 Par Prices - June 2011 Production Month	Active	<a href="#">more info</a>
	<a href="#">2011-13</a> (28 KB)	Petroleum Royalty Regulation, 2009 Par Prices - May 2011 Production Month	Active	<a href="#">more info</a>
	<a href="#">2011-08</a> (28 KB)	Petroleum Royalty Regulation, 2009 Par Prices – April 2011 Production Month	Active	<a href="#">more info</a>
	<a href="#">2011-04</a> (28 KB)	Petroleum Royalty Regulation, 2009 Par Prices - March 2011 Production Month	Active	<a href="#">more info</a>
	<a href="#">2010-48</a> (28 KB)	Petroleum Royalty Regulation, 2010 Par Prices - February 2011 Production Month	Active	<a href="#">more info</a>
	<a href="#">2010-40</a>	Petroleum Royalty Regulation, 2010 Par		

# Oil Royalty Information – Where to find it

Government of Alberta ■  
Energy

Contact Us Using this Site

Alberta.ca > Energy Home > Our Business > Oil > Publications & Maps

About Us Our Business Key Initiatives Newsroom

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**Publications & Maps**  
Royalty Information  
Legislation, Guidelines & Policies  
Oil Sands  
Petrochemicals  
Tenure  
Services

## Oil Publications and Maps

**Useful general information**

This section contains publications relating to Oil that Alberta Energy has produced.

Most of the crude oil produced in Alberta is exported to the rest of Canada or the United States.

Of the production that remains in the province, most is converted into transportation fuels at refineries in Alberta.

**On this page**

- Reports
- Fact Sheets
- Publications
- Presentations
- Maps

### Reports

**Schedule "A"** (The "S" portion of the oil royalty formula, effective January 1, 1993)  
This report supplies the "S" basic royalty in cubic meters that is used in the appropriate royalty formula based on the vintage (old, new or Third Tier) and density (Heavy or Non-heavy) of the well. The report divides production volumes into ranges of 500 and each range is further divided into sections of 20 pages.  
[0-499.9](#) [500-999.9](#) [1000 - 1499.9](#) [1500-2000](#)

**Western Canada Drilling Cycle Optimization**  
A study undertaken to examine and provide actionable recommendations that assist in the optimization of the industry cycle on seismic and drilling activities in Western Canada.

**Oil and Gas Fiscal Regimes of the Western Canadian Provinces and Territories**  
This report summarizes the petroleum fiscal regimes for the Western Canadian provinces and territories. (2011)

**Royalty explained**

**If you want to calculate 'S' for 2007/2008 it is here**

# Oil Royalty Information – Where to find it

**Government of Alberta**  
Energy

Contact Us Using this Site

Search

Alberta.ca > Energy Home > Our Business > Oil > Royalty Information > About Royalties

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Coal  
Electricity  
Renewable and Alternative Energy Source  
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About Royalties  
Current Month Par Price  
Schedule A  
Calculators  
Innovative Technologies  
CO2 Royalty Credit Program  
Legislation, Guidelines & Policies  
Forms & Reporting

## About Oil Royalties

### Energizing Investment

October 2010 Industry sessions

- Competitiveness Review Changes, Training Session (October 12 & 13, 2010)
- Joint Industry/ Alberta Energy Crown Royalty Information exchange (October 22, 2010)

### Competitiveness Review May 27, 2010

Royalty Curves and Emerging Resources and Technologies

News Release [Alberta stimulates new energy investment, new technologies](#) (May 27, 2010)

[Webinar](#) (enter your email address to access the archive)  
[Questions and Answers](#)

[Energizing Investment Phase 2](#) (webinar document)

**NWRR, etc.**

[New Well Royalty Regulation](#) approved (March 23, 2011)  
If you have technical questions regarding the Royalty Framework, please e-mail us at [Response.Energy@gov.ab.ca](mailto:Response.Energy@gov.ab.ca).

### Royalty Formulas, Tables and Curves

Posted June, 2010, effective January 1, 2011

- Alberta Royalty Framework formulas Oil
- Alberta Royalty Framework formulas Natural Gas
- Alberta Royalty Framework Oil Curves

### On this page

- 2010 Royalty Information
- Frequently Asked Questions
- March 2010 Phase 1
- Bitumen Royalty in Kind
- Subscription to this page

### Historical Royalty Data

# Oil Royalty Information – Where to find it

Government of Alberta  
Energy

Contact Us Using this Site

Search

Alberta.ca > Energy Home > Our Business > Oil > Legislation, Guidelines & Policies

About Us Our Business Key Initiatives Newsroom

- Aboriginal Relations
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- Coal
- Electricity
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  - Legislation, Guidelines & Policies
    - Acts and Regulations
    - Guidelines
    - Information Letters
    - Information Bulletins
  - Forms & Reporting
  - Online Services
  - External Resources
  - Oil Contacts
- Oil Sands

## Legislation and Guidelines

### Acts and Regulations

Alberta's Acts and Regulations pertaining to Alberta Energy are the laws of Alberta which direct the management of Alberta's resources. [Read more](#)

### Guidelines

The Department of Energy offers a number of guidelines to assist petroleum producers in the province of Alberta. [Read more](#)

### Information Letters

This section provides a list of departmental information letters dating back to 1974. These letters highlight any minor regulatory changes or decisions made. [Read more](#)

### Information Bulletins

This section provides a list of Oil Development bulletins. [Read more](#)

Last reviewed/revised: 2011-09-09

All the legislation that applies to Oil Royalty is on-line here

Set yourself up to receive the Bulletins

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# Oil Royalty Information – Where to find it

**Government of Alberta** [Contact Us](#) [Using this Site](#)


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[Alberta.ca](#) > [Energy Home](#) > [Our Business](#) > Oil A A

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- ▶ Bioenergy
- ▶ Coal
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- ▶ Environment and Resource Services
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- ▼ **Oil**
  - ▶ About Oil
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  - ▶ Legislation, Guidelines & Policies
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  - ▶ Petrochemicals
  - ▶ Tenure
  - ▶ Services

## Oil



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To ensure that this valuable resource contributes to our province for another 50 years, the Oil Development Business Unit manages the province's resources by

**Related Links**

**Calculators**

**Information Letters**

**Contact Us**

**sepac**

**Phone listing of staff in Oil Operations**

# Oil Royalty Information – Where to find it

## Oil Royalty Operations Contacts

+ By Phone			
Laurie Schneider	Director		780-422-9039
Melissa Winczura	Administrative Coordinator		780-644-5409
Beverley Murray	Manager, Oil Royalty & EOR		780-427-2193
Karen Langpap	Senior Analyst, Oil Royalty & EOR		780-422-9047
Donna Urban	Analyst, Oil Royalty & EOR		780-422-9122
Darren Davis	Analyst, Oil Royalty & EOR		780-422-9016
Gaelynn Wall	Analyst, Business Processes & Systems		780-415-2107
Richard Dmytryshyn	Manager, Royalty Programs		780-427-3308
Veronica Hanson	Analyst, Royalty Programs		780-422-9080
Asneil Charan	Analyst, DRC		780-422-9040
Jui-Chao Soh	Analyst, DRC		780-422-9081

By Email [ODEmOP@gov.ab.ca](mailto:ODEmOP@gov.ab.ca)

You can contact our branch directly by clicking here.

# Oil Royalty Information – Where to find it

## Petroleum Registry of Alberta (PRA)

Menu AB BA: 0A8J ALBERTA DEPARTMENT OF ENERGY Name: langpak Quicklist:

[\[Ministry Invoices and Statements\]](#)

### Manage Ministry Reporting

Filters:

Report Received Date Range: From:  To:

Report Package:

Business Associate:

Date Received	Report Package	Report Name	Format	View	Download	Download Zipped
2011-09-29	DOE Gas - Form Submission - Monthly Forms	Registry Rejection Notice	PDF	<a href="#">14 KB</a>	<a href="#">14 KB</a>	<a href="#">11 KB</a>
2011-09-26	DOE Oil - Crown Royalty Statements	Facility Summary-Prod Mth 2011-08 and Prior	PDF	<a href="#">119 KB</a>	<a href="#">119 KB</a>	<a href="#">95 KB</a>
2011-09-26	DOE Oil - Well Royalty Program Report/Letters	Royalty Program Report - 2011-09-24	CSV	<a href="#">493 KB</a>	<a href="#">493 KB</a>	<a href="#">49 KB</a>
2011-09-26	DOE Oil - Crown Royalty Statements	Well Details-Prod Mth 2011-08 Prior Periods	PDF	<a href="#">94 KB</a>	<a href="#">94 KB</a>	<a href="#">75 KB</a>
2011-09-26	DOE Oil - Crown Royalty Statements	ARF - Well Details-Prod Mth 2011-08 Prior Periods	PDF	<a href="#">152 KB</a>	<a href="#">152 KB</a>	<a href="#">122 KB</a>
2011-09-26	DOE Oil - Crown Royalty Statements	ARF - EOR Relief by Facility Summary-2011-08	PDF	<a href="#">92 KB</a>	<a href="#">92 KB</a>	<a href="#">74 KB</a>
2011-09-26	DOE Oil -	EOR Relief by Facility Summary - 2011-08	CSV	<a href="#">2 KB</a>	<a href="#">2 KB</a>	<a href="#">0 KB</a>

# Oil Royalty Information – Where to find it

## Petroleum Registry of Alberta (PRA)

The screenshot shows the top navigation bar of the Alberta Department of Energy website. The user is logged in as 'BA: 0A8J ALBERTA DEPARTMENT OF ENERGY' with the name 'langpak'. The navigation menu includes: Menu, Inbox, Help, Contacts, Logout, and AB. A 'Quicklist' search bar is also present.

- Monthly Reporting
  - Volumetric
  - Allocation
- Allowable Costs
  - AC1
  - Facility Cost Centre Operator Change
  - Query Facility Cost Centre
  - AC2
  - AC3 - Allowable Costs Reallocations
  - AC4 - Operating Costs
  - AC5 - Custom Processing (CP) Fees Paid
- Infrastructure
  - Well Infrastructure
  - Facility Infrastructure
  - Crown Royalty Related Information
    - [Query Production Entities](#)
    - Raw Gas Allocation
- Ministry Invoices and Statements
  - [Manage Invoices and Statements](#)
- Reports and Queries
  - [Submit Report Request](#)
  - [Upload Report Request](#)
  - Queries
- Admin Functions
  - Security
  - Notifications

A callout box labeled 'To confirm ARFT status' has two red arrows pointing to the 'Crown Royalty Related Information' and 'Query Production Entities' links.

[Menu](#) [Inbox](#) [Help](#) [Contacts](#) [Logout](#) [AB](#)  
[Menu](#) [Inbox](#) [Help](#) [Contacts](#) [Logout](#)  
[Top](#) [AB](#)



# Oil Royalty Information – Where to find it

## Petroleum Registry of Alberta (PRA)

Link	PE #	Gas	Oil	Start Date	End Date	Last Updated Date
UNIT AGREEMENT	AB UN 65642	000.00	100.00	2010-12		2010-12-17

### Well Links

Well Id	Well Name	Pool	Well Entity %		Start Date
			Gas	Oil	

### DOE Oil Density

Start Date	End Date	Density
2010-12		LIGHT

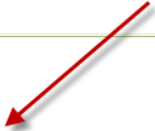
### Acid Gas

CO2 Mole Fraction	H2S Mole Fraction	Acid Gas Factor	Start Date	End Date

ARFT Information

### ARFT Election

Royalty Framework: Alberta Royalty Framework Transitional Rates (ARFT) Election Date: 2010-11-25  
 Opt out of Royalty Framework: No



# Gas Royalty Information – Alberta Natural Gas Royalty Guidelines (2009)

# Gas Royalty Information – Alberta Natural Gas Royalty Guidelines (2009)

The screenshot shows the Government of Alberta Energy website. At the top, there is a navigation bar with 'Government of Alberta Energy' on the left, 'Contact Us' and 'Using this Site' on the right, and a search box. Below the navigation bar, there are tabs for 'About Us', 'Our Business', 'Key Initiatives', and 'Newsroom'. The 'Our Business' tab is selected. On the left side, there is a vertical navigation menu with categories: 'Aboriginal Relations', 'Bioenergy', 'Coal', 'Electricity', 'Environment & Resource Services', 'Minerals', 'Natural Gas', 'Oil', 'Oil Sands', 'Petrochemicals', 'Tenure', and 'Services'. The 'Natural Gas' category is highlighted with a red arrow. In the main content area, the heading 'Our Business' is displayed above a photograph of a blue industrial valve. To the right of the photo, there is a text block: 'Alberta is a global energy leader with a diverse resource portfolio which includes coal, electricity, minerals, natural gas, conventional oil, petrochemicals, renewable and Alberta's oil sands.' Below this, another text block states: 'Albertans own 81% of the province's oil, natural gas and other mineral resources. The remaining 19% are 'freehold' mineral rights owned by the federal government on behalf of First Nations or in National Parks, and by individuals and companies. Alberta Energy is responsible for ensuring the development of Alberta's resources to the benefit of all Albertans. Alberta also supports;' followed by a bulleted list of initiatives: 'further the development of enhanced recovery technologies', 'alternate sources of energy (bioenergy, nuclear)', 'emissions reduction efforts (Renewable Fuel Standards)', 'maintaining a competitive royalty and regulatory framework necessary to attract capital investment from world markets.', and 'Other Initiatives'. A callout box with a speech bubble icon contains the text 'Choose 'Our Business' and 'Natural Gas''. To the right of the main content, there are three boxes: 'Quick Links' with links to 'Information Letters', 'Electronic Transfer System', 'Petroleum Registry', 'ERCB', and 'Industry Activity Reports'; 'Soldier Settlement Board' with the text 'Titles transferred to Alberta April 2010 Learn More.' and an image of a soldier; and 'Innovative Technologies' with the text 'Learn more about the Program.' and an image of an industrial facility.

# Gas Royalty Information – Alberta Natural Gas Royalty Guidelines (2009)

The screenshot shows the Government of Alberta Energy website. At the top, there is a navigation bar with the logo and links for 'Contact Us' and 'Using this Site'. Below this is a search bar. The main navigation menu includes 'About Us', 'Our Business', 'Key Initiatives', and 'Newsroom'. A left sidebar lists various energy topics, with 'Natural Gas' expanded to show sub-links like 'Shale Gas', 'About Natural Gas', 'Publications & Maps', 'Royalty Information', 'Legislation, Guidelines & Policies', 'Forms & Reporting', 'Online Services', 'Coalbed Methane', 'Fuel Gas Efficiency', 'External Resources', and 'Natural Gas Contacts'. The 'Legislation, Guidelines & Policies' link is highlighted with a red arrow and a callout box that says 'Select and follow link to current Guidelines'. The main content area is titled 'Natural Gas' and features an image of a gas burner. The text explains that natural gas is a clean and efficient energy source, and that Alberta produces about 75% of Canada's natural gas. It also mentions that 73 trillion cubic feet of recoverable conventional natural gas is still beneath the ground, and that coalbed methane is another potential source. A 'Quick Links' box on the right contains links to 'Customer Choice - Utilities Consumer Advocate office', 'Natural Gas - Prices', and 'What is Natural Gas?'. The footer of the page contains the Alberta logo and the slogan 'Freedom To Create. Spirit To Achieve.' along with the Government of Alberta logo.

Government of Alberta  
Energy

Contact Us Using this Site

Search

Alberta.ca > Energy Home > Our Business > Natural Gas

About Us Our Business Key Initiatives Newsroom

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Bioenergy  
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Minerals  
Natural Gas  
Shale Gas  
About Natural Gas  
Publications & Maps  
Royalty Information  
Legislation, Guidelines & Policies  
Forms & Reporting  
Online Services  
Coalbed Methane  
Fuel Gas Efficiency  
External Resources  
Natural Gas Contacts  
Oil  
Oil Sands  
Petrochemicals

## Natural Gas



Natural gas is one of the cleanest, cheapest and most efficient sources of energy. It is a necessary component of an environmentally-friendly economy. Alberta accounts for just about 75 per cent of the natural gas produced in Canada.

It is estimated that 73 trillion cubic feet of recoverable, conventional natural gas is still beneath our feet can be extracted. [Coalbed methane](#) is natural gas found in coal seams. Alberta's coal seams could contain as much as an additional 500 trillion cubic feet of coalbed methane. While it is not yet known how much of this coalbed methane is economically recoverable, Alberta's natural gas supply will meet the needs of Albertans, Canadians and North Americans for the foreseeable future. Another potential unconventional gas source is [shale gas](#) which is still in the very early stages of development in Alberta. Shale gas is natural gas stored in organic rich rocks such as shale, mudstone or laminated siltstones.

Select and follow link to current Guidelines

Alberta Energy ensures Albertans continue to receive the full value from their gas resource by promoting and encouraging responsible exploration and development of Alberta's natural gas resources, and calculating and collecting gas royalties.

In the 2010/11 fiscal period, Alberta received about \$8.4 billion in non-renewable resource revenue accounting for 22 per cent of government revenue. In 2010/11, natural gas and by-product revenue was \$1.42 billion or approximately four per cent of government revenue.

Alberta's residential and commercial sectors account for 20 per cent of the

### Quick Links

- Customer Choice - Utilities Consumer Advocate office
- Natural Gas - Prices
- What is Natural Gas?

Alberta  
Freedom To Create. Spirit To Achieve.

Government of Alberta

# Gas Royalty Information – Alberta Natural Gas Royalty Guidelines (2009)

- **Synopsis of Business Change**
  - New Royalty Formula
  - Valuation of the Crown Royalty Share
  - Allowable Costs
  - Natural Gas Deep Drilling Program
  - New Well Royalty Program
  - Changes to Reporting Forms

# Gas Royalty Information – Industry-wide distribution of RMF2 and EAGEV reports

# Gas Royalty Information – Industry-wide distribution of RMF2 and EAGEV reports

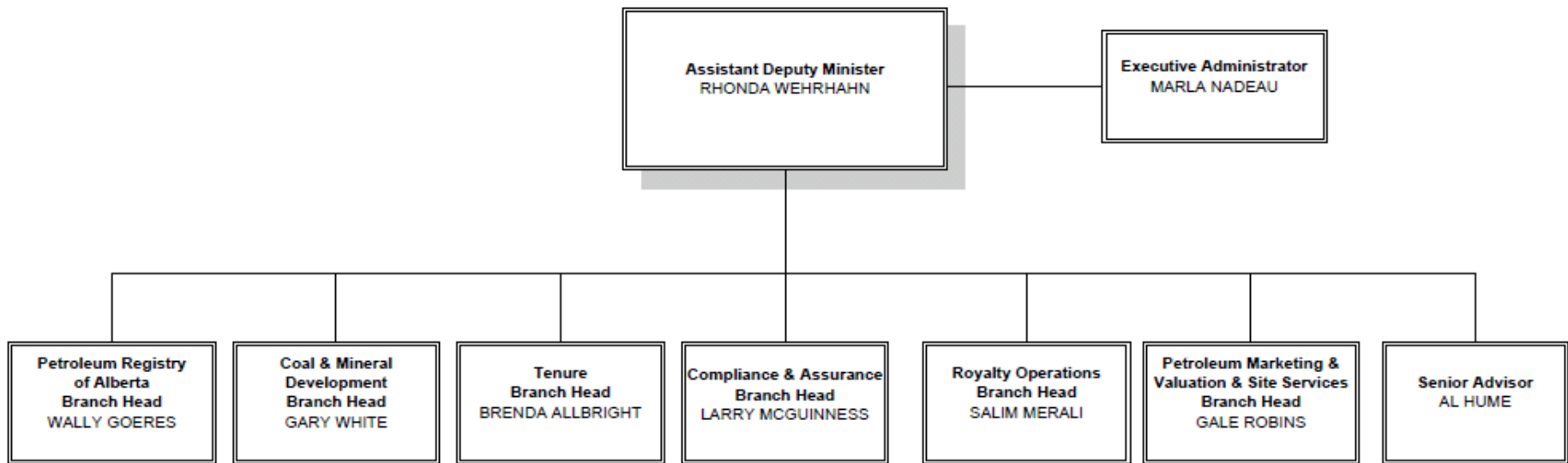
- RMF2 (Reassignment of Royalty Responsibility)
- EAGEV (Energy Adjusted Gas Equivalent Volumes)
- Agreed through Business Operations Work Committee (BOWC) meetings to have both of these reports provided to industry on a monthly basis, rather than on an individual client request basis.
- No requests will be processed to remove clients from distribution.
- Industry-wide distribution of these reports will commence with the August 2011 billing period invoice run in October 2011.

# Questions?



# Did You Know?

# Resource Revenue and Operations Division



# Royalty Operations Branch (Edmonton)

Branch Head  
Royalty Operations  
SALIM MERALI

Director  
Oil Royalty Operations  
LAURIE SCHNEIDER

Administrative  
Coordinator  
MELISSA WINCZURA

Director  
Gas Royalty Operations  
RICHARD STOKL

Unit Administrator  
WENDY STENBECK

Special Analysts &  
Reporting  
MOHAMMED TAHER

Administrative  
Support  
DIANE BELL

Administrative  
Support  
PATRICIA CRAWFORD

Manager  
Oil Royalty & EOR  
BEV MURRAY

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RICHARD DMYTRYSHYN

Manager  
Volumetric & Cost  
Reporting  
PAT VAN MEER

Manager  
Royalty Accounting  
WAYNE TALJIT

Manager  
Management  
Assurance  
WILL WONG

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Senior Analyst  
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Analyst  
Jeanette  
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Joyce Chen

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Marilyn Wieliczko

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Mary Thompson

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Analyst  
Ken Gushnowsky

Operational  
Analyst  
Sri Mutiyala

# Gas Royalty Operations

## Functional Groups & Roles

- **Gas Royalty Operations** – responsible for the collection, verification and completeness of industry volumetric information and allocation reporting for gas royalty and the subsequent calculation, invoicing and collection of gas royalties on a monthly basis
- **Volumetric & Cost Reporting** – provide client service, resolve reporting issues and process monthly royalty submissions and adjustments
- **Royalty Accounting** – administer royalty features, resolve client issues and maintain client account transactions
- **Management Assurance** – conduct royalty analysis, communicate management information and ensure effective controls and efficient processes
- **Business Analysis** – participate in the design, development, testing and migration of system enhancements and changes
- **Special Analysis & Reporting** – participate in developing and amending regulations, policies and business rules

# **Petroleum Marketing & Valuation and Site Services Branch (Calgary)**

**Branch Head**  
GALE ROBINS

**Manager**  
**Site Services**  
ROBYNE  
MACDONALD

**A/Director, Royalty**  
**Valuation & Analysis**  
TERRY RAYNE

**Director, Royalty-In-Kind**  
**Operations**  
ANN BLACKMORE

**Sr. Advisor**  
RAQUEL DIAZ

**Sr. Advisor**  
BILL ZANEWICK

**Team Lead**  
ADELE GRANT

**Revenue / Mail**  
**Clerk**  
MICHELLE WANG

**Admin Clerk**  
JILLIAN HATCH

**Branch**  
**Administrator**  
ANASTASIA  
SHUKALKINA

**Administrative**  
**Assistant**  
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STEVENS

**Team Lead**  
File Management  
DULCE MARIA RIOS

**Administrative**  
**Assistant**  
DANA WATSON

**Administrative**  
**Assistant**  
Allison Breen

**Ex. Administrative**  
**Assistant**  
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WINNIE TAM

**Analyst**  
VACANT BASE

**Analyst**  
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**Analyst**  
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**Crude Oil Analyst**  
GAYE HELLER

**Crude Oil Analyst**  
GEOFF  
NICKERSON

**Crude Oil Analyst**  
PETER NGO

**Crude Oil Analyst**  
BOBBY GILL

**Crude Oil Analyst**  
KATHERINE SIU

**Pricing Analyst**  
BINA PANDEY

**Manager, Royalty**  
**In-Kind Marketing**  
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**Marketing Analyst**  
MAY HO

**Accounting Analyst**  
RON AGUILAR

**Marketing Analyst**  
STEPHEN TAYLOR

**Marketing Analyst**  
JOYCE NEEDHAM

**Accounting Analyst**  
JUN LIN

**Sr. Financial Advisor**  
PETER McLAUGHLIN

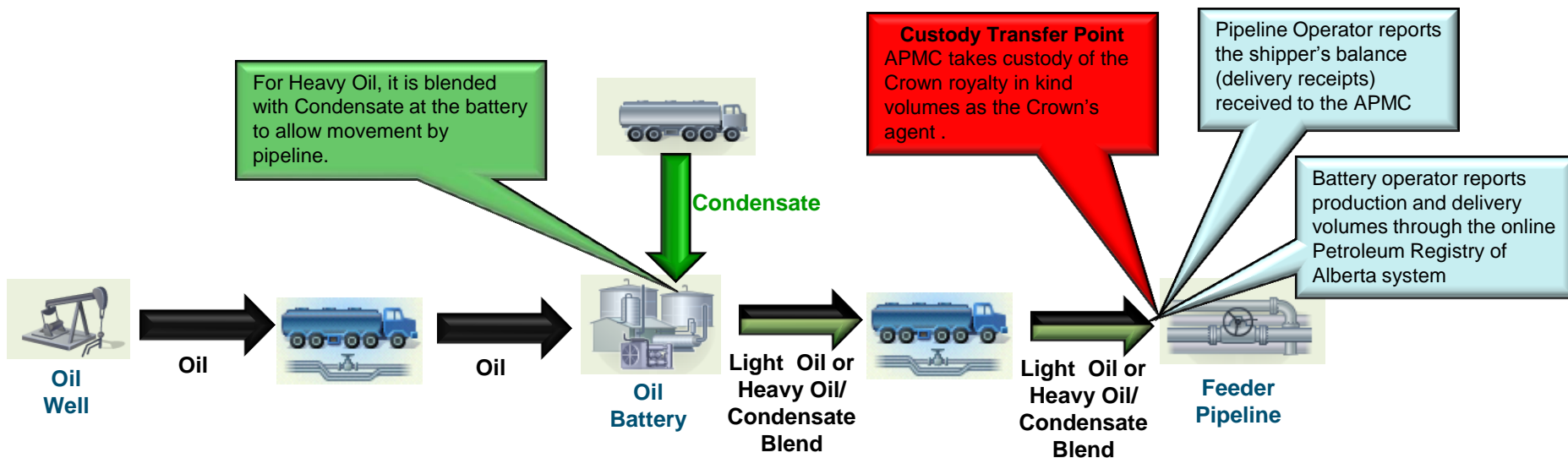


# PMVSS Branch

## Functional Groups & Roles

- **Royalty-In-Kind (RIK) Operations**
  - **Royalty-On-Kind Volumetrics:** Reconcile volumetrics, transact royalty adjustments, and generate reporting penalties
  - **Royalty-In-Kind Marketing /Alberta Petroleum Marketing Commission (APMC):** Accept delivery of Alberta Crown crude oil royalty-in-kind volumes, arrange for sale through Nexen and APMC as Agent, manage pipeline logistics and financial processing and reporting

# Conventional Crude Oil Royalty In Kind Program Activities



## Current Monthly APMC Conventional Crude Oil Royalty In Kind Program Activities

### 1. Royalty Valuation – Determine & Publish monthly Par Price for Crude Oil

The Monthly Par Price establishes the prices for the various crude oil categories used in the royalty calculation to determine the royalty in kind volumes Producers must deliver to the Crown

### 2. Royalty In Kind Volumes Forecasting

During the month prior to delivery Producers forecast the Crown royalty in kind volumes they will deliver to the feeder pipeline and report them to the APMC

### 3. Delivery Reconciliation

Verify PRA reported battery operator's deliveries against shipper's balance receipts

### 4. Royalty Reconciliation

Royalty calculated to deliveries received

### 5. Over/Under Delivery Adjustments

- Volume in kind (large discrepancies)
- Financial settlement (most variances)

### 6. Determine & Collect Penalties for:

- Late & inaccurate reporting
- Failure to amend
- Over or under deliveries

### 7. Payment of Transportation/Blending Costs

Battery Operator submits their invoices for costs incurred blending & transporting Crown royalty volumes to the custody Transfer Point. These can include such costs as:

- Trucking
- Pipeline Tariffs
- Condensate

# PMVSS Branch

## Functional Groups & Roles

- **Royalty Valuation & Analysis**
  - Calculate and publish Natural Gas & Natural Gas Liquids monthly reference prices, floor prices and allowances
  - Calculate and publish monthly Crude Oil par price
- **Calgary Site Services**
  - Reception
  - Revenue Collection

# Petroleum Registry of Alberta

# What is the Petroleum Registry of Alberta?

- The Petroleum Registry of Alberta (the “Registry”) is a joint strategic organization supporting Canada’s upstream oil and gas industry and is represented by Government (Alberta Department of Energy (DOE), the Alberta Energy Resources Conservation Board (ERCB) and the Saskatchewan Ministry of Energy and Resources (SER)), and Industry (represented by the Canadian Association of Petroleum Producers (CAPP) and the Small Explorer and Producers Association of Canada (SEPAC)).
- It operates under the overall guidance of a unique and proven Crown-Industry governance structure. The Registry is jointly funded by Government and Industry stakeholders and resides in Government.

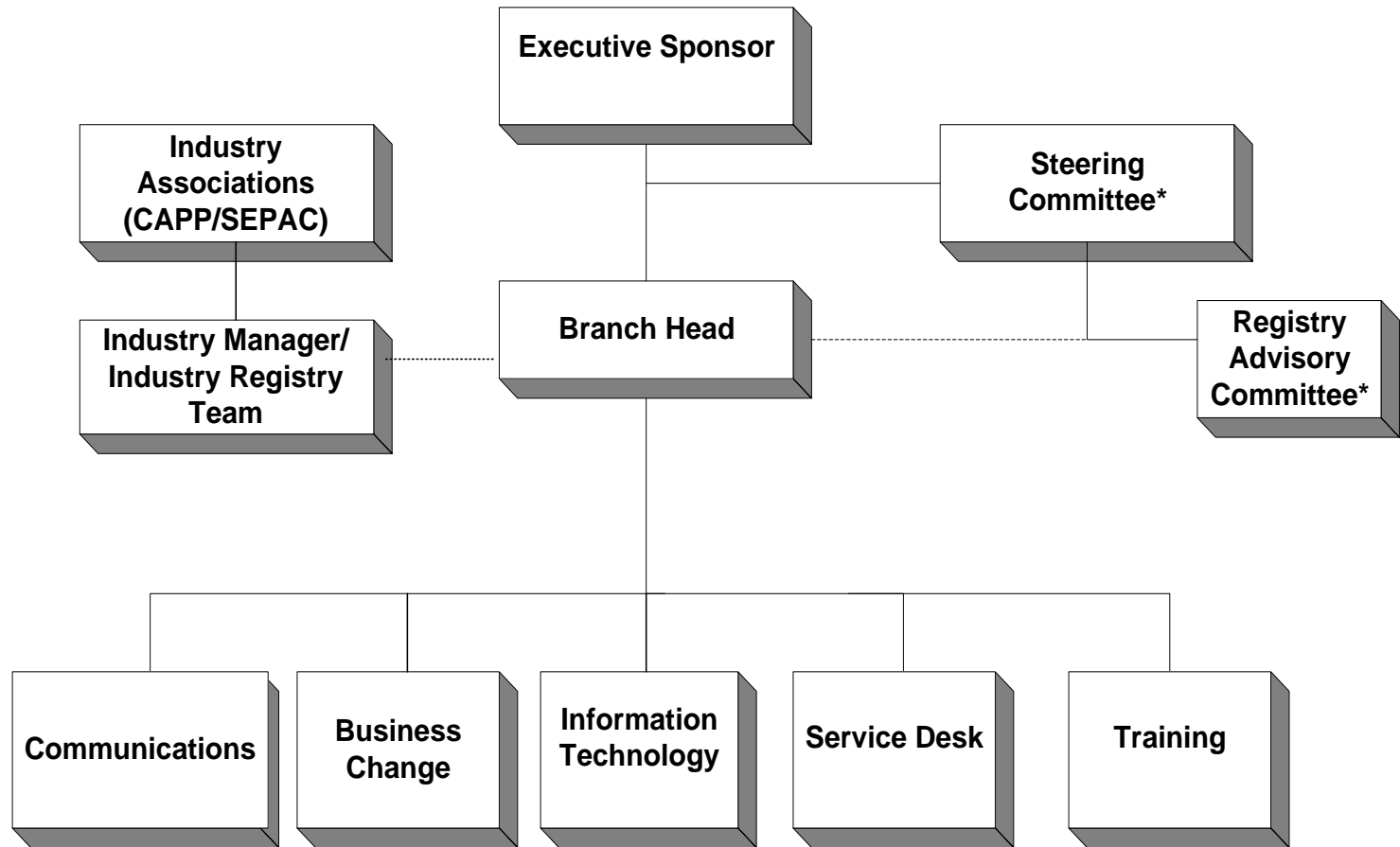
# Why is the Registry **IMPORTANT** to its stakeholders? (**DOE, ERCB, Industry and SER**)

- Mission critical business processes and information required for the assessment, levy, and collection of crown royalties for the provinces of Alberta and Saskatchewan.
- Mandatory information in support of the Regulatory mandates and legislation of the provinces of Alberta and Saskatchewan.
- Key services that facilitate important Industry commercial activities, including partner to partner reporting, cheque exchange activities, financial analytics, compliance assurance and production accounting.

# Registry Vision

*Our vision is that the Petroleum Registry of Alberta (the Registry) will be the official repository for relevant and appropriate regulatory, royalty, selected commercial and environmental information related to the upstream petroleum industry. The Registry will assure that identified stakeholders have easy, centralized access to safe, accurate, comprehensive, reliable and timely petroleum-related information.*

# How is the Registry Governed and Managed?





# Questions?

# Closing Remarks