

Information Letter

Filing of 2023 Actual and 2024 Estimated Gas Cost Allowance Applications

Please Note: Indian Oil and Gas Canada (IOGC) 2023 Gas Cost Allowance (GCA) filing deadline is May 31, 2024.

All IOGC GCA applications are to be submitted through the Petrinex-IOGC GCA module.
(petrinex.ca)

You are encouraged to submit your GCA application as early as possible, but note that it must be received no later than the deadline of May 31, 2024. IOGC – 2023 GCA applications will be available to submit in Petrinex effective February 2, 2024. For applications not submitted in Petrinex by the May 31, 2024 deadline, no GCA deduction will be processed for 2023 IOGC royalties.

If there are extraordinary circumstances that delay your GCA submission, a written request for an extension from IOGC must be submitted for approval a minimum of 10 calendar days before May 31, 2024. Please send your request for an extension (with your reason for the delay) with GCA Deadline Extension Request in the subject line to deductionpourfraisdegaz-gascostallowance@sac-isc.gc.ca. The Applicant is responsible to ensure receipt of approval for an extension from IOGC on or before May 27, 2024, or a zero rate will be approved if no submission is received by May 31, 2024.

IOGC requires all mandatory fields in the GCA1, GCA2 and GCA3 forms to be fully completed with attachments as required to process your submissions in Petrinex. The following information is required:

Form	Field	Required Information
GCA 1	as applicable Swing gas % must be updated and submitted as part of the annual submission	Review the following for all required updates: <ul style="list-style-type: none"> • related facilities, • swing percent (%), • well event links, and • Field/metering schematics (these must be attached).
GCA 2 Custom Processing Fee	as applicable	<ul style="list-style-type: none"> • A copy of the executed agreement or changes to the existing agreement. • Where there is a change in operator, a “Notice of Assignment” must be provided until a new executed agreement is available. • Supporting documentation e.g. billing/invoices. <p>Please note a custom processing fee is only allowable for <u>non-owned facilities</u>.</p>

GCA 3	Outlet Volume	<ul style="list-style-type: none"> Volumetric supporting documentation is required if different than displayed Petrinex Volume.
	Operating Costs (Full-cost) Facility Cost Centres (FCC)	<ul style="list-style-type: none"> Detailed General Ledger (GL) and other supporting documents (e.g. invoices) must be attached.
	Operating Allowance (Capital based) FCC's	<ul style="list-style-type: none"> No operating cost details are required.
	Capital Additions	<ul style="list-style-type: none"> Detailed Authorization For Expenditures (AFE) and all AFE Copies, General Ledger (GL) and other supporting documents (e.g., invoices) must be attached.

This information must be submitted within Petrinex – IOGC Reporting Gas Cost Allowance for IOGC to accurately process your application. If the above information is not included with your 2023 GCA application, your submission will be rejected and you will be allowed up to **10 working days** to resubmit. If not submitted within the 10 working day timeframe applications in a rejected status will be processed with a zero rate. IOGC will reject submissions for non-allowable or unsupported costs, as per GCA guidelines.

A copy of the updated Royalty Reporting Guidelines – GCA section 2023 version, is available. To request a copy of the GCA Guidelines please send the request by email to deductionpourfraisdegaz-gascostallowance@sac-isc.gc.ca.

Costs that are operating in nature must not be included in capital additions; capital additions for replacement assets must reflect corresponding retirement book value. Further details can be found in the IOGC – GCA section of the Royalty reporting guidelines.

Types of costs **not** to be included in your GCA application are:

- Production function cost allocations
- Accruals for operating and capital costs
- 13th month throughput adjustments (construction, ownership & operation (CO&O) agreements);
- Costs related to oil production
- Well site and downhole related costs
- All non-allowable capital and operating costs detailed in the IOGC - GCA section of the Royalty reporting guidelines
- Costs for prior reporting and/or production periods
- Remediation, reclamation and abandonment costs related to areas where there is no current production, as well as remediation or reclamation costs incurred outside the royalty network, e.g. plant gate.

Reminders: please ensure you have submitted the required GCA forms (**GCA1 and/or GCA2 where applicable**) for all new and updated facilities within **30 days** from the start of production. Petrinex will not allow facilities to have the effective date earlier than one month prior to the submission date. GCA 1 forms must be submitted for all facilities that have more than one receiving facility (swing gas). For all new and updated GCA 1 facilities, a corresponding GCA3 form must be submitted. On-going improvements to the Petrinex – IOGC GCA business processes will now allow submission of a current estimate using the estimate section of the GCA 3 form.

For all Petrinex form submission queries please contact the Petrinex Business Desk by email to petrinexsupport@petrinex.ca .

For all IOGC – GCA policy related queries please contact the GCA team by sending an email to deductionpourfraisdegaz-gascostallowance@sac-isc.gc.ca .

Yours truly,

IOGC – GCA Team, Royalty