

May 2021

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ANNOUNCEMENTS

RMF2 forms changed to Reassignment of Royalty Responsibility (RRR)

The RMF2 and RMF2-T form submission process has moved to Petrinex effective May 5, 2021. The RMF2 is now referred to as the Reassignment of Royalty Responsibility (RRR).

Gas Royalty Operations (GRO) will no longer manually process RMF2 or RMF2-T forms. Clients now have the ability to submit RRRs or amend forms that are currently effective but previously processed by GRO directly on Petrinex starting May 6, 2021.

Petrinex will provide training resources for industry on how to submit and edit an RRR. These will be located on the Petrinex Online Learning System in the Industry Curriculum as part of the Infrastructure collection. If users do not currently have access to a learning profile, there is a self registration process after clicking on the learning link under the Petrinex Learning Centre tab on the Petrinex website. Other job aid resources have been made available on the Petrinex “Initiatives” page under DOE Reassignment of Royalty Responsibility Project (<https://www.petrinex.ca/Initiatives/Pages/default.aspx>) and clients are encouraged to refer to this location periodically for updates.

For questions regarding the new RRR submission process, contact Ann Hagedorn at ann.hagedorn@gov.ab.ca or 403-297-3618.

For questions regarding the use of Petrinex for the submission of RRRs, contact the Petrinex Business Desk at 403-297-6111(Calgary), 1-800-992-1144 (other locations) or by email at petrinexsupport@petrinex.ca.

If you have any questions regarding this transition, you may contact the Volumetric and Cost reporting team at vcr@gov.ab.ca

Royalty Deposit Adjustment

The annual royalty deposit adjustment is calculated as 1/6th of the client’s previous year’s royalty multiplied by a factor. The factor of 1.32 is calculated by dividing the current year’s long term gas price for 2021 of \$2.50 by the average 2020 Alberta Reference Price of \$1.90. The adjustment will be processed in the Initial Annual Billing Period (IABP), June 2021 calendar month (April 2021 billing period invoice).

A review of the forecasted long term gas reference price was completed last year. As a result, a change from 5 years to 3 years to determine the long term gas reference prices is effective with the April 2021 billing period invoice.

If you have any questions, please contact Jui-Chao Soh at Jui-Chao.Soh@gov.ab.ca

Elimination of Paper Distribution to Clients

Effective April 1, 2021, paper documents originating from Gas Royalty Operations (GRO), including the monthly Statement of Account, Royalty Invoice, and all associated reports, will no longer be printed and mailed to clients.

Clients who currently receive paper output can request to receive the same information via the web-based system PETRINEX.

Clients can apply for access to PETRINEX online at www.petrinex.ca, by clicking on the 'Apply for Access' link. If assistance with registration is required, the PETRINEX Business Desk can be reached at 1-800-992-1144.

The Business Systems Coordination (BSC) team in GRO is also available to assist clients during this transition. Contact information for the BSC Team is listed below under Business Contacts.

MONTHLY INFORMATION

What to do when ending Gas Royalty Business?

If a business associate has sold all properties and no longer has any interest in the oil and gas business in Alberta, the following steps should be completed:

- 1) End the Working Interest Owner (WIO) role by:
 - Clients can access the WIO role and do a "Request BA Change" through Petrinex. Further information on this process can be obtained by contacting the Petrinex Service Desk at 403-297-6111; petrinexsupport@petrinex.ca; or
 - Contacting Crown Land Data Support at:
 - crownlanddatasupport@gov.ab.ca,
 - 780-644-2300
 - Crown Land Data Support
11th Floor 9945- 108 Street
Edmonton, AB T5K 2G6

Notes:

Retroactive requests to end the WIO role can not be processed.

An end dated WIO role will NOT prevent RMF2 allocations, provisional assessments or penalties to the client BA ID while the BA ID status remains active. The client should contact the applicable operator(s) directly to request changes if there are incorrect allocations.

The client is responsible for changes that may appear on future invoices pertaining to production periods prior to the end date of the WIO role.

- 2) Request an Outstanding Business Report from Volumetric & Cost Reporting by email at vcr@gov.ab.ca, or by calling 780-422-8727.
 - Client should review and resolve all gas royalty related items designated with a "Y" status (e.g., transfer all FCC operatorship if sold)

- 3) Send a written request on company letterhead to the Volumetric & Cost Reporting team at vcr@gov.ab.ca to stop all Monthly Allowable Costs for all facilities. The letter should include the effective date and a reason for your request.

Note: Monthly Allowable Costs will be stopped on a go forward basis.

- 4) Send a written request on company letterhead for a Royalty Deposit Adjustment to the Gas Royalty Accounts Team at GasRoyaltyAccounts.Energy@gov.ab.ca. The letter should include a reason for the adjustment, stating that the WIO role has been ended, and Monthly Allowable Costs have been stopped.

Pricing for Gas and Gas Products

For pricing on gas, gas products, and transportation information for March 2021, please refer to the [Information Letter](#).

The monthly default sulphur price for **March 2021** is **\$55.24**. Below are the annual sulphur default prices:

2016	2017	2018	2019
\$43.13	\$57.11	\$89.30	\$33.45

March 2021 Royalty Due June 30, 2021

Royalty clients are to remit the total amount payable shown on the June 2021 Statement of Account by June 30, 2021. If the amount payable includes accrued current period interest, the interest has only been accrued to the statement issue date. Clients must also include the additional interest that has accrued from the statement issue date to the date of payment, using the per diem amount provided. Current period interest will not be charged on current invoice charges for the production month of March if it is paid in full by **June 30, 2021**.

The June 2021 Statement of Account shows your amount payable as of the Statement issue date. It includes any outstanding balances from your previous statement, your March 2021 invoice amount and any applicable current period interest charges. It also identifies refunds resulting from overpayments.

Note: If the due date falls on a non-business day, the next business day will apply as the due date except for the month of March due to the Government of Alberta’s fiscal year end. In this situation, the due date will apply previous to the non-business day as the due date.

Please refer to the Alberta Natural Gas Royalty Guidelines (2009, Updated) Chapter VII Section 1- Levying and Collecting Natural Gas Royalty. Also, refer to Natural Gas Royalty Regulation, 2017 Payment of royalty compensation.

Cheques are made payable to the Government of Alberta and must contain the G94 account number as reflected on the Statement of Account.

April 2021 VA4 Due June 10, 2021 at 9:00 p.m.

The VA4 forms for the production month of April 2021 are due in the department offices by **June 10, 2021 at 9:00 p.m.**

Note: If the due date falls on a non-business day, the next business day will apply as the due date for VA4 forms.

Petrinex Deadline Submissions

The Petrinex deadline for SAF, OAF, and Volumetric submissions are posted on the Petrinex website "[Reporting Calendars](#)" under Calendars. **Changes to this calendar will be posted on the [Petrinex website home page](#) in "Broadcast Messages."**

Interest Rate May 2021

Alberta Energy's interest rate for May 2021 is **3.45%**.

February Provisional Assessment Charge

The summary of Provisional Assessment Charges for all production periods in the February 2021 billing period was:

First Time Provisional Assessment	Reversals of Provisional (Net)	Net Provisional Assessment
\$914,391.29	(\$1,357,038.91)	(\$442,647.62)

February Penalty Charges

The penalty table below shows at the form level, the total penalty charges and reversals, for the February 2021 billing period.

Forms	Penalty Charges	Penalty Reversals	Net Penalty Charges for 2021/02
AC2	\$6,600	\$0	\$6,600
AC5	\$600	\$0	\$600
NGL*	\$0	\$0	\$0
VA3	\$0	\$0	\$0
VA4	\$100	\$0	\$100
Total	\$7,300	\$0	\$7,300

* NGL Price Reporting

Production Allocation Discrepancy (PAD) Potential Royalty Impact

As of the February 2021 billing period, the potential royalty dollar impact is estimated as \$9.5 million, distributed as follows by production year:

2020	2021
\$6.3 million	\$3.2 million

NOTE: These values are not intended to show that Crown royalty has been understated but do illustrate the consequences of incorrect reporting.

Well Event Measured Depth Determination Letter

The department has issued a “Well Event Measured Depth Determination Letter” via Petrinex to facility operators on April 30, 2021 and May 11, 2021. This letter identifies the confirmed Measured Depth (MD) of each active well event that will be used to calculate the Depth Factor (DF) of the quantity component rate under the Alberta Royalty Framework formula. A well event that is not listed on the letter and does not have a confirmed MD will receive a DF of 1. When the changes to the MD are confirmed by the department, a letter is issued to a facility operator who reports changes through Petrinex to well event attributes affecting MD. All changes to the MD are applied on a go forward basis only. Facility operators are advised to submit well event attribute changes on or before the last day of the calendar month in order to ensure timely determination of MD.

NGDDP Confidential Wells

Wells designated as “confidential” will be reviewed prior to the removal of the “confidential” status, if the directional surveys and completion reports are provided to the department. Send directional surveys and completion reports to GasRoyaltyPrograms@gov.ab.ca

If you have any questions, please contact Lily Hiew in Gas Royalty Features at 780-427-1550.

INFRASTRUCTURE DATA

Business Associate ID Listing

The BA Identifiers Report is a directory of Business Associate (BA) names, codes, status (e.g. struck, active, amalgamated, etc.), status effective dates, and effective August 2004, and includes Working Interest Owner (WIO) role start/end dates.

This [report](#) is also published daily on the Petrinex website.

The Department reminds Business Associates to review their WIO role to ensure that the start and end dates are reflected correctly. If the BA does not have an active WIO role, the operators cannot allocate volumes to the BA for the relevant production periods through the SAF/OAF allocations.

- If a BA has a WIO role, then that BA can receive SAF/OAF allocations from the WIO role start date forward.

- If a BA has a WIO role with an end date, then they can only receive SAF/OAF allocations from the WIO role start date until the end date. Any SAF/OAF allocations after the end date will be rejected.
- If a BA does not have a WIO role start date, then that BA cannot receive SAF/OAF allocations.

Please contact Client Registry/Crown Land Data at 780-644-2300 or CrownLandDataSupport@gov.ab.ca if you have any questions regarding the information supplied in this article.

Client Status Changes

Clients must ensure that all royalty documents are completed using only valid client names and IDs. It is critical that royalty clients use current legal client names and their appropriate IDs on all documents to ensure accurate royalty calculation and to prevent provisional assessment and penalties. Rejects will occur when invalid IDs are used.

If you require information regarding client status changes, names, or IDs please contact Client Registry/Crown Land Data at 780-644-2300 or CrownLandDataSupport@gov.ab.ca.

Nova Tolls - Multiple Gas Reference Prices

Royalty information related to the implementation of the Factor Model negotiated with industry for determining Multiple Gas Valuation Prices is provided on the Natural Gas website's Royalty Related Information page under [Facility Royalty Trigger Factors and Meter Station Ties](#).

REMINDERS

New and Revised Meter Station Factors

The department has published in [Information Letter 2021-11](#), new and revised Meter Station Factors. Meter Station Factors for new meter stations are identified in **Schedule B** and are effective for the production periods February to December 2020. Meter Station Factors identified in **Schedule A** are effective the January 2021 production period and subsequent production periods until otherwise changed. If you have any questions, please contact Winnie Tam, Manager, Pricing and Analysis at 403-297-5427 or e-mail at winnie.tam@gov.ab.ca.

Allowable Cost (AC) and Sulphur Corporate Average Price Calculation (VA3) Submissions for Production Year 2020

This is a reminder for royalty clients that Allowable Cost (AC1, AC2, AC3 and AC5) and Annual Corporate Average Price Calculation - Sulphur (VA3) submissions for the 2020 production year are due on the following dates:

Form Type	Due Date	Penalty
AC1	March 01, 2021	-
VA3	April 10, 2021	\$1,000/One time only
AC2	May 31, 2021	\$100/Form/Month upon due date to a maximum of \$600
AC3	June 10, 2021	-
AC5	June 10, 2021	\$100/Form/Month upon receipt to a maximum of \$600

The due dates of forms will be adhered to, without exception, unless otherwise agreed to by the department. Penalties will apply if valid system acceptable forms are not accepted in the department’s system by their due dates. If the due date falls on a weekend or a holiday, the next business day will apply.

All allowable cost submissions (initial and amended filings for current and prior production years) by Facility Cost Centre (FCC) operators are required to be completed on Petrinex. It is mandatory for operators to submit their capital and operating costs (AC2) and for custom users to submit their custom processing fees (AC5) on Petrinex. A reallocation of capital and/or operating costs (AC3) is optional; even though these submissions remain voluntary for non-operators, non-operators are strongly encouraged to use Petrinex to submit and retrieve their AC2, AC3 and AC5 data.

Annual allowable cost submissions are processed nightly except during an invoice run cycle. New facility cost centre set-ups are processed within four (4) hours of receipt if received in the morning, with an overnight turnaround if received in the afternoon. Processing of new facility cost centre set-ups continue during an invoice run cycle.

For non-operators who submit their annual allowable cost forms directly to the department, the department encourages timely submissions to allow sufficient turnaround time for corrections. The font size on faxed forms must be 10 pt or greater and should not be bold. Penalties will apply where valid system acceptable submissions are not received by the filing deadline. Barring the department’s responsibility, inability to submit annual cost submissions on Petrinex and/or illegible script will not reverse a penalty once imposed.

The business rules and submission method for the Sulphur Corporate Average Price (VA3) submissions remain the same with notification from the department informing clients that their submissions have been processed. VA3 submissions are processed as they are received, except during an invoice run cycle.

If you have any questions regarding the above forms and their respective reporting requirements, please contact:

Form	Contact Phone #	Contact E-mail
VA3	Pricing & Analysis Team 403-297-5459 or 403-297-5427	GasValuation.Energy@gov.ab.ca
AC1, AC2, AC3, AC5	Volumetric & Cost Reporting Team	VCR@gov.ab.ca

Capital and Operating Cost Allowance Filing - Expected AC2 Reports on Petrinex

The Crown deducts allowances for costs incurred and paid in Alberta for compressing, gathering and processing its royalty share of gas and gas products. Annual capital and operating cost allowances are combined on the AC2-V4 with an ability to allocate these cost allowances among working interest owners and multiple delivery facilities. The FCC operator, on record at year end, is responsible for filing the AC2-V4.

The Expected AC2 Report identifies the FCC operator as of a specific date and is generated to help FCC operators in verifying their status as well as the effective date. It also identifies whether a valid AC2 was submitted for a production year.

The Expected AC2 Report is grouped by an Alberta Energy Regulator (AER) Facility and related FCC. The report displays the following:

- Facility ID and Facility Name
- FCC ID and FCC Name
- “Y”(yes) and “N”(no) Indicators to identify whether or not the FCC is fully depreciated
- The FCC Operator Effective Date
- “Y”(yes) and “N”(no) Indicator to determine whether or not an AC2 was submitted for the production year
- All consolidated/amalgamated companies have been included within this report, where applicable.

The information in the report reflects the department’s records as of the file preparation date and does not reflect submissions subsequently received and/or processed. Any submission (AC1, AC2, Invoice Consolidation Concurrence – ICC1, etc.) that is processed after the report date is not shown. Please note that absence of a company name or FCC from these reports is not an acceptable reason to waive a penalty once assessed.

The Expected AC2 Report is available in PDF, TXT and CSV formats and is generated weekly during the Gas Cost Allowance reporting season. Expected AC2 reports will be available on Petrinex weekly, from the first week of March 2021 to the last week of June 2021.

If you are not the operator of the FCC identified on the report, please submit a Facility Cost Centre Set-Up/Change (AC1-V2) identifying the change in operator and its effective date. An AC1 submission identifying an FCC change in operator is due on or before the last day of the month following the production month in which the change occurred.

Please note that FCCs that are shut-in or terminated for an entire production year will not appear on the report. Operators of fully depreciated (zero remaining useful life) FCCs remain responsible for AC2-V4 submissions. Submissions are required to ensure the department has correctly identified Capital and Operating Cost Allowance allocations to working interest owners and/or other delivery facilities as well as Custom Processing Adjustment Factors for the FCC.

AC2-V4 submissions filed on Petrinex can be entered online or by batch. If a system acceptable AC2-V4 submission is not received and processed by the filing deadline (May 31 of the year following the production year to which it relates), a penalty will be assessed.

The deadline for filing an AC2-V4 for the production year 2020 is May 31, 2021.

Custom Processing Allowance Fees Paid – Expected AC5 Reports on Petrinex

NOTE: 2021 will be the last year that non-operators and other royalty clients, who currently submit and receive hard copy documents, will receive the Expected AC5 report by mail. After that, the Expected AC5 Report will be available electronically only on Petrinex.

Royalty clients that have paid for compressing, gathering and/or processing gas and gas products on a fee-for service basis, in Alberta, are required to submit an AC5-V4 to the department by June 10 of the year following the production year to which it relates. This includes custom processing fees associated with freehold, purchased, and out-of-province volumes. The Expected AC5 Report provides a complete list of the Alberta Energy Regulator (AER) facilities and related Facility Cost Centres (FCCs) where the operator has allocated custom user volumes to the royalty client in Parts 6 and 10 (Custom Processing Adjustment Factor) of a Capital & Operating Cost Allowance AC2-V4 submission.

This report is generated to help royalty clients in identifying the AER facilities and FCCs that require the royalty client to file an AC5-V4. The information in the report identifies the department's records as of the file preparation date and does not reflect submissions subsequently received and/or processed.

The Expected AC5 Report is grouped by AER Facility and related FCC. The report displays the following:

- FCC ID, FCC Name & FCC Type
- Operator ID and Name allocating custom user volumes
- Allocated Custom Processing (CP) volumes in 10³m³

In addition, as of the report generation date, there are “Y” (yes) and “N” (no) indicators for the previous and current production years that identify whether:

- the department has received a valid AC5 submission for the royalty client and
- the AER facility has been reported on the AC5 submission.

If a system acceptable AC5-V4 submission is not received and processed by its filing deadline (June 10th of the year following the production year to which it relates) it is subject to penalty charges upon receipt. Please note that the absence of a company name or an FCC from these reports will not be an acceptable reason for a waiver of penalty.

The Expected Custom Processing Fees Paid (AC5) report is available in PDF, TXT and CSV formats. The Expected AC5 report will be available on Petrinex weekly from the first week of March 2021 to the last week of June 2021.

The deadline for filing an AC5-V4 for the production year 2020 is June 10, 2021.

If you have any questions, please contact the Volumetric & Cost Reporting team at VCR@gov.ab.ca.

For access to or use of Petrinex, contact the Petrinex Business Desk at 1-800-992-1144.

BUSINESS CONTACTS

Quick Reference

Group	Email
Business Systems Coordination	BusinessSystemsCoordination.Energy@gov.ab.ca
Client Registry / Crown Land Data	CrownLandDataSupport@gov.ab.ca
Freehold Mineral Tax	Mintax.Energy@gov.ab.ca
Gas Royalty Accounting	GasRoyaltyAccounts.Energy@gov.ab.ca
Gas Royalty Collections Team	GasRoyaltyCollections.Energy@gov.ab.ca
Gas Royalty Features	GasRoyaltyPrograms@gov.ab.ca
Gas Royalty Rapid Transit Payments	G94Deposit@gov.ab.ca
Management Information	ManagementInformation.Energy@gov.ab.ca
Petrinex Business Desk	Petrinexsupport@Petrinex.ca
Volumetric & Cost Reporting	VCR@gov.ab.ca

Business Systems Coordination

Phone:
 Mary Thompson (Analyst) at 780-422-9311
 Ken Gusnowsky (Team Lead) at 780-422-9274.
 Email: BusinessSystemsCoordination.Energy@gov.ab.ca

Petrinex Business Desk

The focal point for communications regarding preparations for, access to, or utilization of Petrinex is the Petrinex Business Desk, or Petrinex Support.

Phone: 403-297-6111 or 1-800-992-1144
 Fax: 403-297-3665
 Email: Petrinexsupport@Petrinex.ca
 Website: www.Petrinex.ca

Volumetric & Cost Reporting

Volumetric & Cost Reporting (V&CR) is the Front Line of contact for inquiries relating to volumetric and cost reporting as well as gas royalty calculation processes. V&CR is made up of three teams as shown below:

Team	Team Lead
Volumetrics	Sheruna Naidoo
Costs	Penny Calen
Process Support	Oana Jurgea

V&CR Voicemail: 780-422-8727
 Fax: 780-427-3334
 Alberta Toll Free: 310-0000
 V&CR Email: VCR@gov.ab.ca

Hours of operation are 8:15 a.m. to 4:30 p.m. Voice messages left after 4:30 p.m. will be answered the next business day.

Management Information

All inquiries or requests that relate to royalty information (e.g. Information Letter, Information Bulletin and other Department of Energy's Natural Gas website publications) and questions related to Commercial Storage, Soldier Settlement, and Farm Gas should be forwarded to the Management Information Team at ManagementInformation.Energy@gov.ab.ca.

Royalty Accounting

All inquiries or requests that relate to royalty accounting (e.g. Transfers, Refunds, Interest, Statement of Account, Collections and Royalty Deposits) should be forwarded to the Royalty Accounting Team at GasRoyaltyAccounts.Energy@gov.ab.ca.

Gas Royalty Features

All inquiries or requests that relate to royalty programs (e.g. Natural Gas Deep Drilling Program, New Well Royalty Rates and Otherwise Flared Solution Gas Royalty Waiver Program) should be forward to the Royalty Features team at GasRoyaltyPrograms@gov.ab.ca.

Reference Prices and Valuation Allowances Calculation Information

For information related to Natural Gas and Natural Gas Liquids reference prices, and Sulphur valuation submissions (VA3 and VA4), contact the Pricing & Analysis Team located at the Alberta Energy office in Calgary:

Pricing & Analysis
300, 801 – 6 Avenue SW
Calgary, Alberta T2P 3W2
Telephone: 403-297-5514
Fax: 403-297-5400
Email: GasValuation.Energy@gov.ab.ca

Alberta Energy Internet Webpage

Prices, Royalty Rates and Transportation Information are available on the Alberta Energy Internet webpage <https://www.alberta.ca/natural-gas.aspx> and select the "About Natural Gas" link. In addition, both the Gas Royalty Information Bulletins and Information Letters are also available at <https://www.alberta.ca/natural-gas-royalty-guidelines.aspx>.



Richard Stokl
Director, Gas Royalty Operations
Royalty Operation