



GAS ROYALTY OPERATIONS INFORMATION BULLETIN

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ANNOUNCEMENTS.....	2
RMF2 forms changing to Reassignment of Royalty Responsibility (RRR).....	2
Elimination of Paper Distribution to Clients	2
MONTHLY INFORMATION	3
What to do when ending Gas Royalty Business?.....	3
Pricing for Gas and Gas Products.....	3
February 2021 Royalty Due May 31, 2021	4
March 2021 VA4 Due May 10, 2021 at 9:00 p.m.....	4
Petrinex Deadline Submissions	4
Interest Rate April 2021	4
January Provisional Assessment Charge.....	5
January Penalty Charges.....	5
Production Allocation Discrepancy (PAD) Potential Royalty Impact	5
Well Event Measured Depth Determination Letter	5
NGDDP Confidential Wells	6
INFRASTRUCTURE DATA	6
Business Associate ID Listing.....	6
Client Status Changes	6
Nova Tolls - Multiple Gas Reference Prices.....	6
REMINDERS	7
New and Revised Meter Station Factors.....	7
Monthly Sulphur Corporate Average Price Calculation – VA4 Form.....	7
BUSINESS CONTACTS.....	8
Quick Reference	8
Business Systems Coordination	8
Petrinex Business Desk	8
Volumetric & Cost Reporting.....	8
Management Information	9
Royalty Accounting	9
Gas Royalty Features	9
Reference Prices and Valuation Allowances Calculation Information.....	9
Alberta Energy Internet Webpage.....	9

PLEASE ENSURE YOUR PRODUCTION ACCOUNTANTS RECEIVE A COPY OF THIS DOCUMENT

ANNOUNCEMENTS

RMF2 forms changing to Reassignment of Royalty Responsibility (RRR)

The RMF2 and RMF2-T form submission process will be moving to Petrinex with an expected transition date of May 5, 2021. The RMF2 will then be referenced as Reassignment of Royalty Responsibility (RRR) on Petrinex.

Gas Royalty Operations (GRO) will process RMF2 and RMF2-T forms submitted by industry until April 30, 2021. Please be advised that if large volumes of RMF2 or RMF2-T forms are received during this time frame, there is no guarantee that they will be keyed into the system by April 30. If the submitted forms are unable to be processed, clients will be notified as they will then be required to process them on Petrinex. Clients will 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 access on how to submit as well as edit an RRR. These will be located under the Petrinex “Initiatives” page under DOE Reassignment of Royalty Responsibility Project. (<https://www.petrinex.ca/Initiatives/Pages/default.aspx>). Updates to these resources will be made available as they are created and clients can check this location periodically for updates.

If clients have any questions regarding:

- the new process for submission of RRRs, contact Ann Hagedorn at ann.hagedorn@gov.ab.ca or 403-297-3618
- 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

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 February 2021, please refer to the [Information Letter](#).

The monthly default sulphur price for **February 2021** is **\$39.53**. Below are the annual sulphur default prices:

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

February 2021 Royalty Due May 31, 2021

Royalty clients are to remit the total amount payable shown on the May 2021 Statement of Account by May 31, 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 February if it is paid in full by **May 31, 2021**.

The May 2021 Statement of Account shows your amount payable as of the Statement issue date. It includes any outstanding balances from your previous statement, your February 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.

March 2021 VA4 Due May 10, 2021 at 9:00 p.m.

The VA4 forms for the production month of March 2021 are due in the department offices by **May 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 April 2021

Alberta Energy’s interest rate for April 2021 is **3.45%**.

January Provisional Assessment Charge

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

First Time Provisional Assessment	Reversals of Provisional (Net)	Net Provisional Assessment
\$1,305,681.22	(\$531,786.76)	\$773,894.46

January Penalty Charges

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

Forms	Penalty Charges	Penalty Reversals	Net Penalty Charges for 2021/01
AC2	\$1,800	(\$91,200)	(\$89,400)
AC5	\$0	\$0	\$0
NGL*	\$0	\$0	\$0
VA3	\$0	\$0	\$0
VA4	\$100	\$0	\$100
Total	\$1,900	(\$91,200)	(\$89,300)

* NGL Price Reporting

Production Allocation Discrepancy (PAD) Potential Royalty Impact

As of the January 2021 billing period, the potential royalty dollar impact is estimated as \$14.1 million, distributed as follows by production year:

2020	2021
\$12.8 million	\$1.3 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 March 31, 2021 and April 14, 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.

Monthly Sulphur Corporate Average Price Calculation – VA4 Form

The Department requires royalty clients with an annual sulphur production of 30,000 tonnes or greater in the 2020 production year to file VA4 forms monthly, beginning with the January 2021 production month. The VA4 form is due on or before the 10th day of the second month following the respective production month. A royalty client whose annual sulphur production is less than 30,000 tonnes may choose to file the VA4 forms monthly beginning with January’s production month; however, if this choice is made, the client must file VA4 forms for the entire year. The Department will use the VA4 forms to determine each client’s monthly Sulphur Corporate Average Price (S-CAP) and the monthly sulphur default price. We calculate each month’s sulphur default price as the weighted average unit value of all arm’s length sales for all clients who filed VA4 forms for that month. The Department will value and invoice the Crown royalty share of sulphur production monthly using the respective S-CAP price for clients who file VA4 forms, and the sulphur default price for clients who chose not to file VA4 forms. The VA4 form is subject to \$100 in late filing penalties for each month or part of the month the form is past due. The VA4 form for the production month of January 2021 is due in the department by Wednesday, March 10, 2021.

Royalty clients who file monthly VA4 forms must file annual VA3 forms. The VA3 form remains the primary sulphur valuation tool and the S-CAP determined from each VA3 will replace the entire year’s monthly prices determined from the VA4 forms. The VA3 is due on or before April 10th of the year following the year of production. Interest is charged/paid on the Crown royalty difference when adjusting from monthly to annual valuation. The VA3 form is subject to a one-time \$1,000 late filing penalty.

The following royalty clients must submit VA4 forms effective with the 2021 production year, which includes any pricing information for each of its consolidated/amalgamated entities:

Client ID	Client Name	Client ID	Client Name
0026	Ovintiv Canada Inc.	A5C4	Pieridae Alberta Production Ltd
0HE9	Canadian Natural Resources Limited	A68P	Canlin Resources Partnership
0R46	Husky Oil Operations Limited	A6GD	Sinopec Daylight Energy Ltd.
A5BE	Whitecap Resources Inc.	A0A7	Nuvista Energy Ltd.
0Z0H	Harvest Operations Corp.		

For questions and further information, please contact the Pricing & Analysis Team at GasValuation.Energy@gov.ab.ca, 403-297-5459 or 403-297-5427.

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