

November 2020

ANNOUNCEMENTS	2
Office Closures – Christmas Period	2
AC1 and AC2 Reporting Rules.....	2
Re-Allocation of Assigned Volumes (RMF2) Data Conversion	2
Natural Gas Annual Royalty Deposits	3
Elimination of Paper Distribution to Clients.....	3
2017 Production Year Filing.....	4
MONTHLY INFORMATION.....	4
What to do when Ending Gas Royalty Business?.....	4
Re-Allocation of Assigned Volumes (RMF2s).....	5
Pricing for Gas and Gas Products.....	6
September 2020 Royalty Due December 31, 2020	6
October 2020 VA4 Due December 10, 2020 at 9:00 p.m.	6
Petrinex Deadline Submissions.....	7
Interest Rate November 2020	7
August Provisional Assessment Charge	7
August Penalty Charges	7
Production Allocation Discrepancy (PAD) Potential Royalty Impact	7
Well Event Measured Depth Determination Letter.....	8
NGDDP Confidential Wells	8
INFRASTRUCTURE DATA.....	8
Business Associate ID Listing	8
Client Status Changes	9
Nova Tolls - Multiple Gas Reference Prices	9
REMINDERS	9
Department Initiated Amendments for 2016 Royalty	9
Enhanced Hydrocarbon Recovery Program (EHRP) and Emerging Resource Program (ERP) Guidelines.....	9
Natural Gas Liquids Buyer Identification	9
BUSINESS CONTACTS	10
Quick Reference	10
Business Systems Coordination.....	10
Petrinex Business Desk	11
Volumetric & Cost Reporting.....	11
Management Information	11
Royalty Accounting	11
Gas Royalty Features	11
Freehold Mineral Tax	12
Reference Prices and Valuation Allowances Calculation Information.....	12
Alberta Energy Internet Webpage.....	12
Appendix A.....	13
Natural Gas Liquids Purchasers.....	13

PLEASE ENSURE YOUR PRODUCTION ACCOUNTANTS RECEIVE A COPY OF THIS DOCUMENT
--

ANNOUNCEMENTS

Office Closures – Christmas Period

All Alberta Energy offices will be closed from Thursday, December 24, 2020 to Friday, January 1, 2021, inclusive. The submission deadline for the December 2020 invoice is December 10, 2020. However, due to the time constraints caused by the closure please have all form submissions and requests to Gas Royalty Operations by Tuesday, December 8, 2020 to ensure sufficient time for processing for the invoice. Offices will re-open on Monday, January 4, 2021.

AC1 and AC2 Reporting Rules

In order to combine, separate registered FCCs, or change the AER facility tie, a Previous FCC tie should be created and linked to a new FCC using the AC1-V2. Below are edits and filing procedures to be followed when creating a new FCC that uses a Previous Facility Tie:

- The Previous FCC(s) must be terminated prior to adding the ID to the new FCC.
- The termination date of the previous FCC(s) must match the new FCC effective date.
- The RUL of the new FCC must be the same as the RUL of the old FCC as of its termination date.
- The closing Cumulative Allowable Capital balance and the closing Allowable Capital Cost after depreciation balance, of the old FCC, should be the opening balances of the new FCC.

An FCC should be set-up for specific capital items; FCCs should not be set up for operating costs only, such as “Facility General Operating Cost”. FCCs set-up having only operating costs filed and no identifiable capital costs will be disallowed.

- Operating costs must be filed at the same facility as the capital costs the operating costs relate to (i.e. filers cannot submit capital costs at one facility and submit the related operating costs at a different facility).

When reporting a transfer of capital on the AC2, the initial FCC should indicate a Transfer Out of capital shown in the Capital Adjustments and the new FCC should indicate a Transfer In of the same amount of capital shown on the initial FCC. In the Capital Adjustments section, the description section should identify the FCCs that are linked in the transfer.

If you require any additional information, please contact Volumetric & Cost Reporting at VCR@gov.ab.ca.

Re-Allocation of Assigned Volumes (RMF2) Data Conversion

The RMF2 submission process will be moving to Petrinex with an expected transition date of May 2021. Once the transition has been completed, Gas Royalty Operations (GRO) will no longer be manually processing RMF2s. Clients will have the ability to submit RMF2s directly on Petrinex.

In order to facilitate the future transition for existing RMF2s onto Petrinex, RMF2s spanning the 2017 and 2018 production years will be split as follows. GRO will be implementing these changes in January 2021, after the 2017 production year goes statute barred at the end of December 31, 2020:

- An existing RMF2 that spans the 2017 and 2018 production years will be terminated with a date of 2017/12
- A new RMF2 will be then created with the effective date of 2018/01
- The new RMF2 will have the same existing termination date as the original RMF2 setup
- In May 2021, RMF2 forms that have an effective date of 2018/01 or later will be available on Petrinex
- RMF2s that have terminated in 2017/12 or earlier will not be affected and will remain on the GRO system

Example: An RMF2 with an effective date of 2017/06 and termination date of 2018/05 will be split into two separate RMF2s (one with effective date of 2017/06 and termination date of 2017/12 on the GRO system, and the new RMF2 with an effective date of 2018/01 and termination date of 2018/05. The new RMF2 will reside on the GRO system until the information is transferred to Petrinex in May 2021 and then will remain in Petrinex going forward).

These changes will enable the efficient conversion of data to Petrinex where existing RMF2s will begin with the 2018/01 effective date.

Royalty clients are encouraged to review their RMF2 reports each month and terminate RMF2s that are no longer required.

If you require additional information, please contact Volumetric and Cost Reporting at vcr@gov.ab.ca

Natural Gas Annual Royalty Deposits

The Department of Energy has concluded a review of the forecasted long term gas reference price used to calculate the royalty deposit factor applied to annual royalty deposits. In each April billing period invoice, referred to as the Initial Annual Billing Period (IABP), a new royalty deposit is calculated as 1/6th of a client's previous year's net royalty multiplied by a royalty deposit factor.

The difference between the previous royalty deposit and the new royalty deposit is invoiced as an annual adjustment.

The royalty deposit factor is calculated by dividing the current year's long term gas reference price by the previous year's average Alberta gas reference price. Previously, a 5 year forecast was used to determine the current year's long term gas reference price. Effective with the April 2021 billing period invoice (issued in June), the department will use a 3 year forecast.

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 Help 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.

2017 Production Year Filing

Please note that on December 31, 2020, production year 2017 will become statute barred. Legislation has reduced the time-frame (open years) for filing amendments from four to three years. Under the new legislation (production year 2015 and onward), the department has up to five years to complete an audit or examination and operational teams have an additional six months to complete any recalculations arising from these audits.

Requests from Industry for the 2017 production year to be kept open to submit filings will no longer be accepted or processed, in accordance with the updates to the Mines and Minerals Act, section 38 which was initially announced in the Information Letter dated December 10, 2015.

Refer to Information Letter 2015-38 for more details about changes made to the Mines and Mineral Act.

Audits

Please note that the department is not required to commence an audit of the production year 2017 filings prior to December 31, 2020, rather auditors now have up to five years to complete an audit. The audits of production year 2017 filings must be completed by December 31, 2022.

If you have any questions, please contact Robert Sonogo, Manager, Treasury Board and Finance, Energy Audit, Calgary, 403-297-8774

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:
 - Accessing the WIO role through Petrinex; 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.

Re-Allocation of Assigned Volumes (RMF2s)

As per [the Alberta Natural Gas Royalty Guidelines \(2009, Updated\)](#), Chapter III, Section 2.2.1, Royalty clients may submit an RMF2 form if they wish to reassign all or part of their Crown and/or freehold volumes of gas and gas products allocated to well events, well groups, units, or injection schemes. The RMF2 Listing report identifies the royalty clients' active RMF2s currently in our system as well as the date that the form was last used to re-assign volumes.

Royalty Clients should review their RMF2 reports issued each month, and are requested to submit termination dates for those RMF2s that are no longer required. The number of unused documents continues to increase. Part 3.4 of the RMF2 form requires a Termination Date be completed and it should be defined for a reasonable timeframe. The RMF2 is not intended for the facilitation of sales activity between clients. In those instances, the OAF can be changed in order to facilitate a smooth transition of responsibility for the production volumes. As a reminder, the department will require definite termination dates applied to each form (Part 3.4). If the termination date is not on the form, it will be returned to the submitter. The Department expects that this will reduce the number of obsolete documents in our system.

If you require any additional information, please contact VCR at VCR@gov.ab.ca.

Pricing for Gas and Gas Products

For pricing on gas, gas products, and transportation information for August 2020, please refer to the [Information Letter](#).

The monthly default sulphur price for **September 2020** is **\$1.87**. Below are the annual sulphur default prices:

2016	2017	2018	2019
\$43.13	\$57.11	\$89.16	\$33.45

September 2020 Royalty Due December 31, 2020

Royalty clients are to remit the total amount payable shown on the November 2020 Statement of Account by December 31, 2020. 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 September if it is paid in full by **December 31, 2020**.

The December 2020 Statement of Account shows your amount payable as of the Statement issue date. It includes any outstanding balances from your previous statement, your August 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.

October 2020 VA4 Due December 10, 2020 at 9:00 p.m.

The VA4 forms for the production month of October 2020 are due in the department offices by **December 10, 2020 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 November 2020

Alberta Energy's interest rate for November 2020 is **3.45%**.

August Provisional Assessment Charge

The summary of Provisional Assessment Charges for all production periods in the August 2020 billing period was:

First Time Provisional Assessment	Reversals of Provisional (Net)	Net Provisional Assessment
\$77,142.73	(\$248,721.97)	(\$171,579.24)

August Penalty Charges

The penalty table below shows at the form level, the total penalty charges and reversals, for the August 2020 billing period.

Forms	Penalty Charges	Penalty Reversals	Net Penalty Charges for 2020/08
AC2	\$468,400	(\$211,600)	\$256,800
AC5	\$1,800	\$0	\$1,800
NGL*	\$0	\$0	\$0
VA3	\$0	\$0	\$0
VA4	\$0	\$0	\$0
Total	\$470,200	(\$211,600)	\$258,600

* NGL Price Reporting

Production Allocation Discrepancy (PAD) Potential Royalty Impact

As of the August 2020 billing period, the potential royalty dollar impact is estimated as \$23.3 million, for the production months of March through August 2020.

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 October 31, 2020. 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

Department Initiated Amendments for 2016 Royalty

The following is under review by the department for the production year 2016 and will be completed in 2021:

Accuracy of royalty related volumetric submissions, including but not limited to:

- Reporting of gas sales and ABWG 99999 allocations.
- Accuracy of royalty related gas cost allowance submissions.

If you have any questions regarding this process, please contact the Analysis and Controls team at Energy.AnalysisControls@gov.ab.ca

Enhanced Hydrocarbon Recovery Program (EHRP) and Emerging Resource Program (ERP) Guidelines

The Department of Energy has published the Enhanced Hydrocarbon Recovery Program (EHRP) and Emerging Resource Program (ERP) Guidelines that can be accessed in the following links:

<https://open.alberta.ca/publications/enhanced-hydrocarbon-recovery-program-guidelines-principles-and-procedures-version-1>

<https://open.alberta.ca/publications/emerging-resources-program-guidelines-principles-and-procedures-version-1>

Natural Gas Liquids Buyer Identification

The Natural Gas Liquids (NGL) Reference Prices represent the field-based provincial reference prices, which are calculated using information submitted by all NGL buyers. As with every

program, we strive to maintain our database to ensure inputs to the calculation are kept as current as possible. In this regard, we are seeking your assistance with identifying NGL buyers that purchase product at Alberta field locations. Please review the attached list of NGL buyers ([Appendix A](#)) that are already known to us and send us an email with the names and contacts of NGL buyers that are not on the list.

We would like to contact the new companies as soon as possible to enable them to prepare for the reporting requirements.

Contacts

For further information or to submit names and contacts of NGL buyers please contact:

Winnie Tam
 Manager
 Pricing and Analysis
 Phone: 403-297-5427
 Email: Winnie.Tam@gov.ab.ca

Arlene Astorga
 Analyst
 Pricing and Analysis
 Phone: 403-297-5459
 Email: Arlene.Astorga@gov.ab.ca

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

Gas Royalty Voicemail: 780-422-8727

Fax: 780-427-3334

Alberta Toll Free: 310-0000

Gas Royalty 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.

Freehold Mineral Tax

All inquiries or requests that relate to Freehold Mineral Tax (FMT) (e.g. Recalculation of Tax, Notice of Objections, Electronic Transfer System (ETS), inquires for FMT, Freehold Role transfers, Unit Value Submissions, Title Transfers, Mineral Tax Redemption Act (MTRA), EOR on Freehold Lands) should be forwarded to the FMT Help Desk at Mintax.Energy@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

Appendix A

Natural Gas Liquids Purchasers

Accel Canada Holdings Limited
Accel Energy Canada Limited
Acme Energy Marketing Ltd.
Alliance Energy Services LLC
Altagas Ltd.
BP Canada Energy Group ULC
Canadian Enterprise Gas Products Ltd.
Canadian Natural Resources Ltd.
Cenovus Energy Inc.
City Service Valcon, LLC
ConocoPhillips Canada Resources Corp.
Elbow River Marketing Limited
Gestion Energie
Gibson Energy ULC
Husky Oil Operations Limited
Imperial Oil Resources
Keyera Energy Ltd.
Kiros Energy Marketing ULC
Pembina NGL Corporation
Pengrowth Energy Corporation
Petrogas Energy Corp.
Plains Midstream Canada
Repsol Oil & Gas Canada Inc.
Shell Chemicals Canada
Superior General Partner Inc.
Targa Canada Liquids Inc.
Tidal Energy Marketing Inc.
Tidewater Midstream and Infrastructure Ltd.