

December 2015

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<p>PLEASE ENSURE YOUR PRODUCTION ACCOUNTANTS RECEIVE A COPY OF THIS DOCUMENT</p>

ANNOUNCEMENTS

Alberta Energy – Gas Royalty Operations Calendar

A [2016 calendar](#) is attached, which provides critical filing dates that clients are required to meet with respect to Gas Royalty processing cut-off periods.

Office Closures Christmas Period

The Royalty Operations Branch will be closed from December 24th, 2015 to January 3rd, 2016. Limited services will be available during regular office hours at the Edmonton office only on December 31st. This is in accordance with the Government of Alberta's new holiday season schedule. Please refer to the Monthly Information article entitled [September 2015 Royalty Due December 31, 2015](#) in the November Information Bulletin for additional information regarding royalty payment.

The Calgary Office located at AMEC Place, 801 - 6th Ave. SW is closed from December 24th, 2015 to January 3rd, 2016. Payment can be dropped off in the Overnight Dropbox during the time of closure. All mail and revenue received in the drop box between December 24th, 2015 and January 1st, 2016 will be date stamped for December 23rd, 2015 anything after will be the normal process.

Statutory Requirement and Recalculation of 2011 Royalty

A production year becomes statute barred on December 31st, four years after the end of a production year. Once a year has become statute barred, calculation or recalculation of royalty does not occur on a monthly basis. Section 38 of the Mines and Minerals Act provides for recalculation of royalty that can be initiated in two ways:

1. On the department's initiative in conjunction with an audit or examination; or
2. At the request of a royalty payer.

Department Initiated Amendments

The following is under review by the department for the production year 2011 and will be completed in 2016:

Accuracy of royalty related volumetric submissions, including but not limited to PURDISP/PURREC reporting and ABWG 99999 allocations.

Accuracy of royalty related gas cost allowance submissions.

2011 Production Year Audits in Progress at the end of 2015

The 2011 production year becomes statute barred on December 31, 2015. Non-operator partners are advised that certain Enhanced Oil Recovery Schemes, CO2 Project Credit claims, allowable operating and capital costs (including costs reported at facilities where fractionation occurs), custom processing fees, capital costs, custom processing adjustment factor (CPAF), and volumetric reporting discrepancy audits are currently in progress.

It is anticipated that these audits will be completed before December 31, 2015. However, should circumstances warrant, completion of these audits will occur in 2016. Unlike previous years we will no longer provide a list of facilities affected by the outstanding custom processing adjustment factor review and the AC2 review. Please note that all facilities and all facility cost centres are open for a potential review.

Royalty clients are also reminded that amendments received by the Department in the fourth year following the production year may be subject to audit. If the amendments are received late in the fourth year and insufficient time is available for the Department to commence a review of the amendments prior to the end of the year, the Department reserves the right to commence the audit at the beginning of the fifth year.

If you have any questions, please contact Robert Sonogo of the Compliance & Assurance branch at 403-297-8774.

Industry Recalculation of 2011 Royalty

Industry initiated royalty recalculation requests for the 2011 production year must be submitted in writing to the attention of Olga Marocco, Manager, Volumetric & Cost Reporting, Gas Royalty Operations. **Due to office closure from December 24, 2015 to January 3rd, 2016, it is recommended that industry submit their requests to the department on or before, December 23rd, 2015** and it must include the following:

- Identification of the recalculation facility or facilities
- A list of the royalty variables proposed for recalculation
- The reason for the recalculation
- The production year of the recalculation
- An order of magnitude estimate (i.e. >\$100,000, >\$1 Million, >\$2 Million, etc..) of the recalculation requested
- Identification of all royalty clients that may be impacted by the request (this is necessary, especially in situations where volumes may be cascaded to another client who is expected to respond to the cascade)
- Confirmation from the operator that the affected partner(s) have been notified
- A sample copy of the submission pertaining to a particular production month in paper or electronic format (e.g., excel)

If the request meets the department's terms and conditions for recalculation, it will be approved. A request made during the fourth year following the production year, must be completed before the end of the fifth year, with a reasonable time for a review by the department, prior to the end of the fifth year.

If you have any questions regarding this process, please contact the Volumetric & Cost Reporting team, as identified in [Section E](#) of this bulletin.

MONTHLY INFORMATION

Pricing for Gas and Gas Products

For pricing on gas, gas products, and transportation information for October 2015, please refer to the [Information Letter](#).

The monthly default sulphur price for **October 2015** is **\$91.08**

Below are the annual sulphur default prices:

2011	2012	2013	2014
\$116.36	\$98.02	\$53.60	\$86.16

The annual sulphur default price for 2014 has been recalculated and updated from \$86.18 to \$86.16.

[October 2015 Royalty Due January 31, 2016](#)

Royalty clients are to remit the total amount payable shown on the January 2016 Statement of Account by January 31, 2016. 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 October if it is paid in full by January 31, 2016.

The January 2016 Statement of Account shows your amount payable as of the Statement issue date. It includes any outstanding balances from your previous statement, your October 2015 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.

Cheques are made payable to the Government of Alberta and must contain the G94 number.

[November 2015 VA4 due January 15, 2016](#)

The VA4 forms for the production month of November 2015 are due in the department offices by January 15, 2016.

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 December 2015

Alberta Energy's interest rate for December is **3.70%**

September Provisional Assessment Charge

The summary of Provisional Assessment Charges for all production periods in the September 2015 billing period was:

First Time Provisional Assessment	Reversals of Provisional Assessments (Net)	Net Provisional Assessment
\$486,855.01	(\$911,157.78)	(\$424,302.77)

September Penalty Charges

The penalty table below shows at the form level, the total penalty charges and reversals, for the September 2015 billing period.

Forms	Penalty Charges	Penalty Reversals	Net Penalty Charges for 2015/09
AC2	\$37,800	(\$140,800)	(\$103,000)
AC4	\$0	\$0	\$0
AC5	\$0	\$0	\$0
NGL1	\$0	\$0	\$0
VA2	\$0	\$0	\$0
VA3	\$0	\$0	\$0
VA4	\$0	\$0	\$0
Total	\$37,800	(\$140,800)	(\$103,000)

Production Allocation Discrepancy (PAD) Potential Royalty Impact

As of the September 2015 billing period, the potential royalty dollar impact is estimated as \$2.7 million, for the production months of April through September 2015.

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" under the Report Package DOE – Gas to facility operators via Petrinex on December 1 and December 14, 2015. This letter shows 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 by the last day of the calendar month in order for 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 780.422.1395 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 780.422.1395 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

[2011 Review on Royalty Related Volumetric Submissions and Allocations](#)

The following is under review by the department for the production year 2011 and will be completed in 2016. Where reporting errors are found, royalty clients will be notified to submit amendments.

Royalty Liable Gas Used for Fuel (PURDISP/PURREC)

The department is reviewing volumetric dispositions of gas, reported on Petrinex, from batteries, gathering systems or gas plants to batteries, gathering systems or gas plants that is sold for fuel. The objective of the review is to ensure that all gas sold and used for fuel is accurately reported to facilitate Crown royalty calculation. When there is a sale of gas or transfer of ownership within the royalty network, the selling facility is required to report PURDISP, which would be subject to Crown royalty charges.

Allocations to the Royalty Paid Stream ID AB WG 99999

The department is reviewing allocations of royalty paid volumes to ensure that the SAF and OAF volumes comply with the AB WG 99999 approval agreements and are accurately reported on Petrinex.

BUSINESS CONTACTS

[Quick Reference](#)

Group	Email
Petrinex Service Desk	Petrinexsupport@Petrinex.ca
Client Registry / Crown Land Data	CrownLandDataSupport@gov.ab.ca
Volumetric & Cost Reporting	VCR@gov.ab.ca
Management Information	ManagementInformation.Energy@gov.ab.ca
Gas Royalty Accounting	GasRoyaltyAccounts.Energy@gov.ab.ca
Gas Royalty Features	GasRoyaltyPrograms@gov.ab.ca

[Petrinex Service Desk](#)

The focal point for communications regarding preparations for, access to, or utilization of Petrinex is the Petrinex Service 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 four teams as shown below:

Team	Team Lead
Volumetrics	Oana Jurgea
Costs	Sheruna Naidoo
Process Support	Penny White
Adherence	Nicole Le Blanc

Gas Royalty Voicemail: 780.422.8727
Fax: 780.427.3334
Alberta Toll Free: 780.310.0000
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 and Farm Gas should be forwarded to the Management Information Team at ManagementInformation.Energy@gov.ab.ca.

Gas 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 forwarded to the Royalty Features team at GasRoyaltyPrograms@gov.ab.ca.

Reference Prices and Valuation Allowances Calculation Information

For information related to reference prices, price valuation, and allowances calculation, 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: www.energy.alberta.ca. From “Our Business”, navigate to “Natural Gas”, “About Natural Gas”, “Prices”, and “Alberta Natural Gas Reference Price (ARP)”. In addition, both the Gas Royalty Information Bulletins and Information Letters are also available under “Our Business”, navigate to “Natural Gas”, “Legislation, Guidelines & Policies”.



Richard Stokl
Director, Gas Royalty Operations
Royalty Operation

APPENDIX 1

Alberta Energy – Gas Royalty Operations Calendar

January 2016

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
Note 1: If the due date falls on a non-business day, forms will be accepted on the next business day. Note 2: 2012 production year becomes statute barred December 31, 2016					1 New Year's Day	2
3	4	5	6	7	8	9
10 NGL	11	12	13	14	15 SAF/OAF, VA4, RGA, Infrastructure	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30 RMF2, RMF3, PW1
31						

February 2016

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
	1	2	3	4	5	6
7	8	9	10 NGL	11	12	13
14	15 Family Day	16 SAF/OAF, VA4, RGA, Infrastructure	17	18	19	20
21	22	23	24	25	26	27
28	29 RMF2, RMF3, PW1					
<p>Note 1: If the due date falls on a non-business day, forms will be accepted on the next business day.</p> <p>Note 2: 2012 production year becomes statute barred December 31, 2016</p>						

March 2016

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
		1	2	3	4	5
6	7	8	9	10 NGL	11	12
13	14	15 SAF/OAF, VA4, Infrastructure	16	17	18	19
20	21	22	23	24	25 Good Friday	26
27	28 Easter Monday	29	30	31 GR2,AC4, RMF2, RMF3, PW1		
<p>Note 1: If the due date falls on a non-business day, forms will be accepted on the next business day.</p> <p>Note 2: 2012 production year becomes statute barred December 31, 2016</p>						

April 2016

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
Note 1: If the due date falls on a non-business day, forms will be accepted on the next business day. Note 2: 2012 production year becomes statute barred December 31, 2016					1	2
3	4	5	6	7	8	9
10 NGL	11	12	13	14	15 SAF/OAF, VA4, Infrastructure	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30 AC2, RMF2, RMF3, PW1

May 2016

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
1	2	3	4	5	6	7
8	9	10 NGL	11	12	13	14
15 SAF/OAF, AC3, AC5, VA4, RGA, Infrastructure	16	17	18	19	20	21
22	23 Victoria Day	24	25	26	27	28
29	30	31 RMF2, RMF3, PW1	<p>Note 1: If the due date falls on a non-business day, forms will be accepted on the next business day.</p> <p>Note 2: 2012 production year becomes statute barred December 31, 2016</p>			

June 2016

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
Note 1: If the due date falls on a non-business day, forms will be accepted on the next business day. Note 2: 2012 production year becomes statute barred December 31, 2016			1	2	3	4
5	6	7	8	9	10 NGL	11
12	13	14	15 SAF/OAF, VA4, RGA, Infrastructure	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30 RMF2, RMF3, PW1		

July 2016

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
Note 1: If the due date falls on a non-business day, forms will be accepted on the next business day. Note 2: 2012 production year becomes statute barred December 31, 2016					1 Canada Day	2
3	4	5	6	7	8	9
10 NGL	11	12	13	14	15 SAF/OAF, VA4, RGA, Infrastructure	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31 RMF2, RMF3, PW1						

August 2016

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
	1 Civic Holiday	2	3	4	5	6
7	8	9	10 NGL	11	12	13
14	15 SAF/OAF, VA4, Infrastructure	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31 RMF2, RMF3, PW1	<p>Note 1: If the due date falls on a non-business day, forms will be accepted on the next business day.</p> <p>Note 2: 2012 production year becomes statute barred December 31, 2016</p>		

September 2016

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
Note 1: If the due date falls on a non-business day, forms will be accepted on the next business day. Note 2: 2012 production year becomes statute barred December 31, 2016				1	2	3
4	5 Labour Day	6	7	8	9	10 NGL
11	12	13	14	15 SAF/OAF, VA4, RGA, Infrastructure	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30 RMF2, RMF3, PW1	

October 2016

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
<p>Note 1: If the due date falls on a non-business day, forms will be accepted on the next business day.</p> <p>Note 2: 2012 production year becomes statute barred December 31, 2016.</p>						1 NGL
2	3	4	5	6	7	8
9	10 Thanksgiving	11	12	13	14	15 SAF/OAF, VA4, RGA, Infrastructure
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31 RMF2, RMF3, PW1					

November 2016

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
		1	2	3	4	5
6	7	8	9	10 NGL	11 Remembrance Day	12
13	14	15 SAF/OAF, VA4, RGA, Infrastructure	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30 RMF2, RMF3, PW1	<p>Note 1: If the due date falls on a non-business day, forms will be accepted on the next business day.</p> <p>Note 2: 2012 production year becomes statute barred December 31, 2016</p>		

December 2016

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
Note 1: If the due date falls on a non-business day, forms will be accepted on the next business day. Note 2: 2012 production year becomes statute barred December 31, 2016				1	2	3
4	5	6	7	8	9	10 NGL
11	12	13	14	15 SAF/OAF, VA4, RGA, Infrastructure	16	17
18	19	20	21	22	23	24
25	26 Boxing Day	27 Christmas Closure	28 Christmas Closure	29 Christmas Closure	30 Christmas Closure	31 RMF2, RMF3, PW1