ADDENDUM

Pages 72 and 73 of *Our Fair Share* - the Panel's Report - provide a description of the new royalty regime proposed by the Panel for natural gas and conventional oil. This *Addendum* contains more information about these recommendations.

The Panel wishes to thank officials of the Alberta Department of Energy for assembling the charts presented on the last page below.

Royalty Review Panel – *Proposed Royalty Formulas*
Natural Gas and Conventional Oil
(please refer to pp. 72-73 of *Our Fair Share*)

NATURAL GAS

As noted on page 72 of the Report, the total royalty rate payable [R%] is the sum of a price-dependent component [r_p %] and a component that depends on the well production rate [r_q %]:

$$R\% = r_p\ \% + r_q\ \%$$

For natural gas, both r_p % and r_q % can be below 0% and each has a maximum value of 30%. R% has a minimum of 2% and a maximum of 50%.

Price	**r_p%** (percent)
PP <= $4.50/GJ	[(PP - 3.5) * 0.02] * 100
$4.50/GJ > PP <= $7.00/GJ	[(PP - 4.5) * 0.04 + 0.02] * 100
PP > $7.00/GJ	[(PP - 7) * 0.02 + 0.12] * 100
Maximum	0.30 * 100 *or 30%*

PP is the par price for the month in Cdn $/GJ.

Quantity	**r_q%** (percent)
ADP <= 5 10^3m^3/d	[(ADP - 2) * 0.035] * 100
5 10^3m^3/d > ADP <=10 10^3m^3/d	[(ADP - 5) * 0.025 + 0.105] * 100
ADP >10 10^3m^3/d	[(ADP - 10) * 0.01 + 0.23] * 100
Maximum	0.30 * 100 *or 30%*

ADP is the average daily productivity of the well for the month in 10^3m^3/day.

Royalty Review Panel – *Proposed Royalty Formulas*
Natural Gas and Conventional Oil
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CONVENTIONAL OIL

As noted on page 72 of the Report, the total royalty rate payable [R%] is the sum of a price-dependent component [r_p %] and a component that depends on the well production rate [r_q %]:

$$R\% = r_p\ \% + r_q\ \%$$

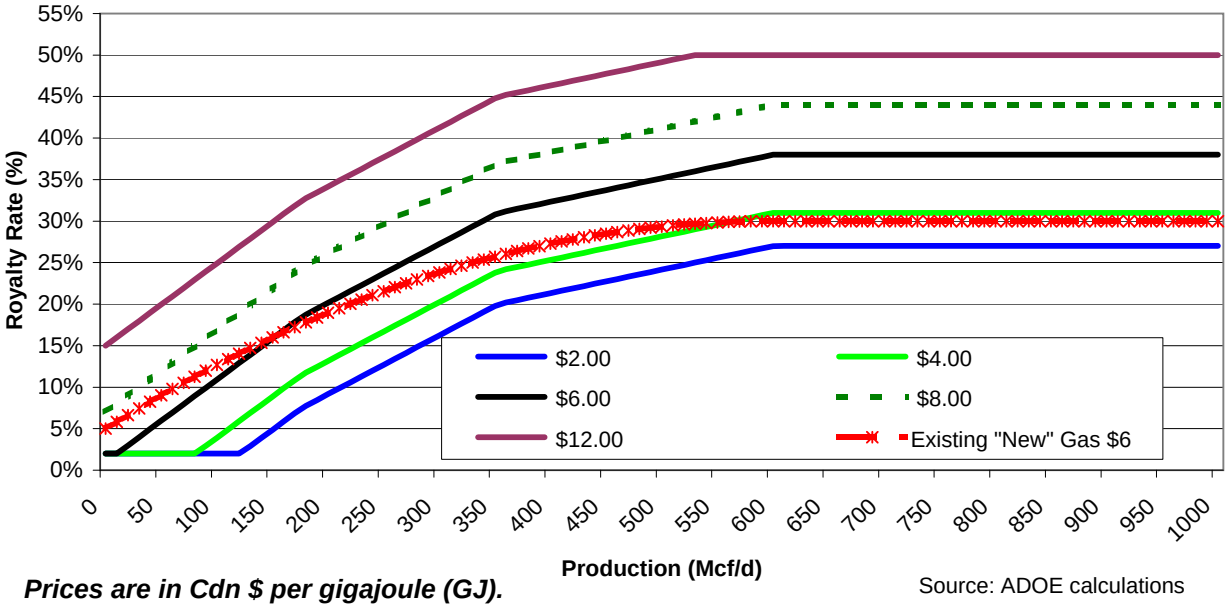
For conventional oil, both r_p % and r_q % can be below 0%; r_p % has a maximum value of 35% and r_q % reaches its maximum value at 30%. R% has a minimum of 0% and a maximum of 50%.

Price	**r_p%** (percent)
PP <= $250/$m^3$	[(PP - 190) * 0.0006] * 100
$250/$m^3$ > PP <= $400/$m^3$	[(PP - 250) * 0.0010 + 0.036] * 100
PP > $400/$m^3$	[(PP - 400) * 0.0005 + 0.186] * 100
Maximum	0.35 * 100 *or 35%*

PP is the par price for the month in Cdn $/$m^3$.

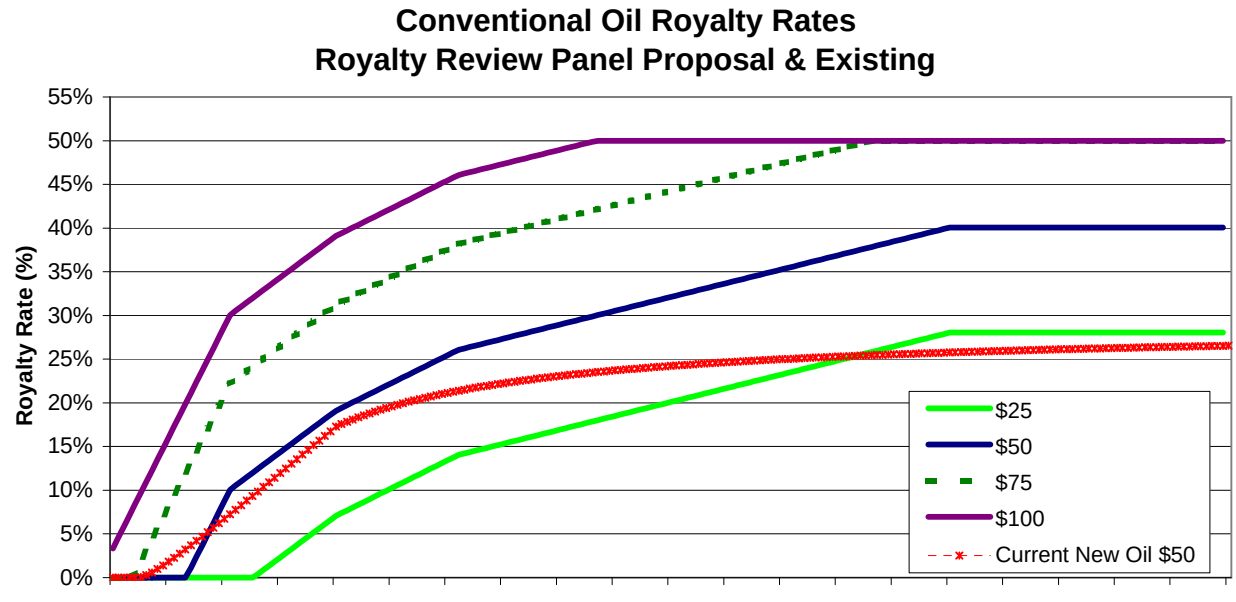
Quantity	**r_q%** (percent)
ADP <= 3.5 m^3/d	[(ADP - 3.5) * 0.08] * 100
3.5 m^3/d > ADP <= 6.5 m^3/d	[(ADP - 3.5) * 0.03] * 100
6.5 m^3/d > ADP <= 10 m^3/d	[(ADP - 6.5) * 0.02 + 0.09] * 100
ADP > 10 m^3/d	[(ADP - 10) * 0.01 + 0.16] * 100
Maximum	0.30 * 100 *or 30%*

ADP is the average daily productivity of the well for the month in m^3/day.



Prices are in Cdn $ per gigajoule (GJ).

Source: ADOE calculations



Prices are in Cdn $/bbl.

Source: ADOE calculations