



Oil Sands Operations

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## OIL SANDS INFORMATION BULLETIN 2009-09

SUBJECT: New Well Royalty Reduction (NWRR) Program Impact on Non-Project Oil Sands Wells

In March 2009, the Government of Alberta announced a New Well Incentive Program. [On June 25, 2009](#), the government announced the extension of the program by one year.

The New Well Royalty Reduction program applies to wells that begin production between April 1, 2009, and March 31, 2011, inclusive of those dates; subject to the payment of royalty under the *Petroleum Royalty Regulation, 2009*, the *Natural Gas Royalty Regulation, 2009*, or non-project oil sands wells subject to payment of royalties under the *Oil Sands Royalty Regulation, 2009*; and must pay Alberta Crown royalties.

For eligible non-project oil sands wells, the oil (bitumen) product receives a 5% gross maximum royalty rate. This royalty rate will be subject to a cap based on either 12 production months or 50,000 barrels of oil production including equivalents, whichever is reached first. Please refer to the NWRR Frequently Asked Questions, [http://www.energy.alberta.ca/About\\_Us/1559.asp](http://www.energy.alberta.ca/About_Us/1559.asp), for specific details of the program. This legislation, New Well Royalty Reduction Regulation (A.R. 204/2009 Mines and Minerals Act, sections 5 and 36), will be available on the [Government of Alberta, Queen's Printer](#) website.

Eligibility for the NWRR program is determined by the department. Eligible non-project oil sands wells will be listed, along with eligible conventional oil wells, on the DOE Oil - Royalty Program Report, in the Petroleum Registry of Alberta (PRA). Please contact Laurie Schneider at [Laurie.Schneider@gov.ab.ca](mailto:Laurie.Schneider@gov.ab.ca), if instruction is needed to access this report in PRA.

The Conventional Oil Sands Royalty form has been enhanced for the NWRR program and is posted on our website, <http://www.energy.alberta.ca/OilSands/811.asp>. For wells that are eligible for NWRR, set the NWRR indicator on the form to 'Y' to calculate the crown royalty volumes at 5%.

Questions about this information bulletin maybe directed to:

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Questions about the NWRR program for non-project oil sands wells or royalty reporting of eligible NWRR wells may be directed to the OS Reporting mailbox, [OSReport@gov.ab.ca](mailto:OSReport@gov.ab.ca).

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