Non-renewable Resource Revenue

Energy development is driving Alberta economy and continues to be a solid foundation for our province’s future.

Among the sources of non-renewable resource revenues, royalties are the primary financial benefit to Alberta. The third largest revenue source, contributed about $2.5 billion to provincial revenue in the fiscal year 2013-14. Total non-renewable resource revenue of $544 million was generated in 2013-14.

Resource

<table>
<thead>
<tr>
<th>Title</th>
<th>2013-14</th>
<th>2012-13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bitumen</td>
<td>2.09 million</td>
<td>1.42 million</td>
</tr>
<tr>
<td>Non-renewable Resource Revenue</td>
<td>$544 million</td>
<td>$456 million</td>
</tr>
<tr>
<td>Minerals</td>
<td>$72 million</td>
<td>$68 million</td>
</tr>
<tr>
<td>Industrial Minerals</td>
<td>$2 million</td>
<td>$1.5 million</td>
</tr>
<tr>
<td>Royalties</td>
<td>$0.2 million</td>
<td>$0.2 million</td>
</tr>
<tr>
<td>By-products</td>
<td>$0.2 million</td>
<td>$0.2 million</td>
</tr>
<tr>
<td>Bonuses and Sales</td>
<td>$0.2 million</td>
<td>$0.2 million</td>
</tr>
<tr>
<td>Settlements</td>
<td>$72 million</td>
<td>$105 million</td>
</tr>
<tr>
<td>Resource Development and Management</td>
<td>$68 million</td>
<td>$116 million</td>
</tr>
<tr>
<td>Bioenergy Initiatives</td>
<td>$7 million</td>
<td>$11 million</td>
</tr>
<tr>
<td>Ministry Support Services</td>
<td>$11 million</td>
<td>$17 million</td>
</tr>
<tr>
<td>Carbon Capture and Storage</td>
<td>$116 million</td>
<td>$116 million</td>
</tr>
<tr>
<td>Marketing Oil</td>
<td>$34 million</td>
<td>$29 million</td>
</tr>
</tbody>
</table>

Energy Investment Competitiveness

Alberta's petroleum and natural gas industry has a strong competitive position due to low extraction costs, a world-class infrastructure, supportive government policies, and reliable access to markets.

The North West Redwater Partnership was the third largest contributor to provincial revenue, making the most of recovering incremental ethane from the refinery processing agreement. The Alberta Petroleum Sturgeon Refinery Partnership began construction in 2013-14 Total non-renewable resource revenue was $544 million in 2013-14.

North West Redwater Partnership

The North West Redwater Partnership began construction of the Albertan Refinery. The Alberta Petroleum Marketing Commission, and Canadian Natural Resources Ltd will supply the refinery with rockies for processing of 540,000 barrels per day of bitumen through a 30-year processing agreement. The refinery will be the largest in Canada, producing about 140,000 barrels per day of petrochemical feedstock.

Energy Processing and Petrochemicals

Incremental Ethane Extraction Program (IEEP)

IEEP is a bona fide program that encourages increased production and investment in Alberta. Royalty credits offset the high capital costs. The IEEP has contributed to Alberta’s capital expenditure reaching an all-time high of about $27 billion in 2013-14. The Alberta Petroleum Marketing Commission, and Canadian Natural Resources Ltd will supply the refinery with rockies for processing of 540,000 barrels per day of bitumen through a 30-year processing agreement. The refinery will be the largest in Canada, producing about 140,000 barrels per day of petrochemical feedstock.

Electrical Industry

Total marketable coal deliveries grew to 3.5 Tcf (100 billion cubic feet) in 2013. Total marketable natural gas production increased to 3.6 Tcf (108 billion cubic feet) in 2013.

Results Achieved in 2013-14

The Ministry consists of the Department of Energy, the Alberta Energy Regulator (AER), the Alberta Utilities Commission (AUC) and the Alberta Petroleum Marketing Commission (APMC). This report focuses on the results achieved by the Department of Energy. The department enables sustainable and effective energy and mineral resources development that considers the social, economic and environmental outcomes Albertans want. It oversees Alberta’s royalty systems; collects revenues from energy and mineral resource development; and ensures Alberta has adequate electricity generation, transmission and distribution.

For more information visit www.energy.alberta.ca
Albertans are assured of the benefits from energy and mineral resource development.

### Market Access for Alberta’s Energy Resources

The department seeks to discover new opportunities to market Alberta’s energy and mineral resources in the global marketplace. Albertans are assured that the department’s work will serve to address the needs of their communities and governments to develop and grow, and will ensure that their energy resources are developed in ways that respect their rights and responsibilities, and promote sustainable development.

### Results Achieved in 2013-14

**Engagement with stakeholders** in provinces across eastern Canada and the United States. The department held, or participated in, more than 100 meetings with stakeholders across Canada, the United States, and other countries. The department continues to engage with stakeholders to ensure that Alberta’s energy and mineral resources are developed in ways that respect their rights and responsibilities, and promote sustainable development.

### Asian Market Collaboration

The department continues to develop and consolidate new energy relationships in China and India.

### Canadian Energy Collaboration

The department has engaged with the Canadian Energy Strategy (CES) to ensure that Alberta is a recognized leader in energy security, development, production, supply and transportation. The CES is a collaborative approach to energy development that ensures the best available data and analysis inform decision-making. The department will ensure that Alberta’s energy and mineral resources are developed in ways that respect their rights and responsibilities, and promote sustainable development.

### Integrated Infrastructure Planning in Oil Sands Areas

**Comprehensive Regional Infrastructure Sustainability Plans (CRISP)** provide a strategic framework for infrastructure planning in the area. The department is working with stakeholders to ensure that infrastructure is planned in a way that is consistent with the area’s land-use planning and community development goals. The department continues to engage with stakeholders to ensure that Alberta’s energy and mineral resources are developed in ways that respect their rights and responsibilities, and promote sustainable development.

### Results Achieved in 2013-14

**Electricity Enhancements for Albertans**

- More than 40 per cent of Albertans have access to high-speed internet, including in remote and rural areas.
- The department has increased the utility’s ability to provide reliable and affordable energy to Albertans.
- The department has worked to ensure that electricity consumers have access to fair, efficient, reliable, and affordable energy.
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### Results Achieved in 2013-14

**Energy Strategy for Alberta’s Economic and Social Prosperity**

The department has worked to ensure that electricity consumers have access to fair, efficient, reliable, and affordable energy.

### Results Achieved in 2013-14

**Canadian Energy**

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### Results Achieved in 2013-14

**Alberta’s Energy**

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### Results Achieved in 2013-14

**Responsible Energy Development Act**

The department has worked to ensure that electricity consumers have access to fair, efficient, reliable, and affordable energy.

### Results Achieved in 2013-14

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Energy Processes and Petroleum Development

1. Incremental Oil Sands Expansion Program (2013-14) is a $1 billion initiative that encourages increased production and expansion in Alberta. Royalty credits will offset the high-upfront costs of capital expenditures. Oil Sands Expansion (I2EP) is an investment approximately $7.0 billion per barrel of existing production. I2EP has contributed to increased production and a robust pipeline of new project capital investments.

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Energy Investment Competitiveness

Alberta maintains a competitive and effective royalty framework that encourages responsible resource development, provides a framework for ensuring a fair share of Alberta's wealth, and benefits all Albertans. Alberta’s royalty framework is second to none in North America. Alberta’s royalty framework is not only the highest level ever, the second highest level ever.

Energy Facts

Total energy production has increased almost 500 per cent over the past 20 years. Capital expenditure in Alberta’s oil sands reached an all-time high of about $27 billion in 2013. Conventional crude oil production reached about 1.8 billion barrels, the second highest level ever.

Energy Processing and Petroleum Development

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Albertans are assured of the benefits from energy and mineral resource development

The department

- works to enable Albertans, communities, governments and industries to develop and maintain the province’s interwoven resources and an environmentally sustainable, economically viable energy system.

Engagement with stakeholders in provinces east of Alberta on infrastructure development will engage on western energy development interests and support the province’s long-term economic growth and diversification. The work will serve to facilitate the department’s initiatives to develop additional oil and gas reserves, enhance production and diversification, and improve profitability for Albertans.

The document

- sets out the mandate of the Alberta Energy Resources Conservation Board.

Market Access for Alberta's Energy Resources

The Department of Energy and Resource Conservation

Results Achieved in 2013-14

- Alberta's share of US markets increased from 46% to 54%.
- New Brunswick, Nova Scotia, and Prince Edward Island were the largest markets for Alberta's oil.
- The department initiated the first Independent Energy Strategy, which focuses on generating new market access projects.
- The department launched the Alberta Energy Resources Conservation Board’s (ERCB) new Alberta Oil and Gas Market Access Program to stimulate long-term growth outcomes, and to support the development of new energy resources.
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- The department initiated the first Independent Energy Strategy, which focuses on generating new market access projects.

Agreements with countries in East and South Asia

- Alberta’s long-term partnerships with China and India are continuing to grow.
- These agreements are expected to support the development of new energy resources.

The department

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Market Access for Alberta’s Energy Resources

The department works to create market demand for Alberta energy and resources.

In January 2015 and Alberta’s released its first quarterly report, 2014, the working group and access new markets for stimulate long-term growth to create jobs, enhance safety, conditions. The work will serve addressing British Columbia’s Working Group British Columbia/International Resources Market Access for Results Achieved in 2013-14

Engagement with stakeholders in provinces across involved in market access projects. The department has developed provincial level discussions and collaboration that support market access initiatives, economic benefits of energy projects, regulatory safety and financial liability requirements and regulatory policies and processes. The department has made positive discussions. The work has included a focused effort on regulatory building in Saskatchewan, Manitoba, Ontario and New Brunswick.

In collaboration with other provinces, the department is a member of the United States International Trade Commission. The department is engaged in efforts to make America’s energy markets a destination for responsible and innovative energy development.

Asian Market Collaboration

The department supported the development and consolidated new energy relationships in China, Japan and India.

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Canadian Energy Collaboration

The department launched the Canadian Energy Strategy (CES), a collaborative approach to energy development that will support a competitive global leader in responsible energy development, production, supply and transportation. The CES targets are agreed upon by the federal, provincial and territorial governments of Canada.
Energy development is driving Alberta economy and continues to build a solid foundation for our provinces future.

Among the sources of non-renewable resource revenue, bitumen accounted for 36 per cent of the $9.6 billion revenue. In 2013-14, bitumen accounted for about $5.2 billion, or about 55 per cent of the $9.6 billion revenue. Annual bitumen production has been increasing since 2008. In 2012, capital expenditure reached a high of about $27 billion in oil sands reached a high of about $27.7 billion in 2013-14.

North West Redwater Partnership

The North West Redwater Partnership began construction of the Upstream Oil Sands (IEEP) in 2013-14. The IEEP is expected to offset the high capital costs of recovering incremental petrochemical production by-product.

Alberta Carbon Trunk Line, the North West Redwater Partnership and the Alberta Petroleum Sturgeon Refinery.

Partnership began construction in 2011.

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