

**Modernized Royalty Framework: Formulas
Propane (extracted and in stream component)
For wells spud on or after January 1, 2017**

R% = Price Component (r_p) + Quantity Adjustment (r_q)

R% has a minimum of 5% and maximum of 36%

Royalty Parameters		
	Price (C\$/m³)	% Change (%/m³)
P1	88.10	0.20250%
P2	143.16	0.11130%
P3	253.28	0.05900%

Price Component (r_p)	
Price (\$/m³)	r_p
PP ≤ 88.10	10%
88.10 < PP ≤ 143.16	((PP-88.10)*0.00202+0.10000)*100
143.16 < PP ≤ 253.28	((PP-143.16)*0.00111+0.21122)*100
PP > 253.28	((PP-253.28)*0.00059+0.33347)*100
Maximum	36%

Maturity Threshold		
	Q	% Change
Q oil equivalent volumes	194.0 (m ³ e/month)	0.1350% (m ³ e/month)
Quantity Adjustment (oil equivalent volume)		
Quantity (m³e/month)	r_q	
Q ≥ 194.0	0%	
Q < 194.0	(Q-194.0)*0.1350%	
Note: Quantity is calculated at a well level, where m ³ e/month = m ³ equivalent per month.		
Note: r_q is 0 or negative		

A well will pay 5% royalty rate until revenue equals C*(\$). R% applies once a well's revenues exceed C* (post-C* phase). The minimum royalty rate in the post-C* phase is 5%.