

**April 2018**

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**PLEASE ENSURE YOUR PRODUCTION ACCOUNTANTS RECEIVE A COPY OF THIS DOCUMENT**

## **ANNOUNCEMENTS**

### **Changes to Statute Barred Reporting Deadlines**

Changes regarding statute barred reporting have been made to the Mines and Mineral Act, section 38 and are effective for the 2015 production year.

Legislation has changed the time for filing amendments from four years to three years. There is no longer the option to request for a production year to be kept open for filing once the year becomes statute barred.

The department has up to five years to complete an audit or examination and Alberta Energy's operational teams have an additional six months to complete any recalculations arising from the audit.

Please note that December 31, 2018, production years 2014 and 2015 will both become statute barred. For the production year 2014, requests to keep the year open for amendments will still be considered and the procedure remains the same as previously established. Requests for additional time to file for production year 2015 are not permitted as per the new legislation.

Refer to [Information Letter 2015-38](#), published December 10, 2015, for more details about changes made to the Mines and Mineral Act.

## **MONTHLY INFORMATION**

### **Re-Allocation of Assigned Volumes (RMF2s)**

As per [the Alberta Natural Gas Royalty Guidelines \(2009, Updated\)](#), Chapter III, Section 2.2.1, Royalty clients may submit an RMF2 form if they wish to reassign all or part of their Crown and/or freehold volumes of gas and gas products allocated to well events, well groups, units, or injection schemes. The RMF2 Listing report identifies the royalty clients' active RMF2s currently in our system as well as the date that the form was last used to re-assign volumes.

Royalty Clients should review their RMF2 reports issued each month, and are requested to submit termination dates for those RMF2s that are no longer required. The number of unused documents continues to increase. Part 3.4 of the RMF2 form requires a Termination Date be completed and it should be defined for a reasonable timeframe. The RMF2 is not intended for

the facilitation of sales activity between clients. In those instances, the OAF can be changed in order to facilitate a smooth transition of responsibility for the production volumes. As a reminder, the department will require definite termination dates applied to each form (Part 3.4). If the termination date is not on the form, it will be returned to the submitter. The Department expects that this will reduce the number of obsolete documents in our system.

If you require any additional information, please contact VCR at [VCR@gov.ab.ca](mailto:VCR@gov.ab.ca).

### Pricing for Gas and Gas Products

For pricing on gas, gas products, and transportation information for February 2018, please refer to the [Information Letter](#).

The monthly default sulphur price for **February 2018** is **\$57.78**. Below are the annual sulphur default prices:

2013	2014	2015	2016
\$51.05	\$82.35	\$101.10	\$43.13

### February 2018 Royalty Due May 31, 2018

**Royalty clients are to remit the total amount payable shown on the May 2018 Statement of Account by May 31, 2018.** 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 February if it is paid in full by May 31, 2018.

The May 2018 Statement of Account shows your amount payable as of the Statement issue date. It includes any outstanding balances from your previous statement, your February 2018 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.**

Please refer to the Alberta Natural Gas Royalty Guidelines (2009, Updated) Chapter VII Section 1- Levying and Collecting Natural Gas Royalty. Also, refer to Natural Gas Royalty Regulation, 2017 Payment of royalty compensation.

Cheques are made payable to the Government of Alberta and must contain the G94 account number as reflected on the Statement of Account.

### March 2018 VA4 due May 15, 2018

The VA4 forms for the production month of March 2018 are due in the department offices by May 15, 2018.

**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 April 2018**

Alberta Energy's interest rate for April 2018 is **4.45%**

**January Provisional Assessment Charge**

The summary of Provisional Assessment Charges for all production periods in the January 2018 billing period was:

First Time Provisional Assessment	Reversals of Provisional Assessments (Net)	Net Provisional Assessment
\$1,466,520.54	(\$267,251.78)	\$1,199,268.76

**January Penalty Charges**

The penalty table below shows at the form level, the total penalty charges and reversals, for the January 2018 billing period.

Forms	Penalty Charges	Penalty Reversals	Net Penalty Charges for 2018/01
AC2	\$78,000	(\$28,200)	\$49,800
AC5	\$0	\$0	\$0
NGL*	\$0	\$0	\$0
VA3	\$0	\$0	\$0
VA4	\$0	\$0	\$0
<b>Total</b>	<b>\$78,000</b>	<b>(\$28,200)</b>	<b>\$49,800</b>

\* NGL Price Reporting

**Production Allocation Discrepancy (PAD) Potential Royalty Impact**

As of the January 2018 billing period, the potential royalty dollar impact is estimated as \$5.5 million, distributed as follows by production year:

2017	2018
\$4.2 million	\$1.3 million

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 April 17, 2018. 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 a 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](mailto: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](mailto: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](mailto: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

### New and Revised Meter Station Factors

The department has published an Information Letter [2018-09](#), new and revised Meter Station Factors. Meter Station Factors for new meter stations are identified in **Schedule B** and are effective for the production periods January to December 2017. Meter Station Factors identified in **Schedule A** are effective the January 2018 production period and subsequent production periods until otherwise changed.

If you have any questions, please contact Terry Rayne, Director, Pricing and Analysis at 403-297-5467 or e-mail at [terry.rayne@gov.ab.ca](mailto:terry.rayne@gov.ab.ca).

### Monthly Sulphur Corporate Average Price Calculation – VA4 Form

The Department requires royalty clients with an annual sulphur production of 30,000 tonnes or greater in the 2017 production year to file VA4 forms monthly, beginning with the January 2018 production month. The VA4 form is due on or before the 15th day of the second month following the respective production month. A royalty client whose annual sulphur production is less than 30,000 tonnes may choose to file the VA4 forms monthly beginning with January's production month; however, if this choice is made, the client must file VA4 forms for the entire year. The Department will use the VA4 forms to determine each client's monthly Sulphur Corporate Average Price (S-CAP) and the monthly sulphur default price. We calculate each month's sulphur default price as the weighted average unit value of all arm's length sales for all clients who filed VA4 forms for that month. The Department will value and invoice the Crown royalty share of sulphur production monthly using the respective S-CAP price for clients who file VA4 forms, and the sulphur default price for clients who chose not to file VA4 forms. The VA4 form is subject to \$100 in late filing penalties for each month or part of the month the form is past due. The VA4 form for the production month of January 2018 is due in the department by March 15, 2018.

Royalty clients who file monthly VA4 forms must file annual VA3 forms. The VA3 form remains the primary sulphur valuation tool and the S-CAP determined from each VA3 will replace the entire year’s monthly prices determined from the VA4 forms. The VA3 is due on or before April 15th of the year following the year of production. Interest is charged/paid on the Crown royalty difference when adjusting from monthly to annual valuation. The VA3 form is subject to a one-time \$1,000 late filing penalty.

The following royalty clients must submit VA4 forms effective with the 2018 production year, which includes any pricing information for each of its consolidated/amalgamated entities:

Client ID	Client Name	Client ID	Client Name
0HE9	Canadian Natural Resources Limited	A68P	Canlin Resources Partnership
0026	Encana Corporation	0Z0H	Harvest Operations Corp.
0R46	Husky Oil Operations Limited	0TM9	NAL Resources Limited
A0A7	Nuvista Energy Ltd.	0AW4	Paramount Resources Ltd.
A5R5	Pengrowth Energy Corporation	A2F0	Shell Canada Energy
A6GD	Sinopec Daylight Energy Ltd.	A2TG	TAQA North Ltd.

For questions and further information, please contact the Pricing & Analysis Team at [GasValuation.Energy@gov.ab.ca](mailto:GasValuation.Energy@gov.ab.ca), 403-297-5467 or 403-297-5427.

## **BUSINESS CONTACTS**

### **Quick Reference**

Group	Email
Petrinex Service Desk	<a href="mailto:Petrinexsupport@Petrinex.ca">Petrinexsupport@Petrinex.ca</a>
Client Registry / Crown Land Data	<a href="mailto:CrownLandDataSupport@gov.ab.ca">CrownLandDataSupport@gov.ab.ca</a>
Volumetric & Cost Reporting	<a href="mailto:VCR@gov.ab.ca">VCR@gov.ab.ca</a>
Management Information	<a href="mailto:ManagementInformation.Energy@gov.ab.ca">ManagementInformation.Energy@gov.ab.ca</a>
Gas Royalty Accounting	<a href="mailto:GasRoyaltyAccounts.Energy@gov.ab.ca">GasRoyaltyAccounts.Energy@gov.ab.ca</a>
Gas Royalty Rapid Transit Payments	<a href="mailto:G94Deposit@gov.ab.ca">G94Deposit@gov.ab.ca</a>
Gas Royalty Features	<a href="mailto:GasRoyaltyPrograms@gov.ab.ca">GasRoyaltyPrograms@gov.ab.ca</a>
Freehold Mineral Tax	<a href="mailto:Mintax.Energy@gov.ab.ca">Mintax.Energy@gov.ab.ca</a>

### 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](mailto:Petrinexsupport@Petrinex.ca)

Website: [www.Petrinex.ca](http://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	Nicole Karpan
Costs	Sheruna Naidoo
Process Support	Penny Calen
Adherence	Oana Jurgea

Gas Royalty Voicemail: 780-422-8727

Fax: 780-427-3334

Alberta Toll Free: 310-0000

Gas Royalty Email: [VCR@gov.ab.ca](mailto: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, Soldier Settlement, and Farm Gas should be forwarded to the Management Information Team at [ManagementInformation.Energy@gov.ab.ca](mailto:ManagementInformation.Energy@gov.ab.ca).

### 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](mailto: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 forward to the Royalty Features team at [GasRoyaltyPrograms@gov.ab.ca](mailto:GasRoyaltyPrograms@gov.ab.ca).

### Freehold Mineral Tax

All inquiries or requests that relate to Freehold Mineral Tax (FMT) (e.g. Recalculation of Tax, Notice of Objections, Electronic Transfer System (ETS), inquires for FMT, Freehold Role transfers, Unit Value Submissions, Title Transfers, Mineral Tax Redemption Act (MTRA), EOR on Freehold Lands) should be forwarded to the FMT Help Desk at [Mintax.Energy@gov.ab.ca](mailto:Mintax.Energy@gov.ab.ca).

### Reference Prices and Valuation Allowances Calculation Information

For information related to Natural Gas and Natural Gas Liquids reference prices, and Sulphur valuation submissions (VA3 and VA4), 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](mailto: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](http://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