

March 21, 2003

MINERAL INFORMATION BULLETIN 2003-01

SUBJECT: MONTHLY STATEMENT PROCESS FOR CONTINUED/VALIDATED AGREEMENTS

Since the introduction of the Petroleum & Natural Gas Tenure Regulation in 1998, allowing for the payment of rentals **after** the granting of continuation/validation on expiring agreements, the number of single rental payments made by industry to the Crown has increased. The creation of the monthly statement process made the payment of annual rentals on primary term and post continued/validated agreements more efficient. The opportunity exists to streamline the process by reducing the number of cheques required for expiring validated agreements by using the monthly statement process.

Rentals due on agreement continuations and licence validations finalized after June 1, 2003 will now be included in the monthly statement process i.e. these rental payments will be deemed due on August 15, 2003. Please note there are some exceptions as outlined on the attached chart.

You will be advised in your letter confirming agreement continuation or validation that if you are a monthly statement client, your rental charge will be included in the following month's statement. The following notice will be included in all letters confirming agreement continuation or validation (other than those excluded from this enhancement):

If the annual rental for this agreement has not been paid, the agreement rental due amount will appear on the next payor statement if you are a monthly statement client. If you are not a monthly statement client, an invoice (overdue statement) will be issued to the Designated Representative.

To maintain administrative efficiency, those continued and/or validated agreements being added to the monthly statement process will be identified by agreement type (Activity ID) with a separate information sheet provided for each agreement.

Any agreement continuing under *Section 17* of the Regulation, whether in whole or in part, will **not** be included in the monthly statement process. Pursuant to the Regulation, the acceptance fees and rentals must be received prior to granting continuation under

Section 17. Therefore, our continuation offer letters will still request payment within 30 days and cheques will still be required. However, should these agreements be further continued under *Section 15* or *16* in Year 2, they would then be added to the monthly statement process.

Agreements subject to *Section 18* notices of non-productivity will not be affected by this change to the monthly statement process.

If your company is not currently on the monthly statement process, we encourage you to participate by contacting Yasmin Suleman at (780) 422-5860 or for extensive information, visit our website at:

<http://www.energy.gov.ab.ca/com/Room/Industry+Room/More+Information/Monthly+Statement+Process/Monthly+Statement+Process.htm>

Yours truly,

Audrey Murray
Director
P&NG Tenure Operations

Attachment (1)