

July 14, 2010

OIL SANDS INFORMATION BULLETIN 2010-07

Subject: Assessment of Filing Penalties and Electronic Transfer System (ETS) Filings

Assessment of Filing Penalties

Section 44(1) of the *Oil Sands Royalty Regulation, 2009 (OSRR-09)*, describes the late filing penalties that may be assessed to project operators who fail to provide operator's forecasts, monthly royalty calculations (MRC), good faith estimates (GFE), end of period statements (EOPS) and/or cost analysis and revenue enhancements (CARE) reports with complete information, in the proper format, by the prescribed due dates. This includes the statement of approval or the auditor's opinion. Project operators are required to file monthly reports regardless of the values reported. Penalties also apply to operators who file monthly conventional oil sands royalty reports.

If a project operator has been notified by the department that an amendment is required, and the amendment is not received by the last day of the month following the month in which the notification was given, the report will be considered missing and assessed a penalty.

The department will immediately proceed with issuing a penalty of \$5,000 for each month or partial month a report is late or incomplete. Once a project operator has been notified of a penalty assessment, the penalties must be paid within 30 days of receiving a notice and interest will be calculated on unpaid penalty assessments. If an operator has been penalized for failing to file a report, they will not be further penalized for failing to file the statement of approval or auditor's opinion required to accompany the report. However, if a report is submitted to the department accurately and by the due date but without the required auditor's opinion a penalty will be charged.

The chart below details the due date for each report.

Royalty Report	Due Date
Monthly Royalty Calculation (MRC)	Last day of the month following the production month
Monthly Good Faith Estimate (GFE)	Last day of the month following the production month
Conventional Oil Sands Royalty	Last day of the month following the production month
End of Period Statement (EOPS)	Within three months following the end of period
Operator's Forecasts	December 15 th of each year

CARE Reports	Due Date
Capital Costs Data (Mining & In-Situ Projects)	1st Qtr – May 15th, 2nd Qtr – Aug 15th, 3rd Qtr – Nov 15th, 4th Qtr – April 30th
Operating Costs Data (Mining & In-Situ Projects)	1 st Qtr – May 15 th , 2 nd Qtr – Aug 15 th , 3 rd Qtr – Nov 15 th , 4 th Qtr – April 30 th
Volumetric Data (Mining & In-Situ Projects)	June 30 th of each year
Operations Data (Mining & In-Situ Projects)	June 30 th of each year
Reserves Data (Mining & In-Situ Projects)	June 30 th of each year
Reservoir Data (In-Situ Projects)	Filed upon initial oil sands project assessment and updated with project expansion or addition of leases
Deposit Data (Mining Projects)	Filed upon initial oil sands project assessment and updated with project expansion or addition of leases
Bitumen/Bitumen Blend Revenue (In-Situ Projects reporting at stream level)	1 st Qtr – May 15 th , 2 nd Qtr – Aug 15 th , 3 rd Qtr – Nov 15 th , 4 th Qtr – Feb 15 th
Bitumen Blend Netback Calculation (In-Situ Projects reporting at stream level)	1 st Qtr – May 15 th , 2 nd Qtr – Aug 15 th , 3 rd Qtr – Nov 15 th , 4 th Qtr – Feb 15 th
Transportation Costs (In-Situ Projects reporting at stream level)	1 st Qtr – May 15 th , 2 nd Qtr – Aug 15 th , 3 rd Qtr – Nov 15 th , 4 th Qtr – Feb 15 th
Diluent Supplied to a Stream (In-Situ Projects reporting at stream level)	1 st Qtr – May 15 th , 2 nd Qtr – Aug 15 th , 3 rd Qtr – Nov 15 th , 4 th Qtr – Feb 15 th
Other Oil Sands Products Revenue (Mining & In-Situ Projects reporting at stream level)	1 st Qtr – May 15 th , 2 nd Qtr – Aug 15 th , 3 rd Qtr – Nov 15 th , 4 th Qtr – Feb 15 th

Section 44(3) describes that penalties will also be assessed on Ad hoc reports that the department requests. This may include other supporting documentation for a royalty calculation (e.g., supporting details for a unit price calculation). Once an operator is advised by the department of a reporting deficiency or has been requested to supply additional information, the operator must supply the information within the timeframe identified in the department's request. The penalty for failing to provide the information may be up to \$5,000 for each day that the failure continues.

Under section 46 Application of payments of the *OSRR-09*, compensation owed to the Crown is applied against an operator's account in the following order:

- 1) Penalties
- 2) Interest
- 3) Royalty compensation

Operators who submit reports by the report due date, and where the report cannot be processed due to minor discrepancies, will be given a 15-day grace period to correct the report before a penalty is issued.

Electronic Transfer System (ETS)

Further to [Information Bulletin 2009-18](#), effective July 1, 2010 royalty submissions (operator's forecasts, monthly MRC and GFE, EOPS, CARE and related correspondence statement of approval, auditor's opinion, etc.) must be made using the department's secure online application Electronic Transfer System (ETS). Only in the unlikely event there are temporary technical problems with ETS at the time a submission is required and the problem cannot be resolved by the filing deadline, then the email process would be made available for project operators to submit their reports. Please refer to Information Bulletin [2009-18](#) to ensure the proper naming convention is used when submitting royalty reports through ETS. We encourage operators to continue to direct any inquires to the OS Reporting Mailbox. [Email:OSReport@gov.ab.ca](mailto:OSReport@gov.ab.ca)

Project operators are reminded that the statement of approval submitted with their monthly and annual reports must include the Project ID and the royalty payable.

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