

November 2, 2010

OIL SANDS INFORMATION BULLETIN 2010-09

Subject: Statutory Requirements and Recalculation of “2006” Oil Sands Royalty

In accordance with section 38 of the Mines and Minerals Act, the Minister may calculate, recalculate or make additional calculations of the Crown’s royalty share of a mineral or any royalty proceeds. A calculation, recalculation or additional calculation may be made in two ways:

1. On the Minister’s initiative in conjunction with an audit or examination; or
2. At the written request of an operator/lessee.

Where the calculation, recalculation or additional calculation of any royalty proceeds is made pursuant to a written request or as a result of an audit or examination under section 47(5), and the written request is received or the audit or examination is commenced in the fourth year, that four year period is extended by one year.

Audits in Progress

Oil Sands Project operators are advised that certain 2006 Prior Net Cumulative Balance (PNCB) and End of Period Statements (EOPS) audits are currently in progress. It is anticipated that these audits will be completed before December 31, 2010. However, should these audits be required to continue into 2011, as authorized by the Mines and Minerals Act, Project operators will be advised in writing prior to December 31, 2010.

Operators are also reminded that amendments received by the Department in the fourth year following the production year may be subject to audit. If the amendments are received late in the fourth year and insufficient time is available for the Department to commence a review of the amendments prior to the end of the year, the Department reserves the right to commence the audit at the beginning of the fifth year.

If you have any questions, please contact Chris Lawton, Manager, Compliance and Assurance group at (403) 297-6746 or by email at Chris.Lawton@gov.ab.ca.

Industry Recalculation of 2006 Royalty

Industry initiated royalty recalculation requests for the 2006 production year must be submitted in writing to the attention of:

Tracy Wadson
Manager, Oil Sands Royalty
Oil Sands Strategy and Operations
14th Floor, Petroleum Plaza – North Tower
9945 – 108 Street
Edmonton, Alberta T5K 2G6

This request must be received by the Department on, or before, December 31, 2010 and it must include the following:

- Identification of the Oil Sands Project requiring recalculation;
- The reason for the recalculation; and
- An order of magnitude estimate, i.e., the approximate amount of the royalty impact.

Questions regarding this Information Bulletin may be directed to Tracy Wadson at (780) 427-9266 or by email at Tracy.Wadson@gov.ab.ca.

RoseAnn Summers
Director, Oil Sands Royalty and Tenure
Oil Sands Strategy and Operations