

December 20, 2010

OIL SANDS INFORMATION BULLETIN 2010-13

Subject: Pre-Screening Process and Timeline for Oil Sands Royalty Applications

Sections 10(2) and 10(4) of the *Oil Sands Royalty Regulation, 2009* describe the required components of project applications for new projects and project amendments, respectively. The full requirements for a complete application were further clarified in Oil Sands Information Bulletin 2009-06: http://www.energy.alberta.ca/OilSands/pdfs/IB_2009_06.pdf

Applications which do not fully satisfy the requirements of Section 10(2) or 10(4) may be deemed incomplete and rejected, under Section 10(6)(a) of the *Oil Sands Royalty Regulation, 2009*. The Project Engineering and Approvals section wants to assess applications earlier and provide project operators with an opportunity to remedy any deficiencies in their applications. Therefore, an application pre-screening process and timeline has been implemented. The process and timelines are as follows:

1. The applicant submits an application that complies with subsections 5(2), 5(3), 10(1), 10(2), 10(3) and 10(4).
2. Alberta Energy begins the pre-screen review process upon receipt of the application. The pre-screen review process should take ten business days.
3. If the application is considered to be complete, the applicant would be notified with a pre-screen complete letter. If the application is determined to be incomplete, Alberta Energy would notify the applicant of the application deficiencies that must be rectified, and would provide ten business days for the applicant to provide the missing information.
4. At the end of the ten day response period, Alberta Energy would determine if the application is complete. If the application is complete, a pre-screen complete letter would be sent to the applicant and the detailed review of the application could commence. If all the requested information is not provided by this time, then the application would be rejected as incomplete, pursuant to subsections 5(4) and 10(6), and with written notice provided to the applicant.

Attached to this Information Bulletin are two appendices:

1. [Appendix 1](#) – Provides a pre-screen flow chart of the process and timelines.
2. [Appendix 2](#) – Provides a series of Questions and Answers.

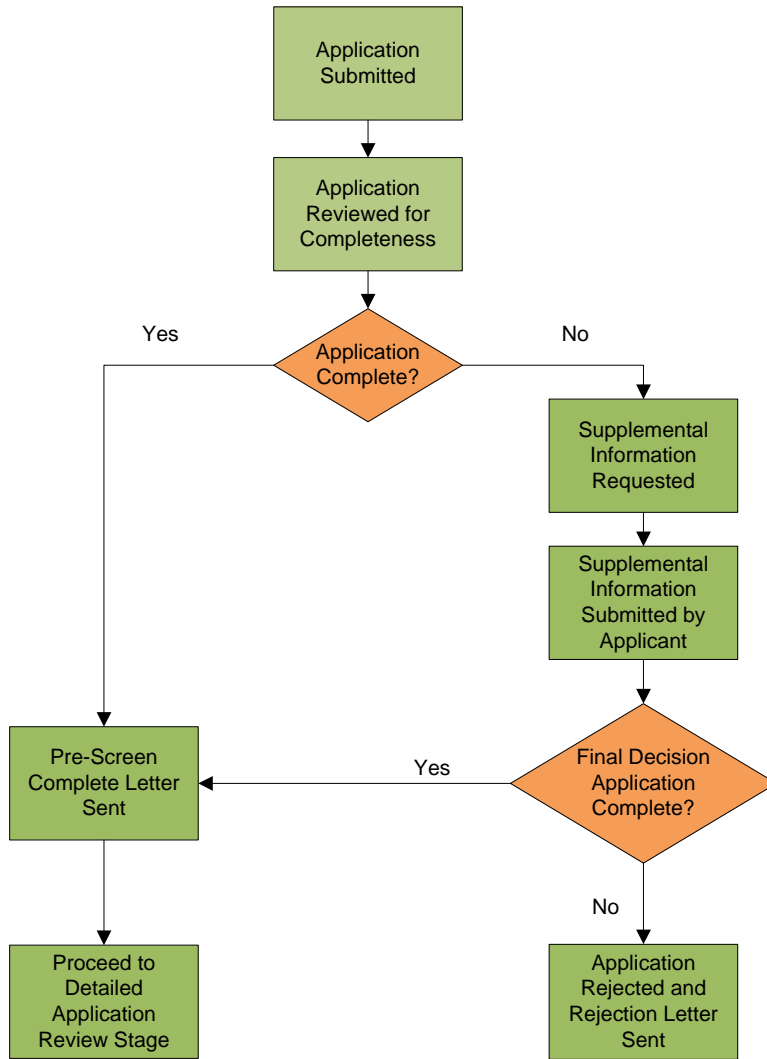
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APPENDIX 1

Pre-screen Process Flowchart



Pre-screen Process Timeline

Timeline (business days)	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	
Application submitted																							
Pre-screen review																							
Pre-screen response																							
Final completeness decision																							

APPENDIX 2

Common Questions and Answers

Q: When is an application considered to be received?

A: The received date of an application is the day when a company submits the application through the Electronic Transfer System (ETS). The received date is used for the purposes of determining a proposed effective date of the application.

Q: What if files are too large for submission through ETS?

A: Large files, exceeding 4MB in size (some supporting Energy Resources Conservation Board scheme applications, for instance), that are part of the application cannot be attached to the application in ETS due to a file size limit. In such cases, the files should be stored on a CD or some other electronic medium, and mailed separately. The files must be received by Alberta Energy within five business days of the application received date. Usually, these files are a critical component of a project application and the application cannot be deemed complete without them.

Q: Is any evaluation or analysis of a project application conducted during the pre-screen process?

A: The purpose of the pre-screen process is to determine whether or not an application is complete. As such, detailed analysis is not conducted at this stage. As the application is checked for completeness, some preliminary analysis may detect errors in submitted data, which will be followed up on during the pre-screen stage if they are substantial in nature.

Q: Will Alberta Energy ever require further information after an application has been deemed complete?

A: Possibly. At times, problems with specific applications may only be detected at the detailed review stage, and supplemental information or corrected information may be required. As well, during the course of the detailed review, unique issues to the particular application may arise that will require supplemental information. In those instances, Alberta Energy will work with the applicant to establish reasonable deadlines for the timely delivery of the required supplemental information.

Q: Can the pre-screen response timeline be extended beyond ten business days?

A: No. An application should be complete when initially submitted. However, it is recognized that sometimes oversights and omissions do occur. The pre-screen response period provides an applicant with one last opportunity to resolve any deficiencies in their application. Extending the overall pre-screen timeline beyond 20 business days introduces additional delays in the application review process and jeopardizes the overall application review timeline. It also impacts the ability/timelines for Alberta Energy to review other applications. It is not the intention of Alberta Energy to allow applicants to submit incomplete applications, thereby placing the detailed review process on hold for an extended period of time until all information is available. Applicants should contact Alberta Energy with any questions relating to the completeness of an application prior to submission.

Q: What happens if my application is found to be incomplete after the 20 day pre-screen period?

A: If an application is still incomplete after the 20 business day pre-screen period, the application is rejected. An application that is rejected may not be revived. An applicant may submit a new application that is similar in nature, following the normal rules for project applications. Such an application would have a new received date and proposed effective date, and would proceed through the usual pre-screen process.

Q: Do all of the accounting transactions need to be included in the cost transaction details submitted with the application?

A: Yes all of the transaction details supporting the allowed cost and handling costs claimed in the requested prior net cumulative balance (PNCB) must be included with the submission.

Q: What about transactions that have not been recorded in the accounting system when the application is submitted?

A: Accrued costs are not allowable costs under the Oil Sands Royalty Regulations. Where costs have been incurred during the final month of the PNCB period but have not yet been recorded in the applicant's accounting system Alberta Energy will consider supplemental submissions during the course of the audit of the PNCB. These submissions must contain all of the descriptive detail required in the initial submission and must be received within 60 days of the proposed effective date, or within the timeframe requested in writing by Alberta Energy (usually 10 working days).

Q: Can costs incurred in the PNCB period but not included in the PNCB claim be included in the subsequent EOP statement?

A: No. Such costs must be included in the requested PNCB amount.

Q: Does an application have to include all of the AFEs (or other similar approval documents) in the application?

A: Yes all of the AFEs (or other similar approval documents) that relate to an application must be included with the submission. Where such information is maintained electronically, the information may be submitted electronically. If only a hardcopy of the document exists, this document can be scanned and submitted electronically with the application. If there is a very large volume of such documents, a summary listing of the documents along with a description of each AFE must be submitted, and the actual AFEs must be maintained and provided when requested by Alberta Energy staff.

Q: What if an applicant wishes to make significant changes to the application during the detailed review phase?

A: During the pre-screen or detailed review of the application, issues may arise that require changes to be made to the application. It is also possible that during the course of the application being reviewed, an applicant may wish to make changes to the originally submitted application. In general, if Alberta Energy determines during the course of the application review that changes are required, and these changes are of a minor nature, Alberta Energy staff will, after discussions with the applicant, incorporate these changes into the ongoing review. Where significant changes or additions are required, or changes are requested by the applicant on their own initiative, the application must be withdrawn and a new application submitted.