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OIL SANDS INFORMATION BULLETIN 2012-16

Subject: Allocation of Oil Sands Crown Royalty Compensation (Payments) – Payments made on or after October 31, 2012

This Information Bulletin is for all operators and lessees of oil sands royalty Projects, Crown Agreements, non-Project mining operations, or non-Project well events, where royalty compensation is payable to the Crown pursuant to Section 33 of the [Oil Sands Royalty Regulation, 2009](#) (OSRR'09). Furthermore, this Information Bulletin acts as a supplement to the normal monthly and annual reporting requirements as outlined in Sections 5, 38, and 39 of the OSRR'09.

All oil sands Crown royalty payments made on or after October 31, 2012 shall continue to be remitted directly to Alberta Energy's Financial Services Branch. As well, to ensure the timely allocation of payments received, a summary of payment allocation details must accompany all payment remittances and be sent to a new Oil Sands Payment Mailbox – OilSandsPayment@gov.ab.ca.

If an operator submits a payment without any supporting details directing how the payment is to be applied, Financial Services will return the payment. As the payment would not have been accepted, the Crown would not pay interest.

Failure to provide all the required information with your remittance may result in your payment applied late, incorrectly, or rejected. Applicable penalties and interest may be assessed in accordance with Sections 44 and 45 of the OSRR'09.

For royalty account inquiries, please continue to contact the Oil Sands Royalty Account team via the Oil Sands Reporting Mailbox – OSReport@gov.ab.ca.

Required Information

Payment allocation details must include all of the following information:

- Payment date
- Production month
- Name of the payer
- Operator ID of the payer
- Project / Activity ID – e.g., OSR 999, NPR 12345
- Detailed description of each type of payment activity – Production Month, Prior Period Amendment, Current Royalty Charge, Audit Adjustment, Interest (with details), Penalty, or Other (please provide description)

- Total royalty payment for the operator ID for all Project / Activity IDs
 - Dollar amount allocated to each Project / Activity ID. If remittance is made on behalf of the operator or lessee for more than one Project / Activity ID, each Project/Activity ID, detailed description of payment activity, and payment allocations must be listed individually.

Project and Activity IDs

Generic Oil Sands Royalty (OSR) and Crown Agreement (CSR) Project IDs are created from a combination of a three digit account code along with a name or number that identifies the royalty payer's royalty account for that project code.

Project ID = three digit code + assigned number

e.g., CSR XXX or OSR XXX

Non-Project Well Royalty (NPR) Activity IDs are created from a combination of a three digit account code along with a name or number that identifies the royalty payer's royalty account for that project code.

Activity ID = three digit code + assigned name or number
e.g., NPR 99999 or NPR AssignedName

These codes are created and assigned by Alberta Energy.

Methods of Payment

All remittances in respect of oil sands Crown royalty must be made payable to the "Government of Alberta".

There are four methods for remitting Crown oil sands royalty payments:

1. By cheque, through the mail, or by courier to:

Alberta Energy / Environment and Sustainable Resource Development
14th Floor, North Petroleum Plaza
9945 – 108 Street
Edmonton, Alberta T5K 2G6

OR

Alberta Energy
Calgary Information Centre
AMEC Building
300, 801 – 6th Avenue SW
Calgary, Alberta T2P 3W2

For the cheque method, cheques must be less than \$25 million.

2. By direct deposit, using a RapidTrans deposit slip.
3. By Electronic Funds Transfer (EFT) to the account of the Government of Alberta:

Bank Name:	Canadian Imperial Bank of Commerce (CIBC)
Beneficiary Name:	PT-Mineral Revenue Account
Bank Address:	10102 Jasper Avenue Edmonton, Alberta T5J 1W5
Bank No.:	0010
Swift Code:	CIBCCATT
Transit No.:	00059
Account No.:	00-54305

4. By automatic debit.

If the payment is made by direct deposit, the name and ID of the operator, the Project / Activity ID, the dollar amount for each Project / Activity ID, and the total deposit must be entered directly on the RapidTrans slip. A summary of payment allocation details must then be sent via fax to Financial Services – Cashiers at (780) 422-4281, or emailed to: OilSandsPayment@gov.ab.ca.

If the payment is by mail, automatic debit, or EFT, the required information can be faxed to Financial Services – Cashiers at (780) 422-4281, or emailed to: OilSandsPayment@gov.ab.ca.

When emailing remittance details to OilSandsPayment@gov.ab.ca, all required information must be contained in the body of the message; **attachments will not be opened or read**. For information about signing up for RapidTrans payments, or assistance in remitting payment, contact the Financial Services Branch at (780) 427-8857 or (780) 427-3600.

Accounts with Credit Balances

Unless otherwise directed, credit balances will be retained in the same account, but will not accrue interest, and will be applied to future months' Crown royalty compensation, interest or penalties owing to the Crown by the operator for the same Project / Activity ID. At Alberta Energy's discretion, account balances may be applied to offset other payables of the operator/lessee.

If an operator does not wish to keep a credit balance in an account, the operator may choose to:

1. Submit a formal written request to the Alberta Energy to refund the balance; **or**
2. Submit a formal written request to the Alberta Energy to transfer the credit to another Project / Activity ID. The request must clearly identify the Project / Activity ID that has a credit balance available, the dollar amount that is to be transferred, and the Project / Activity ID(s) to which the credit is to be applied.

All written requests must be sent to the Oil Sands Report Mailbox – OSReport@gov.ab.ca. Transfers will be effective within three business days following the day the written request was received in the OS Report Mailbox.

If a credit is the result of an End of Period Statement refund, requests to transfer the credit will not be accepted prior to the last day of the fourth month following the end of the Period pursuant to Sections 33(13) of the OSRR'09.

Notwithstanding any of the preceding, Alberta Energy reserves the right to:

- Refund any credit balance at any time.
- Use its discretion to apply payments in accordance with Section 46 of the OSRR'09, and prior to the issuance of a refund may reallocate credits to set-off against any amount owing to the Crown by the operator pursuant to Section 46(4) of the [Mines and Minerals Act](#). Interest may apply to any resulting underpayments.

Questions regarding this Information Bulletin may be directed to:

Sabrina Chan
Manager, Oil Sands Royalty
Oil Sands Division
Phone: (780) 644-2565
Sabrina.Chan@gov.ab.ca

Authorized by: Steve Tkalcic
Executive Director, Operations Branch
Oil Sands Division

Attachment

Examples of an Allocation Summary

Example 1. Operator with multiple Project / Activity IDs with payment to be remitted

PROJECT / ACTIVITY ID	PRODUCTION MONTH	PAYMENT ACTIVITY	PAYMENT AMOUNT
OSR 999	July 2012	Current Royalty Charge	\$60,000.00
OSR 999	n/a	Audit Adjustment 2008 EOPS (Audit #42-9999)	\$10,000.00
OSR 999	n/a	Interest on Audit Adjustment 2008 EOPS (Audit #42-9999)	\$1,000.00
OSR 999	July 2012	Transfer from OSR 997	(\$20,000.00)
TOTAL PAYMENT ALLOCATED TO OSR 999			\$51,000.00
PSR 88888	July 2012	Current Royalty Charge	\$20,000.00
PSR 88888	June 2012	Prior Period Adjustment	(\$9,000.00)
TOTAL PAYMENT ALLOCATED TO PSR 88888			\$11,000.00
OSR 997	July 2012	Current Royalty Charge	\$40,000.00
OSR 997	n/a	Audit Adjustment 2008 EOPS (Audit #42-9998)	(\$60,000.00)
OSR 997	July 2012	Credit transfer to OSR 999	\$20,000.00
TOTAL PAYMENT ALLOCATED TO OSR 997			\$0.00
TOTAL PAYMENT FOR ALL PROJECT / ACTIVITY IDs			\$62,000.00

Example 2. Operator with multiple Project / Activity IDs and a credit balance with no payment to be remitted

PROJECT / ACTIVITY ID	PRODUCTION MONTH	PAYMENT ACTIVITY	PAYMENT AMOUNT
OSR 999	July 2012	Current Royalty Charge	\$6,000.00
OSR 999	n/a	Audit Adjustment 2008 EOPS (Audit #42-9999)	\$5,000.00
OSR 999	n/a	Interest on Audit Adjustment 2008 EOPS (Audit #42-9999)	\$1,000.00
OSR 999	July 2012	Transfer from OSR 997	(\$12,000.00)
TOTAL PAYMENT ALLOCATED TO OSR 999			\$0.00
PSR 88888	July 2012	Current Royalty Charge	\$10,000.00
PSR 88888	June 2012	Prior Period Adjustment	(\$9,000.00)
PSR 88888	July 2012	Transfer from OSR 997	(\$1,000.00)
TOTAL PAYMENT ALLOCATED TO PSR 88888			\$0.00
OSR 997	July 2012	Current Royalty Charge	\$40,000.00
OSR 997	n/a	Audit Adjustment 2008 EOPS (Audit #42-9998)	(\$60,000.00)
OSR 997	July 2012	Credit transfer to PSR 88888	\$1,000.00
OSR 997	July 2012	Credit transfer to OSR 999	\$12,000.00
<i>Credit to be retained on account to apply to future royalty charges</i>			(\$7,000.00)
TOTAL PAYMENT ALLOCATED TO OSR 997			\$0.00
TOTAL PAYMENT FOR ALL PROJECT / ACTIVITY IDs			\$0.00