

December 5, 2012

## **OIL SANDS INFORMATION BULLETIN 2012- 22**

### **Subject: Cost Allocation Orders - Additional requirements for Period reporting**

In January 2012, Cabinet approved amendments to the [Oil Sands Royalty Regulation, 2009](#). In addition, the Minister of Energy approved amendments to the [Oil Sands Allowed Costs \(Ministerial\) Regulation](#). These amendments, developed in consultation with industry through 2010-2011, and effective as of January 2011, focused on implementing cost allocation and valuation rules. The Regulations allow for cost allocation methodologies that describe engineering systems, any specific allocation methodologies, and the various reporting requirements. To date, Cost Allocation Methodologies have been issued for 12 royalty Projects.

A specific cost allocation report will be required only when a royalty Project is subject to a Cost Allocation Order. This report describes the cost details and allocation methodology for each applicable engineering system, as prescribed in the Ministerial Orders approving the Project or its amendment. This report is to be submitted at the end of each Period for the Project, which is the same timeline as the reporting of the End of Period (EOP) Statements. Similar to royalty submissions, the Cost Allocation Methodology Report will be submitted through ETS, under Royalty Reporting, to the Department's Oil Sands Administrative and Strategic Information System (OASIS). For the time being, OASIS will not validate any of the information in these reports. However, the reports will be subject to verification by the Oil Sands Division.

If Operators believe it necessary to amend a Cost Allocation Methodology Report, a revised copy will need to be submitted through ETS. If the change to the Cost Allocation Methodology affects the EOP statement, the EOP statement will also need to be adjusted and re-submitted. Similarly, if the EOP statement is revised, the Cost Allocation Methodology Report may also need to be adjusted and re-submitted.

The ability to submit the Cost Allocation Methodology Reports through ETS is expected to be functional in February 2013. At that time, there will be a "Cost Allocation Methodology Report" option in ETS Royalty Reporting. ETS will allow an Operator to upload multiple files in a submission, as long as they all belong to the same OSR Project. The following document types will be accepted: word, excel or PDF. Operators who currently have the permission to submit royalty reports will have the ability to submit the Cost Allocation Methodology Reports. There is no need to apply for enhanced access to ETS. In the meantime, any Cost Allocation Methodology Report can be submitted through email to Oil Sands Reporting at [OSReport@gov.ab.ca](mailto:OSReport@gov.ab.ca)

Questions regarding this Information Bulletin may be directed to:

RoseAnn Summers Director, Royalty and Tenure Phone: (780) 422 6684 <a href="mailto:RoseAnn.Summers@gov.ab.ca">RoseAnn.Summers@gov.ab.ca</a>	Hans Custers Director, Integrated Projects Phone: (780) 644 3201 <a href="mailto:Hans.Custers@gov.ab.ca">Hans.Custers@gov.ab.ca</a>
---	---

**Authorized by:** Steve Tkalcic  
Branch Head, Operations Branch  
Oil Sands Strategy and Operations