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## OIL SANDS INFORMATION BULLETIN 2013-13

### **Subject: Reporting Waste Volumes on Royalty Reports and Cost Analysis & Reporting Enhancements (CARE) forms**

This Information Bulletin is for all operators of oil sands royalty Projects as defined in subsection 1(1)(hh) of the [Oil Sands Royalty Regulation, 2009](#) (OSRR'09).

The purpose of this Information Bulletin is to clarify how to report the bitumen included in waste volumes for oil sands royalty reporting and CARE purposes in the following three scenarios:

1. If no one, either the operator or a disposal firm, is actually recovering marketable bitumen from the waste, and no consideration either in cash or otherwise is received by the operator, the waste has no value and is not considered to be an "oil sands product". The cost to dispose of the waste is an allowable Project cost and should be included on the monthly and annual royalty reports.
2. If the bitumen in the waste was recovered, and remained the operator's property until it was recovered, then the Royalty Calculation Point (RCP) for that stream (of recovered clean crude bitumen) would be at the outlet of the recovery facility, and the costs of transporting the waste to the facility, the recovery of the clean crude bitumen from the waste, and the disposal of the remainder of the waste stream would be Project costs. The volume at RCP resulting from the waste stream would be the volume of cleaned crude bitumen recovered from the waste, which should be included on the monthly and annual royalty reports. The costs of transporting and cleaning the waste are allowable Project costs and should be included on the monthly and annual royalty reports.
3. If the operator disposed of the waste, and cleaned crude bitumen was subsequently recovered and sold by the disposal firm, the operator would have to apply the "raw crude bitumen" valuation provisions as outlined in section 32(9) of the OSRR'09. The RCP for the waste stream in this case would be the Project boundary, and the volume at RCP would be the total waste volume and should be included on the monthly and annual royalty reports. The unit price applied to the waste volume at RCP would be calculated in accordance with section 32(9) of the OSRR'09. In this case, the transportation and cleaning costs would form part of the unit price calculation, as "handling costs" for that stream, and so would

not be considered allowable Project costs and should not be included on the monthly or annual royalty reports.

When preparing the CARE revenue forms, separate reporting for waste volumes is not required, however, waste volumes shipped and revenue compensation received for these volumes must be reported in the 'Notes' section of the Bitumen/Bitumen Blend Revenue form. Where waste volumes are considered by Alberta Energy to contain minimal amounts of bitumen, Alberta Energy may use its discretion not to require reporting of the bitumen included in the waste volumes. Refer to page 6 of Information Bulletin 2011-04 "Cost Analysis & Reporting Enhancements (CARE) Reporting – Implementation Follow-up".

For further information on waste volumes, you may refer to the Royalty Guidelines 4.5.5 "Royalty Treatment of Bitumen Recovered from Waste Water".

Questions regarding this Information Bulletin may be directed to:

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