



Mineral Development
Tenure
Licence & Lease Continuation

2nd floor
North Tower, Petroleum Plaza
9945 - 108 Street
Edmonton, Alberta T5K 2G6

Telephone 780/427-7425
Fax 780/422-1123

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MINERAL INFORMATION BULLETIN 2003-01

SUBJECT: RENTAL PAYMENTS

Since the introduction of the Petroleum & Natural Gas Tenure Regulation in 1998, allowing for the payment of rentals after the granting of continuation on expiring agreements, the number of single rental payments made by Industry to the Crown has increased. The creation of the monthly statement process made the payment of annual rentals on primary term and post continued/validated agreements more efficient. The opportunity exists to streamline rental payments on expiring and validated agreements by using the monthly statement process.

Rentals due on agreement continuations and licence validations finalized after June 1, 2003 will now be included in the monthly statement process, with some exceptions as outlined on the attached chart. As a result, these rental payments will be deemed due on August 15, 2003. This enhancement will significantly reduce the number of cheques being submitted to the Crown, benefiting Industry as well.

You will be advised in your letter confirming agreement continuation or validation that if you are a monthly statement client, your rental charge will be included in the following month's statement. The following notice will be included in all letters confirming agreement continuation or validation letter (other than those excluded from this enhancement):

If the annual rental for this agreement has not been paid, the agreement rental due amount will appear on the next payor statement if you are a monthly statement client. If you are not a monthly statement client, an invoice (overdue statement) will be issued to the Designated Representative.

Any agreement continuing under *Section 17* of the Regulation, whether in whole or in part, will not be included in the monthly statement process for the following reasons:

Firstly, according to the Regulation, the acceptance fees and rentals must be received prior to granting continuation under *Section 17*. Therefore, our continuation offer letters will still request payment within 30 days and cheques will still be required.

Secondly, where the continuation applicant is different from the monthly statement client of the agreement, failure to pay the *Section 17* acceptance fees on 'potentially productive' rights would result in agreement cancellation, without the eligibility for restoration.

However, should these agreements be further continued under *Section 15* or *16* in Year 2, they would then be added to the monthly statement process.

Agreements subject to *Section 18* notices of non-productivity will not be affected by this change to the monthly statement process.

To maintain administrative efficiency, those continued and/or validated agreements being added to the monthly statement process will be identified by agreement type (Activity ID) with a separate information sheet provided for each agreement.

If your company is not currently on the monthly statement process, we encourage you to participate by contacting Yasmin Suleman at (780) 422-5860 or for extensive information, visit our website.

Yours truly,

Audrey Murray
Director
P&NG Tenure Operations

Attachment (1)

MONTHLY STATEMENT PROCESS

Licence and Lease Expiries

TYPE OF CONTINUATION* <i>(P & NG Tenure Regulation)</i>	CURRENT PAYMENT METHOD	PAYMENT METHOD EFFECTIVE JUNE 1, 2003	
		Primary Agreement Expiry (Year 1)	Further Continuation (Year 2)
Section 15* - proven productive rights - indefinite continuation	Cheque	Rent on Monthly Statement	No change, remains on Monthly Statement
Section 16* - 6 or 3 months from rig release date - qualifying well drilled	Cheque	Rent on Monthly Statement	No change, remains on Monthly Statement
Section 17* - potentially productive rights - 1 year w/acceptance fee	Cheque	Cheque for Rent and Acceptance Fee	On Monthly Statement, if continued <i>15</i> or <i>16</i>
Section 15 & 17* - <i>15</i> (proven) for shallow rights, and - <i>17</i> (potential) for deeper rights	Cheque	Cheque for Rent and Acceptance Fee	On Monthly Statement, if continued <i>15</i> or <i>16</i>
Initial Term Licence	Cheque	Rent on Monthly Statement	No change, remains on Monthly Statement