

February 18, 2011

OIL SANDS INFORMATION BULLETIN 2011-01

Subject: Application of Drilling Royalty Credits (DRC) to Wells in an OSR Application and Project

Section 2(1) of the *Drilling Royalty Credits Regulation (AR 245/2009)* outlines the criteria required for a well to be eligible for DRC. Subject to subsections 2(1)(c), (d), and (e), all the wells that were spudded and finished drilling on or after April 1, 2009 but before April 1, 2011 are eligible for the DRC. Pursuant to Section 2(2)(a) “a well is not eligible if the well is part of a Project, or is the subject of an application to be part of a Project under the *Oil Sands Royalty Regulation, 2009 (AR 223/2008)*”.

If a well was eligible for DRC and had been allocated a DRC, and that well later is included in an OSR application after the DRC program has ended, then the DRC will be accounted for through an adjustment to the prior net cumulative balance (PNCB). A deduction of \$200/m must be removed from the PNCB for each well that is in the application and was identified to receive DRC, regardless of who initially was provided the DRC.

Questions regarding this Information Bulletin may be directed to:

Manfred Pade
Director,
Project Engineering & Approvals
Oil Sands Strategy and Operations
Phone: (780) 644-1567
Manfred.Pade@gov.ab.ca

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