

**GAS ROYALTY CALCULATION
INFORMATION BULLETIN
November 2005**

A. PRICING RATES AND TRANSPORTATION INFORMATION	
Pricing, Royalty Rates and Transportation Information – September 2005	2
B. NOTICES	
Innovative Energy Technologies Program (IETP)	2
Deep Gas Royalty Holiday Program – Well Process Status	2
Permission to Use Company E-mail Addresses for Communication Purposes	3
Office Closures – Christmas Period	3
C. MONTHLY INFORMATION	
September 2005 Royalty Due December 31	4
October 2005 VA4 Due December 15	4
October 2005 Production Reporting	4
Interest Rate November 2005	4
August Provisional Assessment Charge	5
August Charges	5
Alberta Royalty Tax Credit Program Quarterly Rate	5
Gas Royalty Calculation Support	5
D. INFRASTRUCTURE DATA CHANGES	
Client ID Listing	6
Projects/Blocks	6
Struck Clients	7
Nova Tolls – Multiple Gas Reference Prices	7
E. REMINDERS	
Annual Allowable Costs in the Registry	8
Changes to the Filing Procedures of the Facility Cost Centre Information on the Registry	9
Information Pertaining to Remaining Useful Life (RUL) Changes Filed on the Registry	10
Update on Changes to Unit Operating Cost Rate (UOCR) Procedures	10
Operating Costs Subject to Recapture	11
Notice on Training and Information Session	12
Statutory Requirement and Recalculation of 2001 Royalty	12
Rapid Trans Deposit Slips	12
F. POINTS OF CONTACT	
Petroleum Registry of Alberta	13
Alberta Energy Hotline & Internet	13
Gas Royalty Client Services	13
Reference Prices and Valuation Allowances Calculation Information	15
Calgary Information Centre	15
Alberta Royalty Tax Credit Information	15

A. PRICING RATES AND TRANSPORTATION INFORMATION

For Pricing, Royalty Rates and Transportation Information for September 2005, refer to [Attachments 1, 1A, 2, 2A](#), and [3](#).

B. NOTICES

Innovative Energy Technologies Program (IETP)

The IETP program announced on a June 2, 2004, News Release offers royalty adjustments of up to \$200 million to specific pilot and demonstration projects that use new or innovative technologies to increase environmentally sound recoveries for existing reserves and encourage responsible development of new oil, natural gas and in situ bitumen reserves. The program is also designed to assist industry to find commercial and technical solutions to the gas over bitumen issue that will allow efficient and orderly production of both resources. IETP will encourage innovation and faster commercialization of new technologies by sharing in the financial risk.

The application package is available on the Alberta Energy web site at www.energy.gov.ab.ca under Royalty Information for Natural Gas, Oil, and Oil Sands.

The deadline to apply for the Innovative Energy Technologies Program, Round 2, has been extended to December 31, 2005.

Queries regarding IETP should be directed to David Nichiporik, Manager IETP at 780-422-0565 or e-mail at david.nichiporik@gov.ab.ca.

Deep Gas Royalty Holiday Program – Well Process Status

Discussions with industry, the department and the Energy and Utilities Board (EUB) have identified a need to publish an “In-progress” status of potentially eligible deep gas royalty exempt wells.

In response to this need, the department has developed a spreadsheet that identifies the processing stage of a potentially eligible deep gas royalty exempt well. Effective January 2006, an Excel spreadsheet will be accessible through the department’s website and available for downloading by industry users. The website will be published upon completion of the spreadsheet. In addition, the website will contain a legend describing the process stages as follows:

Blank Status:	First appearance of potential eligible wells requiring determination this month.
Status 1 – Registered:	Well has been recognized by the department and assigned an exemption number.
Status 2 - EUB Consultation:	Well has been sent to the EUB for technical evaluation.
Status 3 – Approved:	The department has received the EUB evaluation and exemption calculation has begun.

Status 4 – Confirmed

The department has determined the calculation of the exemption and has completed the data entry. Well has been set up for exemption.

Status 7 – Returned from EUB

The technical evaluation from the EUB has been received by the department.

Due to confidentiality of well data, denied wells will not be available on the website. Industry may contact Royalty Billings for inquires pertaining to wells that have been denied **provided** the following basic eligibility criteria has been met and correctly reported to the department/EUB:

- Well has, and reported, an “On Production’ date
- Well has, and reported, gas production volumes
- Well depth is greater than 2,500 meters
- Well is not 100% Freehold
- Well is not identified as a Bitumen Well

Please note that wells that have not met and/or reported any one or more of the attributes in the above listed criteria may be denied and will not appear on the spreadsheet. The department will not be aware of these wells potential eligibility.

Should further information be required please contact Joey Dennis at (780) 422 9260 or Lu-Enn Toon at (780) 422 9082.

Permission to Use Company E-mail Addresses for Communication

Purposes

Gas Royalty Calculation is in the process of creating an e-mail contact list to aid us in communicating more effectively with our clients. This tool would be very useful for several situations. For example, to notify and forward changes to the invoice and/or Crown royalty details user defined format (UDF) layout and handbooks. In order to create this functionality we require that our industry clients submit e-mail contact information directly to us for these purposes.

E-mail contact information can be submitted using the e-mail address listed below:

bsysproj@enr.gov.ab.ca

Please direct any questions or concerns to Penny White at (780) 422-9261.

Office Closures – Christmas Period

All Alberta Energy offices will be closed from Monday, December 26 to Wednesday, December 28, 2005 inclusive. Our offices are also closed on Monday, January 2, 2006.

C. MONTHLY INFORMATION

September 2005 Royalty Due December 31

- **Royalty clients are to remit the total amount payable shown on the December 2005 Statement of Account by December 31, 2005.** If the amount payable includes accrued current period interest, the interest has only been accrued to the statement issue date. Clients must also include the additional interest that has accrued from the statement issue date to the date of payment, using the per diem amount provided.
- **The December 2005 Statement of Account shows your amount payable as of the Statement issue date. It includes any outstanding balances from your previous statement, your September 2005 Invoice amount and any applicable current period interest charges. It also identifies refunds resulting from overpayments.**
- Current period interest will not be charged on current invoice charges for the production month of September 2005 if it is paid in full by December 31, 2005.
- Current period interest will accrue on any overdue charges commencing the first day after the due-date until it is paid in full.

Note: If the due date falls on a non-business day, the next business day will apply as the due date.

- Cheques are payable to the Minister of Finance, Province of Alberta.

October 2005 VA4 Due December 15

The VA4 forms for the production month of October 2005 are due in the department offices by December 15, 2005.

Note: If the due date (15th) falls on a non-business day, the next business day will apply as the due date for VA4 forms.

October 2005 Production Reporting

October 2005 production reporting is submitted through the Registry. The deadline for submission of SAF, OAF, and Volumetrics is posted in the [Petroleum Registry of Alberta website](#) “Calendar” under Bulletin Board.

Changes to this calendar will be posted on the Registry web site home page in “Broadcast Messages.”

Interest Rate November 2005

Alberta Energy’s interest rate for November 2005 is 5.75%.

August Provisional Assessment Charge

The summary of Provisional Assessment Charges for all production periods in the August 2005 billing period was:

First Time Provisional Assessment	Reversals of Provisional Assessments	Net Provisional Assessment
\$14,776,487.74	(\$5,539,713.41)	\$9,236,774.33

August Charges

The revised penalty table below shows at the form level, the total penalty charges and reversals, for the August 2005 billing period:

FORM	Penalty Charges	Penalty Reversals	Net Penalty Charges for 2005/08
AC2	\$6,300	(\$2,400)	\$3,900
AC4	\$0	\$0	\$0
AC5	\$15,200	(\$4,100)	\$11,100
GR2	\$0	\$0	\$0
NGL1	\$0	\$0	\$0
VA2	\$0	\$0	\$0
VA3	\$0	\$0	\$0
VA4	\$100	\$0	\$100
Total	\$21,600	(\$6,500)	\$15,100

Alberta Royalty Tax Credit Program Quarterly Rate

For the fourth quarter of 2005, commencing October 1, 2005, the royalty tax credit rate will be .2500. This rate is based on a royalty tax credit reference price of \$498.91 per cubic metre. The Alberta Royalty Tax Credit rates for the past year were:

Fourth Quarter, 2005	.2500
Third Quarter, 2005	.2500
Second Quarter, 2005	.2500
First Quarter, 2005	.2500

If you have any questions, please contact Kent Nelson of Tax Services at (780) 644-4066.

Gas Royalty Calculation Support

Gas Royalty Calculation staff will be available monthly to meet with clients who need assistance with royalty reporting. Royalty clients requiring assistance are encouraged to call Kamal Rajendra, Acting Manager, Client Services (780-422-7165) or e-mail kamal.rajendra@gov.ab.ca two business days before the meeting date to arrange an appointment. The December schedule is as follows:

Where:

AMEC Place
Room 437, 801-6 Avenue SW
Calgary, Alberta
Phone: 403-297-8954
(Industry must go to the 3rd Floor Reception upon arrival to sign-in and be given a visitor tag)

When – 10 am to 3 pm

December 8, 2005 (afternoon only)

D. INFRASTRUCTURE DATA CHANGES

Client ID Listing

The BA Identifiers Report is a directory of Business Associate (BA) names, codes, status (e.g. struck, active, amalgamated, etc.), status effective dates, and effective August 2004, includes Working Interest Owner (WIO) role start/end dates.

This report is also published daily on the Petroleum Registry website at:

<http://www.petroleumregistry.gov.ab.ca>

The department reminds Business Associates to review their WIO role to ensure the start and end dates are reflected correctly. If the BA does not have an active WIO role, the operators cannot allocate volumes to the BA for the relevant production periods through the SAF/OAF allocations.

- If a BA has a WIO start date with no end date, then that BA can receive allocations from the stated date forward.
- If a BA has a WIO start and end date, then they can only receive allocations from the stated start date until the end date. Any allocations after the end date will be rejected.
- If a BA does not have a WIO start date, then that BA cannot receive allocations at all.

Please contact Client Registry at (780) 422-1395 if you have any questions regarding the information supplied on this listing.

Projects/Blocks

If information is required on Projects or Blocks, please contact Isabelle Warwa at (780) 427-8952.

Struck Clients

Clients must ensure that all royalty documents are completed using only valid client names and IDs. It is critical that royalty clients use current legal client names and their appropriate IDs on all documents to ensure accurate royalty calculation and to prevent provisional assessment and penalties. Rejects will occur when invalid IDs are used.

If you require information regarding client names or IDs, please contact Client Registry at (780) 422-1395.

The following is a list of struck, dissolved, cancelled, and revived clients:

Company Name	Client ID	Struck Date
297608 Alberta Inc.	0D2B	November 2, 2005
562560 Alberta Limited	0WN8	October 2, 2005
935063 Alberta Ltd.	0D6L	November 2, 2005
936959 Alberta Ltd.	0A8N	November 2, 2005
A.H. Williamson Engineering Inc.	0XR1	November 2, 2005
Auburn Oil & Gas Limited	0AY6	October 2, 2005
Classic Energy Inc.	A0C4	November 2, 2005
Dyloc Exploration Inc.	0A3D	October 2, 2005
Foothills Wireline Ltd.	0C8F	November 2, 2005
Jagmar Resources Ltd.	0H1L	November 2, 2005
Pontell Holdings Ltd.	0L1R	October 2, 2005
Sage Holdings Ltd.	0HH9	October 2, 2005
Trove Resources Ltd.	0N3W	October 2, 2005
Company Name	Client ID	Dissolved Date
Best Pacific Resources Ltd.	0NZ8	October 20, 2005
Cooney Oil & Gas Limited	0LD4	October 4, 2005
Nuevo Canada Inc.	0A2M	October 6, 2005
Rabsco Investments Ltd.	0L4P	October 4, 2005
Redearth Energy Inc.	0A3N	October 24, 2005
Company Name	Client ID	Cancelled Date
Morgan Hydrocarbons Inc.	0DT9	October 2, 2005
Company Name	Client ID	Revived Date
Bucken Energy Ltd.	0A7D	November 4, 2005

Nova Tolls - Multiple Gas Reference Prices

Royalty information related to the implementation of the Factor Model negotiated with industry for determining Multiple Gas Valuation Prices is provided on the Natural Gas website's Royalty Related Information page under [Facility Royalty Trigger Factors and Meter Station Ties](#).

E. REMINDERS

Annual Allowable Costs in the Registry

As part of the Petroleum Registry of Alberta (the Registry) phasing the Alberta Energy (DOE) gas royalty annual cost allowance (AC) filings to a Registry-based process, the facility cost centre set-up/change (AC1) was implemented into the Registry on October 11, 2005. Training for the AC1 was implemented into the Registry training modules on September 22, 2005. Currently, work continues for phasing the AC2-5 filings into the Registry by February 2006.

AC2-5:

AC2 - Capital Cost Allowance

AC3 - Capital Cost and Custom Processing Volume Reallocations

AC4 - Operating Costs

AC5 - Custom Processing Fees Paid

With implementation, operators must utilize the Registry to submit/retrieve AC2-5 data as the current process of paper submissions will be discontinued. **As of January 15, 2006, the department will no longer accept paper versions of the AC2-5 documents. The Electronic Transfer System (ETS) for submission of AC2s and AC4s will also be disabled on this date.** This will enable the department to process those documents received prior to the cut-off date and to prepare for transition to the Registry.

While use of the Registry to file AC2-5 data is mandatory for operators, it remains voluntary for non-operators (those who only file an AC3 or AC5). However, non-operators are strongly encouraged to use the Registry to electronically submit and retrieve their oil and gas data.

The Registry team has and continues to work closely with industry to ensure the new AC functionality meets their needs and that users are aware and prepared for these changes. Industry subject matter experts are participating with the DOE in the design documentation and in the preparation of training materials. Production accounting software vendors are also involved and have received final AC2-5 documentation in November 2005 to allow them to make the necessary changes in their systems. AC2-5 acceptance testing, which includes industry representatives, begins in December 2005, and the new AC2-5 related training modules will be available by mid-January 2006.

While the business rules do not change with the new filing practices, over the next few months the Registry team will focus on raising awareness of this change and developing training modules that will instruct users on how the Registry will be used to submit allowable cost data. More information about changes to the annual allowable cost filing process (AC2-5) will be released over the next several months.

Should you have any questions or concerns regarding AC2-5 filings or the January cut off, please contact Tracy Wadson at (780) 422-9240.

Changes to the Filing Procedures of the Facility Cost Centre Information on the Registry

With the recent implementation of the facility cost centre set-up/change information (AC1) into the Registry, the department would like to point out some changes that are creating confusion:

- 1) Registry termination dates are inclusive. Therefore, when terminating an existing facility cost centre (FCC) an operator must include the last month the FCC is in effect for in the termination field.

For example: A termination date of 2004/12 indicates that the FCC will still be effective for the month of December. This is different from the way previous termination dates were filed because the department's termination dates are exclusive. The Registry will show a termination date of 2004/12 and the MRIS system will show a termination date of 2005/01.

If an FCC is set up in error and should have never existed, the FCC must be inactivated. In order to 'delete' the FCC, the operator must shut in the FCC for all effective years and submit the request. Once this has been submitted the operator must set the termination date the same as the effective date. The FCC will be effective for one month, but there is no expectation of an AC2 because the FCC is shut in. This delete process must be completed in the order outlined above because once an FCC is terminated no further updates can occur. The process for terminating and deleting an FCC is detailed in the Registry training modules.

- 2) New FCC set-ups submitted through batch or on-line will be processed by the department within a half-day turnaround time and these requests will not be delayed due to an invoice cycle. All other FCC changes will be processed overnight and will not occur during an invoice cycle.
- 3) The process of issuing an AC1 turnaround letter, which contains the AC1 set-up information, has been discontinued. This is because all the information is filed directly on the Registry and the only information that has been changed by the department is the addition of an FCC number.
- 4) The department will also no longer issue an FCC operator change turnaround document. As the new operator receives notification of the pending change and must accept or decline the change on the Registry, additional notification is not required.
- 5) When an AC1 is submitted, two types of notifications may be generated. The notification in the Registry inbox is a verification notice of the file sent to the department. This notification is received when a file is either accepted or rejected. If it is a reject notification, it will contain a standard rejection reason – "Please reference the AC1 edit rejection notice pertaining to this submission for the reason(s) the submission was rejected". No further information will be supplied (i.e. FCC number). The second notification, found in the Manage Invoice and Statements, is the department's rejection notice. This notification will contain all pertinent information and the reject reason(s).

Any questions regarding the Registry training modules can be directed to the Petroleum Registry Service Desk at (403) 297-6111 (in Calgary) or toll free at 1-800-992-1144. Other questions can be directed to your Gas Royalty Client Services portfolio representative as identified in [Section F](#) of this bulletin or Tracy Wadson at (780) 422-9240.

Information Pertaining to Remaining Useful Life (RUL) Changes Filed on the Registry

Royalty clients must submit RUL changes using the AC1 edit option on the Registry.

An RUL change must be submitted on or before May 15th of the year following the production year to which the change applies. If the department approves the request, the RUL change will remain as submitted. Should the RUL change request be denied, the operator of the Facility Cost Centre (FCC) will receive notification to adjust the RUL.

If the RUL form is received after May 15th, the effective date of the change will be the first day of the next production year. Changes to the remaining useful life of an FCC will not be retroactive.

Business rules pertaining to supporting documentation have not changed, details can be found in the Alberta Natural Gas Royalty Principles and Procedures, June 2003.

Key submission points:

- For an AC1 setup only the first year RUL needs to be entered and submitted. If the AC1 is setup retro-active, the department will complete with following year decrements upon receipt of information from the Registry.
- RUL changes cannot be made retro-active.
- If an RUL change is made after May 15th, the change will be applied to the next production year (i.e. on May 16, 2005, an RUL change will be applied to production year 2006).
- During a period that an FCC is shut-in, the RUL does not decrement.
- When shutting-in an FCC, the operator will be required to manually roll back the RUL to the value of the last year it was active.

Should you have any concerns or questions, please contact Penny White at (780) 422-9261.

Update on Changes to Unit Operating Cost Rate (UOCR) Procedures

With the implementation of the UOCR 'hybrid' model in April 2005, non-designated facilities that had previously been classified under one of 5 generic plant type rates are now assigned a facility level rate where a processing component rate is based on actual cost experience, while gathering and compression component rates are derived from a cost survey conducted every five years.

In reviewing the results of the 2005 UOCR calculation, the department found several situations where the UOCR calculation appeared to be high for the 2004 production year. In some situations, there was a misalignment between costs and volumes as an in-net disposition resulted in costs remaining at one facility while volumes became part of another facility's UOCR calculation. In other situations, it is evident that higher costs may have resulted from plant turnaround costs, fixed operating costs incurred regardless of volumetric activity, and the fact that royalty trigger volumes are not necessarily indicative of facility throughput volumes.

In consultation with representatives of the Canadian Association of Petroleum Producers (CAPP) and Small Explorers and Producers Association of Canada (SEPAC), the department introduces the following procedural changes, commencing in April 2006, with the 2006 UOCR calculation:

- 1) Allow an operating cost allocation in Part 3 of the AC4-V2 to a facility in the dry plant class, as long as it can be proven that operating costs were incurred at a gas plant but that the royalty trigger has been deferred by an in-net disposition to a dry plant or gathering system. This change was implemented in November 2005 to allow sufficient time for operators to file any amendments to the previous operating cost allocations for the 2004 production year.

NOTE: A facility cost centre at a dry plant class facility does not report operating costs.

- 2) In situations where rates appear to be high, the department proposes to use \$100.00 as a threshold on processing rates until an audit of reported costs and volumes is completed.
- 3) Facility operators will be able to request a change to the UOCR estimate after the UOCR calculation process has been run in April of each year. This can be done by writing to the department and providing, at minimum, the following supporting documentation:
 - Reason for change
 - EUB Facility ID
 - Operator name and ID
 - Estimated operating cost amount (\$) by component with supporting documentation:
 - examples include Operating Authorization for Expenditures (AFE), operating budget, and/or engineer's report.
 - Estimated energy adjusted gas equivalent (EAGE) volumes
 - Production year

For further information on any of these changes, you may contact RoseAnn Summers at (780) 422-6684 or Will Wong at (780) 415-0755.

Operating Costs Subject to Recapture

With the elimination of the close out process as published in the January 2005 Supplement Information Bulletin (05-01A) the department reviewed the timing for charging operating costs subject to recapture. Operating costs subject to recapture for the 2003 and 2004 production years were charged in the August 2005 billing period invoice issued in October 2005.

Royalty clients are reminded that documents to resolve the operating costs subject to recapture may be submitted and will be accepted without a Year End Close Out (YECO) Override form. Please note that this change does not affect the amendment process for statute barred production periods.

Operating costs subject to recapture reports for the 2005 production year will be produced in the April 2006 billing period invoice issued in June 2006, and will be charged in the August 2006 invoice issued in October 2006.

For more information, please contact your applicable Gas Royalty Client Services portfolio representative as identified in [Section F](#) of this bulletin.

Notice on Training and Information Session

The Gas Royalty Calculation Unit is arranging a training and information session on January 19, 2006, in the Rosebud Room at the McDougall Centre (455 – 6th Street SW, Calgary). This session will cover allowable cost reporting pertaining to gas royalty business rules and edits. We encourage all production accountants to attend the session, as it will also provide an overview on the reporting and submission of allowable costs within the Petroleum Registry environment. We will have two sessions on the same day, one in the morning from 9:30 – 11:30 and another in the afternoon from 1:00 – 3:00.

As space is limited, your early registration should be forwarded by e-mail to todd.atwood@gov.ab.ca or by calling (780) 427-8775. The deadline to register for this session is December 20, 2005.

Statutory Requirement and Recalculation of 2001 Royalty

Section 38 of the Mines and Minerals Act provides for recalculation of royalty that can be initiated in either two ways:

- a) On the department's initiative in conjunction with an audit or examination; or
- b) At the request of a royalty payer.

Audits in Progress

Non-operator partners are advised that certain 2001 capital cost and custom processing adjustment factor (CPAF) and reporting discrepancy audits are currently in progress. It is anticipated that these audits will be completed before December 31, 2005. However, should circumstances require that these audits be completed in 2006, a listing of the affected EUB facilities will be included in the December 2005 Information Bulletin.

Royalty clients are also reminded that amendments received by the department in the fourth year following the production year may be subject to audit. If the amendments are received late in the fourth year and insufficient time is available for the department to commence a review of the amendments prior to the end of the year, the department reserves the right to commence the audit at the beginning of the fifth year.

If you have any questions, please contact Chris Lawton of the Compliance & Assurance group at (403) 297-6746.

Industry Recalculation of 2001 Royalty

Industry initiated royalty recalculation requests for the 2001 production year must be submitted in writing to the attention of Kamal Rajendra of the Gas Royalty Client Services before December 31, 2005.

Rapid Trans Deposit Slips

Further to Appendix K of the Alberta Natural Gas Royalty Principles and Procedures, royalty payers are required to fax a copy of their rapid trans deposit slip to the Financial Services Division Cashiers at fax number (780) 422-4281 for the following reasons:

- Your Alberta Energy Rapid Trans Deposit Slip is our notification of your payment remittance and is reconciled to the bank information we receive from the Canadian Imperial Bank of Commerce.
- The Canadian Imperial Bank of Commerce does not provide a copy of the Alberta Energy Rapid Trans Deposit Slip to our offices and have implemented a \$5.00 charge per deposit slip if they are requested to provide this information on a client's behalf.
- We require the information from your Alberta Energy Rapid Trans Deposit Slip to ensure your payment is allocated promptly to your gas royalty account.

Royalty clients are reminded that payments may be made by the pre-authorized automatic debit method. Additional information on automatic debit payments are included in the July 2005 Gas Royalty Calculation Information Bulletin.

For further information you may contact Barb Buckley of Gas Royalty Accounts at (780) 644-4899 or Donna McLachlan of Financial Services at (780) 422-2872.

F. POINTS OF CONTACT

Petroleum Registry of Alberta

The Petroleum Registry of Alberta Service Desk is the focal point for communications with the Registry regarding preparations for, access to, or utilization of the Registry. To contact the Petroleum Registry of Alberta Service Desk call: 1-800-992-1144.

Alberta Energy Hotline & Internet

Prices, Royalty Rates, and Transportation Information are available on the Alberta Energy Internet address: <http://www.energy.gov.ab.ca>, from "Our Business", navigate to "Natural Gas", "About Natural Gas", "Prices", "Alberta Natural Gas Reference Price (ARP)", or the hotline at (403) 297-5430. NOTE: Due to declining usage, the hotline will be discontinued effective January 1, 2006.

In addition, both the Gas Royalty Calculation Information Bulletin and Information Letter are also available on the Alberta Energy Internet address.

Note: To access the sulphur price call the Alberta Energy hotline at (403) 297-5430. Wait to hear the recorded list of options, then press #1 on your touch-tone phone for Natural Gas Information. Again, wait for the recorded list of options, then press #3 for Gas Royalty Rates.

Gas Royalty Client Services

The Gas Royalty Client Services is structured as a Business Associate client portfolio system, which assigns a given Business Associate to one of four Client Service teams. Listed below is the portfolio breakdown along with Client Service Team Leads and phone numbers. The portfolios are divided by company name and not by BA ID.

Example: If your company name is the "Gas Company" you would call C – G team at (780) 644-1202.

Business Associate	Phone Number and E-mail Address	Team Lead
Numbered companies, A, B & L	(780) 644-1201 GRCST1@gov.ab.ca	Mary Spearing
C – G	(780) 644-1202 GRCST2@gov.ab.ca	Todd Atwood
H – P (excluding L)	(780) 644-1203 GRCST3@gov.ab.ca	Chris Nixon
Q – Z	(780) 644-1204 GRCST4@gov.ab.ca	Jyoti Bhambhani (Acting)

Gas Royalty Reception: (780) 427-2962

Fax: (780) 427-3334 or (780) 422-8732

Alberta Toll Free: (780) 310-0000

Hours of operation are 8:15 a.m. to 4:30 p.m.

Voice messages left after 4:30 p.m. will be answered the next business day.

In situations where a company has just amalgamated or purchased another company, the general rule is to call the team that is responsible for the “Supra” business associate, or Royalty payer.

Below are some guidelines for clients who are unsure which Client Services Team to call regarding their questions.

1. **Amalgamation/consolidation** - Call the team responsible for the “Supra” business associate (Royalty Payer).
 - i.e. ABC Oil and Gas amalgamates with Zed Exploration and Zed is the amalgamator (royalty payer). When calling Client Services regarding business for ABC Oil and Gas you would call Team 4 (Q-Z) (780-644-1204) because Zed Exploration is now the Supra business associate and royalty payer. This rule would apply even if you were calling regarding business that is prior to the acquisition or amalgamation.
2. **Asset Purchase** - Call the team responsible for your company.
 - i.e. 123 Gas purchases the assets of TSP Exploration, but not the company. When calling Client Services regarding business for 123 Gas you would call Team 1 (# Co., A, B, & L) (780-644-1201) because you have only purchased assets. You would not be entitled to information regarding business for TSP Exploration that is prior to the asset purchase.
3. **Consultants/service providers** - If you have a contract to provide production accounting services to a company, call the team responsible for your client’s company.
 - i.e. Paul Snow Consulting Services enters into a contract with Duckback Oil and Gas and Olive Oil and Gas. Paul Snow would contact Team 2 (C-G) (780-644-1202) to discuss Duckback Oil business and Team 3 (H-P excluding L) (780-644-1203) to discuss Olive Oil and Gas business. At the time the contract is signed, Paul Snow would have had each company notify the appropriate team that he was authorized to access information for their company.

Reference Prices and Valuation Allowances Calculation Information

Gas Royalty Valuation and Markets
300, 801 – 6 Avenue SW
Calgary, Alberta T2P 3W2
Telephone (403) 297-5514
Fax (403) 297-5400

Calgary Information Centre

300, 801 – 6 Avenue SW
Calgary, Alberta T2P 3W2
Telephone (403) 297-6324
Fax (403) 297-8954

Alberta Royalty Tax Credit Information

Alberta Tax and Revenue Administration
Tax Services
Telephone: (780) 427-3044
Alberta Toll Free: (780) 310-0000
Fax: (780) 427-5074
For further information, please contact Tax Services at (780) 427-9425.

Deen Khan
Director, Gas Royalty Calculation
Gas Development

Attachments

2005 GAS AND ISC PRICES

MONTH	Gas Reference Price (\$/GJ)	Methane ISC Reference Price (\$/GJ)	Methane ISC Par Price (\$/GJ)	Ethane ISC Reference Price (\$/GJ)	Propane ISC Reference Price (\$/GJ)	Butanes ISC Reference Price (\$/GJ)	Pentanes plus ISC Reference Price (\$/GJ)
JAN	6.02	5.99	5.99	6.22	6.34	6.34	6.29
FEB	5.94	5.91	5.91	6.22	6.26	6.29	6.30
MAR	6.30	6.24	6.24	6.74	6.92	6.95	6.98
APR	6.79	6.75	6.75	7.10	7.22	7.26	7.28
MAY	6.51	6.49	6.49	6.82	6.89	6.93	6.94
JUN	6.34	6.29	6.29	6.73	6.86	6.89	6.93
JUL	6.87	6.82	6.82	7.19	7.31	7.36	7.39
AUG	7.45	7.36	7.36	8.10	8.39	8.44	8.47
SEPT	9.46	9.38	9.38	10.16	10.34	10.38	10.40
OCT							
NOV							
DEC							

Natural Gas and NGLs Select Prices for 2005		
Commodity	2005	
New Methane	1.376 \$/GJ	
Old Methane	0.405 \$/GJ	
New Ethane	1.376 \$/GJ	
Old Ethane	0.405 \$/GJ	
Propane	1.376 \$/GJ	
Butanes	1.376 \$/GJ	
Pentanes plus	49.19 \$/m3	
Royalty Factors for Pentanes plus		
	Base	Marginal
New Pentanes	22	35
Old Pentanes	22	50

DETAIL OF THE SEPTEMBER 2005 GAS AND ISC REFERENCE PRICES						
	Gas	Methane	C2-IC	C3-IC	C4-IC	C5-IC
Weighted Average Price of Alberta	9.825	9.776	10.259	10.390	10.401	10.400
Deductions: Intra – Alberta Transportation	0.282	0.299	0.171	0.120	0.093	0.071
Marketing Allowance	0.028	0.028	0.028	0.028	0.028	0.028
Price Before Pipeline Factor	9.515	9.449	10.060	10.242	10.280	10.301
Pipeline Fuel/Loss Factor	.990	.990	.990	.990	.990	.990
Price before Special Adjustment	9.424	9.358	9.964	10.144	10.182	10.202
Special Adjustment	0.000	0.000	0.000	0.000	0.000	0.000
Price before 2% amendment limitation or rounding	9.424	9.358	9.964	10.144	10.182	10.202
Amendments: Carry forward (from previous RP month)	0.048	0.031	0.231	0.304	0.355	0.360
Prior Period Amendment Adjustment (current RP month)	-0.012	-0.012	-0.020	-0.021	-0.023	-0.021
Calculated RP after Amendments	9.460	9.377	10.175	10.427	10.514	10.541
SEPTEMBER 2005 Reference Price	9.46	9.38	10.16	10.34	10.38	10.40
Difference = value carried forward to next RP month	0.000	-0.003	0.015	0.087	0.134	0.141
Adjusted IATD (before Prior Period Amendments)	n/a	0.296	0.169	0.119	0.092	0.070
Prior period Amendments (IATD and Pipeline Fuel Loss)	n/a	0.000	0.000	0.000	0.000	0.000
Adjusted IATD (after Prior Period Amendments)	n/a	0.296	0.169	0.119	0.092	0.070

2004 Weighted Average Reference Price (\$/GJ)
5.995

2004 Weighted Average OMAC (\$/GJ)
0.021

2005 NATURAL GAS LIQUIDS PRICES

MONTH	Ethane Reference Price (\$/GJ)	Ethane Par Price (\$/GJ)	Propane Reference Price (\$/m3)	Propane Par Price (\$/GJ)	Propane Floor Price (\$/m3)	Butanes Reference Price (\$/m3)	Butanes Par Price (\$/GJ)	Butanes Floor Price (\$/m3)	Pentanes plus Reference Price (\$/m3)	Pentanes plus Par Price (\$/m3)	Sulphur Default Price (\$ per tonne)
JAN	6.22	6.22	213.42	6.34	182.74	286.23	6.34	229.22	420.54	392.96	30.62
FEB	6.22	6.22	212.28	6.26	181.37	299.63	6.29	230.67	466.37	434.07	35.01
MAR	6.74	6.74	252.62	6.92	211.93	319.32	6.95	247.32	466.81	449.92	32.65
APR	7.10	7.10	247.29	7.22	222.85	285.54	7.26	266.90	458.62	435.93	29.86
MAY	6.82	6.82	242.50	6.89	218.28	256.14	6.93	235.69	419.68	399.43	36.22
JUN	6.73	6.73	269.28	6.86	227.24	265.16	6.89	245.76	450.01	436.18	37.47
JUL	7.19	7.19	260.68	7.31	234.97	312.47	7.36	267.01	467.36	447.74	37.13
AUG	8.10	8.10	269.38	8.39	248.21	326.52	8.44	290.64	534.52	512.86	36.92
SEPT	10.16	10.16	337.00	10.34	288.79	393.15	10.38	325.62	535.02	500.47	34.38
OCT											
NOV											
DEC											

ANNUAL SULPHUR DEFAULT PRICE				
2000	2001	2002	2003	2004
\$11.03	\$0.28	\$6.74	\$30.97	\$31.98

2005 NGL TRANSPORTATION ALLOWANCE AND DEDUCTIONS

MONTH	PENTANES PLUS (a)				PROPANE AND BUTANES (b)				PENTANES PLUS, PROPANE & BUTANE (c)				FRAC. ALLOW. (per m3)
	REGION				REGION				REGION				
	1	2	3	4	1	2	3	4	1	2	3	4	
JAN	28.06	14.75	41.69	35.31	12.05	1.32	9.29*	4.47	29.23	30.73	40.55	25.96	11.50
FEB	28.42	21.08	34.92	50.06	13.03	3.86	10.67*	7.22	35.95	40.12	48.36	31.01	11.50
MAR	16.72	2.34	23.40	33.49	20.22	9.27	-13.09	10.32	14.58	27.11	38.77	22.73	11.50
APR	22.18	8.43	33.66	34.13	3.94	-8.13	-18.36	-2.09	11.48	17.04	26.24	12.67	11.50
MAY	15.27	16.96	37.88	22.82	2.15	-7.78	-24.30	-11.43	8.47	8.08	20.93	12.16	11.50
JUN	8.40	13.57	15.85	25.21	15.42	7.73	-2.82	6.52	16.11	12.73	22.15	20.50	11.50
JUL	16.39	18.24	42.50	15.13	15.17	3.19	-27.33	-23.36	22.65	21.58	41.87	22.87	11.50
AUG	27.06	5.53	37.70	17.63	10.64	-3.51	-37.14	-16.44	24.40	25.34	44.40	22.65	11.50
SEPT	34.08	26.94	54.00	32.97	30.17	17.04	19.45	30.23	35.97	37.44	53.12	39.82	11.50
OCT													
NOV													
DEC													

- (a) Pentanes Plus obtained as a specification gas product,
- (b) Propane and Butanes obtained as specification products, and
- (c) Pentanes Plus, Propane and Butane contained in a natural gas liquids mix.

* Current month calculated allowance is based on an estimate.

Note: For details on “Prior Period Amendment Effects”, see Attachment 2A.

PRIOR PERIOD AMENDMENT EFFECTS												
NGL REFERENCE PRICES		SEPTEMBER 2005										
	<i>Propane</i>	<i>Butanes</i>	<i>Pentanes</i>									
Price before amendments	325.199075	384.873039	535.019409									
Opening Rollover (from prior business mth)	0.000506	0.000644	0.001864									
Prior Period Amendment Adj. (NGL-1)	0.000000	0.000000	0.000000									
Prior Period Amendment Adj. (NGL-100)	11.799605	8.276001	0.000000									
Published Reference Price	337.00	393.15	535.02									
TRANSPORTATION ALLOWANCES		SEPTEMBER 2005										
	Pentanes Plus				Propane and Butanes				Pentanes Plus, Propane & Butane			
AMENDMENTS	Region 1	Region 2	Region 3	Region 4	Region 1	Region 2	Region 3	Region 4	Region 1	Region 2	Region 3	Region 4
Opening Rollover (from prior business mth)	-0.001922	-0.004919	-0.001702	-0.002950	0.001548	-0.004811	0.003773	-0.003014	-0.004612	0.001618	-0.003016	0.001818
Prior Period Amendment Adj. (NGL1)	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Prior Period Amendment Adj. (NGL-100)	0.000000	0.000000	0.000000	0.000000	10.141351	11.374153	11.390249	11.420253	7.395865	7.098606	7.553613	7.267601
Total Amendment Effect	-0.001922	-0.004919	-0.001702	-0.002950	10.142899	11.369342	11.394022	11.417239	7.391253	7.100224	7.550597	7.269419
Calculated Transp. Differential	34.078860	26.940033	54.001912	32.975165	20.027999	5.672673	8.051425	18.811458	28.578185	30.338703	45.568220	32.547520
Calculated Transp. Differential after Total Amendments	34.076938	26.935114	54.000210	32.972215	30.170898	17.042015	19.445447	30.228697	35.969438	37.438927	53.118817	39.816939
Published Transportation Allowance	34.08	26.94	54.00	32.97	30.17	17.04	19.45	30.23	35.97	37.44	53.12	39.82

Any estimates represented by () are calculated as the weighted average of the other regions for the same spec product transportation allowance, since the region is zero. The weightings are based on the previous year's production.

