

**GAS ROYALTY CALCULATION
INFORMATION BULLETIN
May 2006**

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PLEASE ENSURE YOUR PRODUCTION ACCOUNTANTS RECEIVE A COPY OF THIS DOCUMENT.

A. PRICING RATES AND TRANSPORTATION INFORMATION

For Pricing, Royalty Rates and Transportation Information for March 2006, refer to [Attachments 1, 1A, 2, 2A, and 3](#).

B. NOTICES

Royalty Deposit Adjustment

The royalty deposit recalculation for 2006 is the lesser of 1/6 of a client's net royalty for 2005 and the amount determined by multiplying the current deposit maintained by the client by a price factor. The factor of (1.30) was calculated by dividing the current year long-term gas reference price for 2006 (\$6.50) by the long-term gas reference price used in the 2005 (\$5.00) calculation. Refer to [Chapter II, Section 6.4](#) of the Principles and Procedures for additional information. If you have any questions, please contact Shellie Duiker at (780) 422-8083.

Annual Operating Cost Adjustment Reports for February 2006 Billing Period

Royalty clients may have had a charge type on their February 2006 invoice titled “Annual Operating Cost Adjustment.” This adjustment represents the difference between the actual annual operating costs and the accumulated estimated monthly unit operating cost rate (UOCR), including any prior annual adjustments, for a production year. To support this adjustment the Annual Operating Cost Adjustment Details and Annual Operating Cost Adjustment Summary reports were included in the February 2006 billing period invoice. These reports may have omitted some historical operating cost information if a production month’s annual adjustment is zero, and therefore will be reissued. However, the annual operating cost adjustment amounts reported on the February 2006 invoices were correct. The revised reports will have the February 2006 billing period on them and will be sent to the Registry before the end of May 2006.

If you have any questions, please contact your Gas Royalty Client Services portfolio representative as identified in [Section F](#) of this bulletin.

Allocating Operating Costs to the Reported EUB Facility Code on the AC1

In some complex systems, processing and product allocation can occur at numerous EUB facilities within the network. Situations exist where an FCC is tied to one facility, but the royalty volumes and operating costs are triggered at another EUB facility within the network. In these cases, if there is no record of ownership (AC1, AC2 or AC3) or custom processing fees (AC5) at this additional facility, the department will recapture operating costs previously allowed on these royalty volumes.

Where operating costs may need to be allocated to account for volumes delivered to other facilities in order to retain eligible operating costs, the current AC1 can be amended to indicate the other EUB royalty trigger facility. The reported EUB facility code (field 2.10) on the AC1 is used to preserve the FCC owner’s existing operating cost deduction entitlement. Field 2.10 allows identifying multiple facilities, if applicable.

If you have any questions, please contact your Gas Royalty Client Services portfolio representative as identified in [Section F](#) of this bulletin.

Changes to the Annual Client Package

As a part of the department transitioning away from mainframe based applications, the annual client package will make the move from the mainframe to the UNIX platform. Effective May 2006 the change for the annual client package will be migrated. The change should be seamless as the reports will remain unchanged, except as noted below:

- 1) The CERR reports will be renamed to improve clarity.

Current Report Name	New Report Name
CERR Amalgamation/Consolidation – Simple	CERR Calculation Summary – Individual
CERR Amalgamation/Consolidation – Complex	CERR Calculation Summary – Weighted Average
CERR Calculation Summary without CERR	CERR Facility Summary
CERR Calculation Summary with CERR	No longer separated, combined with above report
CERR Detail	Unchanged
CERR DDF	Unchanged

- 2) Royalty Deposit

Minor modifications have been made to this report including the addition of production year and an end of report line. Also this report has a new field for condensate that has been added.

Should there be any concerns or questions about the above changes, please contact Penny White at (780) 422-9261.

Additional Changes to the Royalty Exemption Statement – Condensate Royalty

The Royalty Exemption Statement has been changed to incorporate condensate royalty for wells that have condensate royalty and have received a Deep Gas Royalty exemption. Four columns have been added in the report:

- A column each for Condensate Royalty (\$) and Eligible Condensate Exemption Taken (\$) for the total well, and
- A column each for Condensate Royalty (\$) and Eligible Condensate Exemption Taken (\$) for the royalty client share.

The Royalty Exemption Statement is produced and included with the monthly invoice client package. This statement is provided to the clients on the Registry in three formats: TXT, PDF and CSV. See [Attachment 4](#) for a sample report.

For royalty exemption royalty clients who currently receive their monthly invoice in paper format, and do not have access to the Registry, the invoice and corresponding detail statement will still be available in paper format and be mailed as is currently done.

No changes to the User Defined File (UDF) Handbook are required.

For further information please contact Tracy Wadson (780) 422-9240 or Lu-enn Toon at (780) 422-9082.

C. MONTHLY INFORMATION

March 2006 Royalty Due June 30

- **Royalty clients are to remit the total amount payable shown on the June 2006 Statement of Account by June 30, 2006.** 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 June 2006 Statement of Account shows your amount payable as of the Statement issue date. It includes any outstanding balances from your previous statement, your March 2006 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 March 2006 if it is paid in full by June 30, 2006.
- 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.

April 2006 VA4 Due June 15

The VA4 forms for the production month of April 2006 are due in the department offices by June 15, 2006.

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.

April 2006 Production Reporting

April 2006 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 May 2006

Alberta Energy’s interest rate for May 2006 is 6.75%.

February Provisional Assessment Charge

The summary of Provisional Assessment Charges for all production periods in the February 2006 billing period was:

First Time Provisional Assessment	Reversals of Provisional Assessments	Net Provisional Assessment
\$8,567,699.13	(\$6,819,476.72)	\$1,748,222.41

February Charges

The revised penalty table below shows at the form level, the total penalty charges and reversals, for the February 2006 billing period:

FORM	Penalty Charges	Penalty Reversals	Net Penalty Charges for 2006/02
AC2	\$2,300	(\$24,700)	(\$22,400)
AC4	\$10,400	\$0	\$10,400
AC5	\$0	\$0	\$0
GR2	\$0	\$0	\$0
NGL1	\$0	\$0	\$0
VA2	\$4,000	\$0	\$4,000
VA3	\$0	\$0	\$0
VA4	\$0	\$0	\$0
Total	\$16,700	(\$24,700)	(\$8,000)

Alberta Royalty Tax Credit Program Quarterly Rate

For the second quarter of 2006, commencing April 1, 2006, the royalty tax credit rate will be .2500. This rate is based on a royalty tax credit reference price of \$690.57 per cubic metre. The Alberta Royalty Tax Credit rates for the past year were:

First Quarter, 2006	.2500
Fourth Quarter, 2005	.2500
Third Quarter, 2005	.2500
Second Quarter, 2005	.2500

If you have any questions, please contact Brett Armitage of Tax Services at (780) 644-4063.

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 Deen Khan, Director, Gas Royalty Calculation (780-422-9247) or e-mail deen.khan@gov.ab.ca two business days before the meeting date to arrange an appointment. The June through August 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

June 22, 2006

July 27, 2006

August 23, 2006

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 start 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.

Client Status Changes

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, cancelled, and revived clients:

Company Name	Client ID	Struck Date
125738 Alberta Ltd.	0Z28	April 2, 2006
Berry Gas Company	0M85	May 2, 2006
Black Tusk Energy Inc.	0WY7	April 2, 2006
EECL Resources Ltd.	0NY8	May 2, 2006
Geopetrol Resources Ltd.	0GK3	April 2, 2006
Greypower Resources Ltd.	0G4R	April 2, 2006
Howsyth Petroleums Ltd.	0G9G	May 2, 2006
Ironside Energy Ltd.	0T2C	May 2, 2006
McCowan's Golf Centre Inc.	757C	April 2, 2006
Mervyn Exploration Ltd.	0FC6	May 2, 2006
Pursuit Energy Inc.	A0G7	May 2, 2006
Recoil Waste & Central Treating Ltd.	0JP4	April 2, 2006
Theatre Holdings Ltd.	0N1L	May 2, 2006
W.M. Oakley & Associates Ltd.	0N5Y	April 2, 2006
Company Name	Client ID	Cancelled Date
Northwestern Utilities Limited	0021	May 2, 2006
Taurus Exploration Canada Ltd.	0PM5	April 2, 2006
Unifeed Limited	A0EN	May 2, 2006
Company Name	Client ID	Dissolved Date
Cenapar Resources Ltd.	0L6L	May 10, 2006
Denim Exploration Corp.	A04R	May 10, 2006
Providence One Inc.	0A9N	May 12, 2006
Company Name	Client ID	Revived Date
908183 Alberta Ltd.	0D6J	May 15, 2006
Medpath Energy Corp.	0MF8	April 3, 2006
Mirex Energy Services Inc.	0C6L	May 15, 2006
Silvercor Resource Management Ltd.	0HD6	April 6, 2006

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 Operating Cost Adjustments for 2003, 2004, and 2005 Production Years

Royalty clients may have had a charge type on their February 2006 invoice titled "Annual Operating Cost Adjustment". This adjustment represents the difference between the actual annual operating costs and the accumulated estimated monthly unit operating cost rate (UOCR),

including any prior annual adjustments, for a production year. Two reports were included with the invoice titled Annual Operating Cost Adjustment Details and Annual Operating Cost Adjustment Summary. Annual Operating Cost Adjustments are processed once a year and the adjustments will be identified in the February invoice issued in April. The results of the 2006 UOCR calculation process are published on the department website <http://www.energy.gov.ab.ca/1917.asp>. For additional information please refer to the [March 2004 Supplement Information Bulletin 04-03A](#) or contact your Gas Royalty Client Services portfolio representative as identified in [Section F](#) of this bulletin.

Rapid Trans Deposit Slips

Royalty clients are reminded that banks do not have a supply of our Alberta Energy Rapid Trans Deposit Slips. They may be picked up or requested from the following locations:

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

Alberta Energy (Gas Royalty Calculation Unit)
8th Floor, 9945-108 Street
Edmonton, Alberta
T5K 2G6
Contact: Barb Buckley
Telephone (780) 644-4899
Fax (780) 422-8732

Alberta Energy (Financial Services)
12th Floor, 9945 – 108 Street
Edmonton, Alberta
T5K 2G6
Contact: Arlene Clark
Telephone (780) 427-9705
Fax (780) 422-4281

Implementation of Infrastructure Processing Deadline

At an Industry/Registry Question and Answer session in the summer of 2005, industry proposed that Alberta Energy implement a processing deadline for infrastructure data to coincide with the current allocations and volumetrics deadline, normally midnight of the 15th of each month. This would mean that after the deadline, but before the gas invoice commences, no processing of additional data is performed. Any forms received after the deadline will not be processed until the following invoice month; for example: RMF2 forms, changes to an exhibit A for a unit, Crown interest changes, etc.

Subsequent to the proposal the department reviewed impacts of the deadline and determined the advantages and disadvantages to both industry and Alberta Energy. This information was presented to industry in August 2005. In September 2005 industry confirmed they wanted Alberta Energy to proceed with implementing the infrastructure processing deadline. Thus, this change will take effect on June 15, 2006 calendar, which relates to the April 2006 production month.

On or before the invoice cut-off deadline (the 15th day of the month, or the next business day if the 15th falls on a non-business day), the following submissions must be received by the department to avoid a delay in processing until the following month:

- AC1 changes
- AC2/3/4/5
- Business Associate
- DGRHP
- Facility
- OAS (through a keying agent)
- OFSG
- Out of Province Facility
- PW1
- Raw Gas Allocation
- RMF1/2/3
- S1/8/18/20/21
- TC20
- Unit – Exhibit A
- Well

Please note, with the implementation of the infrastructure processing deadline, the form due dates have not changed.

If you have any questions, please contact your Gas Royalty Client Services portfolio representative as identified in [Section F](#) of this bulletin.

Inclusion of Condensate Royalty on the Crown Royalty Invoice

Effective the February 2006 billing period invoice, issued calendar month April 2006, changes to the delivery method for condensate royalty were implemented as previously reported in the January 2006 Information Bulletin. Details of the implementation are as follows:

Calculation:

- Condensate royalty calculation will remain in accordance with the existing legislation and method of determination. This includes exemption of Deep Gas Royalty Holiday Program (DGRHP) amounts if the battery is tied to a holiday well.

The condensate Crown royalty formula equals:

$$\begin{aligned} & \text{Condensate Crown Volume} \\ & \text{Multiplied by} \\ & (\text{Pentanes Plus Reference Price} - \text{Pentanes Plus MX Transportation Allowance}) \\ & \text{Less} \\ & \text{DGRHP Exemption Amount Taken} \end{aligned}$$

- The condensate royalty calculation and charge will continue to have no impact to allowable costs including, allowable cost restriction, CERR, and UOCR calculation.

- The calculation of the condensate royalty is completed at the BA / Facility / Production Period / Well level, and then summed to the BA / Facility / Production Period level for the actual condensate royalty charge.
- Amendments are generated whenever condensate volumes are amended for a prior period. Condensate Royalty may also be affected by the following infrastructure changes:
 - Battery Operator change: Condensate Royalty will be reversed from the old operator and recharged to the new operator for affected production periods.
 - Well-Battery Tie change: Condensate Royalty will be reversed and recharged to the new battery and/or new operator for the affected periods.
 - Battery Transportation Region change: Condensate Royalty will be reversed and recharged using the transportation allowance of the new transportation region.
 - Well Event change: Condensate Royalty will be reversed and recharged for the effective period of the well event change.
- If the condensate charge is for a prior period, Prior Period Interest (PPI) will be calculated on the net condensate volume. A reversing entry will be created for any Condensate Royalty charge details where the condensate volume has been amended for the same well and production period if exists.

Reports:

- The condensate royalty charges will be rolled-up to the Gas Royalty invoice as a separate line item (charge type). The royalty continues to be charged to the operator of the battery or to the supra-client, if the operator was consolidated as of the current billing period. This report is still available to clients in four formats: TXT, PDF, EDI, and CSV. See [Attachment 5](#) for a sample report (PDF format).
- Along with the changes made to the invoice the following reports have also had changes made in order to incorporate condensate royalty:
 - A new column will be added after the penalty column in the Production Year Detail report that will list the condensate royalty. This report is available to clients in two formats: TXT and PDF. See [Attachment 6](#) for a sample report (PDF format).
 - A Condensate Royalty Statement will be produced and included with the monthly invoice – client package. The condensate royalty statement will provide a breakdown of condensate well production at each battery listing the current period royalty condensate volumes, as well as any reductions to royalty condensate volumes. This report will be available to clients on the Petroleum Registry of Alberta (the Registry) in two formats: TXT and PDF. See [Attachment 7](#) for a sample report (PDF format).
 - For each Business Associate who receives a condensate royalty charge, a Condensate Royalty Calculation Detail report will be produced and included with the monthly invoice – client package. This report will be available to the clients on the Registry in three formats: TXT, PDF and CSV. See [Attachment 8](#) for a sample report (PDF format).

For condensate royalty clients who currently receive their monthly invoice in paper format and do not have access to the Registry, the invoice and corresponding detail reports will still be available in paper format and be mailed as is currently done.

Statement of Account:

- As condensate royalty is now included on the Gas Royalty invoice, charges for condensate royalty will now be included on the G94 Statement of Account. With implementation of the condensate changes, condensate (PCR) accounts will no longer reflect new condensate royalty charges. The PCR account balance will not be transferred to the G94 Statement of Account and PCR balances will remain until paid in full.

Royalty Deposit:

- The monthly royalty deposit calculation process will be updated to include the condensate royalty charges in the net royalty that is used to determine the Royalty Deposit Adjustment for new clients.
- The annual royalty deposit adjustment calculation will also be updated to include the condensate royalty charges.

Should you have any further questions or concerns, please call Bobby Gill at (780) 422-9265 or Lu-Enn Toon at (780) 422-9082.

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 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)”.

In addition, both the Gas Royalty Calculation Information Bulletins and Information Letters are also available on the Alberta Energy Internet address: <http://www.energy.gov.ab.ca>, from “Our Business”, navigate to “Natural Gas”, “Legislation, Guidelines & Policies”.

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	(Vacant)
H – P (excluding L)	(780) 644-1203 GRCST3@gov.ab.ca	Chris Nixon
Q – Z	(780) 644-1204 GRCST4@gov.ab.ca	Kamal Rajendra

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 Finance, 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

2006 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	9.52	9.56	9.56	9.33	9.11	9.10	9.14
FEB	7.38	7.36	7.36	7.58	7.58	7.58	7.59
MAR	6.47	6.46	6.46	6.67	6.71	6.74	6.76
APR							
MAY							
JUN							
JUL							
AUG							
SEPT							
OCT							
NOV							
DEC							

Natural Gas and NGLs Select Prices for 2006		
Commodity	2006	
New Methane	1.419 \$/GJ	
Old Methane	0.418 \$/GJ	
New Ethane	1.419 \$/GJ	
Old Ethane	0.418 \$/GJ	
Propane	1.419 \$/GJ	
Butanes	1.419 \$/GJ	
Pentanes plus	50.73 \$/m3	
Royalty Factors for Pentanes plus		
	Base	Marginal
New Pentanes	22	35
Old Pentanes	22	50

DETAIL OF THE MARCH 2006 GAS AND ISC REFERENCE PRICES						
	Gas	Methane	C2-IC	C3-IC	C4-IC	C5-IC
Weighted Average Price of Alberta	6.735	6.732	6.817	6.802	6.806	6.804
Deductions: Intra – Alberta Transportation	0.235	0.249	0.142	0.100	0.077	0.058
Marketing Allowance	0.027	0.027	0.027	0.027	0.027	0.027
Price Before Pipeline Factor	6.473	6.456	6.648	6.675	6.702	6.719
Pipeline Fuel/Loss Factor	.987	.987	.987	.987	.987	.987
Price before Special Adjustment	6.391	6.373	6.563	6.591	6.617	6.634
Special Adjustment	0.000	0.000	0.000	0.000	0.000	0.000
Price before 2% amendment limitation or rounding	6.391	6.373	6.563	6.591	6.617	6.634
Amendments: Carry forward (from previous RP month)	-0.003	0.000	0.001	0.035	0.068	0.073
Prior Period Amendment Adjustment (current RP month)	0.085	0.089	0.106	0.088	0.091	0.092
Calculated RP after Amendments	6.473	6.462	6.670	6.714	6.776	6.799
MARCH 2006 Reference Price	6.47	6.46	6.67	6.71	6.74	6.76
Difference = value carried forward to next RP month	0.003	0.002	0.000	0.004	0.036	0.039
Adjusted IATD (before Prior Period Amendments)	n/a	0.246	0.140	0.099	0.076	0.058
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	0.246	0.140	0.099	0.076	0.058

2005 Weighted Average Reference Price (\$/GJ)
7.935

2005 Weighted Average OMAC (\$/GJ)
0.023

2006 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	9.33	9.33	289.22	9.11	240.07	394.52	9.10	329.84	484.39	477.02	27.53
FEB	7.58	7.58	248.16	7.58	213.28	370.63	7.58	279.57	468.40	441.89	29.48
MAR	6.67	6.67	254.40	6.71	213.86	362.89	6.74	272.66	468.85	457.27	31.39
APR											
MAY											
JUN											
JUL											
AUG											
SEPT											
OCT											
NOV											
DEC											

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

2006 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	-0.90	13.92	10.05	18.08	18.72	-1.58	-33.18	-18.57	17.78	14.75	35.26	16.39	15.50
FEB	24.88	25.25	34.62	26.47	10.17	-2.24	-57.23	-19.17	18.42	13.68	31.79	18.91	15.50
MAR	14.23	10.00	32.47	4.43	12.33	6.56	3.05	-2.25	20.08	16.58	22.76	19.67	15.50
APR													
MAY													
JUN													
JUL													
AUG													
SEPT													
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		MARCH 2006										
	<i>Propane</i>	<i>Butanes</i>	<i>Pentanes</i>									
Price before amendments	252.278121	362.881241	480.970802									
Opening Rollover (from prior business mth)	-0.000252	0.003981	-0.003842									
Prior Period Amendment Adj. (NGL-1)	0.000000	0.000000	0.000000									
Prior Period Amendment Adj. (NGL-100)	2.118114	0.000000	-12.121287									
Published Reference Price	254.40	362.89	468.85									
TRANSPORTATION ALLOWANCES		MARCH 2006										
	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)	-0.000313	-0.001465	0.003805	-0.002871	0.004908	0.004682	0.003681	0.004800	0.004873	-0.004365	0.002898	-0.002228
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)	-12.121287	-12.121287	-12.121287	-13.052222	0.298195	1.231632	1.983653	2.071012	-2.414425	-2.657340	-2.548280	-2.101466
Total Amendment Effect	-12.121600	-12.122752	-12.117482	-13.055093	0.303103	1.236314	1.987334	2.075812	-2.409552	-2.661705	-2.545382	-2.103694
Calculated Transp. Differential	26.351855	22.119377	44.585852	17.486785	12.027743	5.319051	1.064589	-4.329636	22.485050	19.246114	25.308059	21.770793
Calculated Transp. Differential after Total Amendments	14.230255	9.996625	32.468370	4.431692	12.330846	6.555365	3.051923	-2.253824	20.075498	16.584409	22.762677	19.667099
Published Transportation Allowance	14.23	10.00	32.47	4.43	12.33	6.56	3.05	-2.25	20.08	16.58	22.76	19.67

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.

ROYALTY EXEMPTION STATEMENT

Invoice #:00000XXXXXX

Issue Date: 2006-05-31
 Royalty Client: 0XXX
 Name: MY COMPANY LIMITED

Royalty Payer Code: 0XXX
 Name: MY COMPANY LIMITED
 Address: 100 1 Ave SW
 CALGARY AB T2P 2Z5

ROYALTY EXEMPTION INFORMATION	
Well ID	1XX XX XX XXX XX WX XX
Well Operator ID	XXXX
Well Operator Name	MY COMPANY LIMITED
Well Tie	AB-BT-XXXXX
Royalty Exemption Application Number	DXXXX
Royalty Exemption Type	Deep Gas Royalty Holiday Program
Royalty Exemption Expiration Date	1998-06-01
Royalty Exemption Status	Complete
Eligible Periods	12
Total Periods Taken	4
Total Well Eligible Exemption	3,447,840.00
Total Well Eligible Exemption Taken	3,447,840.00
Condensate Taken	1,200.00
Remaining Well Eligible Exemption	0.00
Remaining Periods	

Production Period	TOTAL WELL					ROYALTY CLIENT SHARE			
	Exemption Periods Taken	Gross Royalty (\$)	Eligible Exemption Taken (\$)	Condensate Royalty (\$)	Eligible Condensate Exemption Taken (\$)	Gross Royalty (\$)	Eligible Exemption Taken (\$)	Condensate Royalty (\$)	Eligible Condensate Exemption Taken (\$)
1996-05	1	912,712.97	912,712.97	400.00	400.00	218,933.07	218,933.07	400.00	400.00
1996-06	2	888,548.08	888,548.08	300.00	300.00	213,133.50	213,133.50	300.00	300.00
1996-07	3	898,663.22	898,663.22	200.00	200.00	215,699.12	215,699.12	200.00	200.00
1996-08	4	897,184.87	747,915.73	500.00	500.00	215,206.34	179,401.29	500.00	500.00
Sub-Total		3,597,109.14	3,447,840.00	1,400.00	1,400.00	862,972.03	827,166.98	1,400.00	1,400.00
TOTAL		3,597,109.14	3,447,840.00	1,400.00	1,400.00	862,972.03	827,166.98	1,400.00	1,400.00

***** End Of Report *****

ENERGY

INVOICE

ROYALTY PAYER INFORMATION	
CODE:	1234
NAME:	PARENT COMPANY
ADDRESS:	XXXXXXXXXXXXXXXXXXXXX CALGARY, AB CAN X9X 9X9

REGULATORY AGENCY INFORMATION	
ISSUER:	DEPARTMENT OF ENERGY
ISSUE DATE:	2006-04-30
INVOICE DUE DATE:	2006-05-31
BILLING PERIOD:	2006-02-01
INVOICE NUMBER:	12345678901
ACCOUNT NUMBER:	G94XXXXXX

	Prior Period \$	Current Period \$	Total \$
Charges:			
Crown Royalty	59,000.00	250,000.00	309,000.00
Enhanced Oil Recovery Operating Cost Adjustment	10,000.00	50,000.00	60,000.00
Provisional Royalty Assessment	10,000.00	25,000.00	35,000.00
Penalties		5,000.00	5,000.00
Condensate Royalty	31,312.00	423,423.00	454,735.00
Total Charges	110,312.00	753,423.00	863,735.00
Credits:			
Monthly Proprietary Waiver	(15,000.00)		(15,000.00)
Monthly Capital Cost Deduction		(15,000.00)	(15,000.00)
Monthly Custom Processing Fee Deduction		(5,000.00)	(5,000.00)
Injection Credits		(25,000.00)	(25,000.00)
Total Credits	(15,000.00)	(45,000.00)	(60,000.00)
Adjustments:			
Annual Capital Cost Adjustment	(5,000.00)		(5,000.00)
Annual Custom Processing Fee Adjustment	(1,000.00)		(1,000.00)
Annual Operating Cost Adjustment	(2,000.00)	(3,000.00)	(5,000.00)
Other Financial Transactions		(1,500.00)	(1,500.00)
Interest: Prior Period	4,949.00		4,949.00
Total Adjustments	(3,051.00)	(4,500.00)	(7,551.00)
TOTAL:	\$92,261.00	\$703,923.00	\$796,184.00

Terms and Conditions: The 'Prior Period Total' is now due and includes prior period interest to the invoice issue date and will continue to accrue current period interest commencing the first day after the invoice ISSUE date until payment is received. The 'Current Period Total' is due on the Invoice Due Date and will incur current period interest commencing the first day after the invoice DUE date. The Department will charge interest on underpayments or late payments of invoiced amounts commencing the first day after the due date and continuing until the date the payment is received. Interest will be calculated at the Alberta Treasury Branch prime lending rate plus 1%. Interest will not be paid on overpayments of invoiced amounts.



PRODUCTION YEAR DETAIL 2006

ROYALTY PAYER INFORMATION	
CODE:	1234
NAME:	PARENT COMPANY
ADDRESS:	XXXXXXXXXXXXXXXXXXXXXX
	CALGARY, AB
	CAN
	X9X 9X9

REGULATORY AGENCY INFORMATION	
ISSUER:	DEPARTMENT OF ENERGY
ISSUE DATE:	2006-04-30
INVOICE DUE DATE:	2006-05-31
BILLING PERIOD:	2006-02-01
INVOICE NUMBER:	12345678901
ACCOUNT NUMBER:	G94XXXXXX

Production Period	Billing Period	Invoice Number	Crown Royalty \$	Operating Cost Adjustment \$	EOR Crown Royalty Inventory Settlement \$	Allowable Cost Restriction \$	Provisional Royalty Assessment \$	Penalties \$	Condensate Royalty \$	Charges Sub-Total \$
2006/01	2006/01	12345678888	4,350,000.00						3,221.32	4,353,221.32
	2006/02	12345678901	251,423.41	50,000.00			10,000.00		-439.26	310,984.15
2006/01	Sub-Total		4,601,423.41	50,000.00	0.00	0.00	10,000.00	0.00	2,782.06	4,664,205.47
2006/02	2006/02	12345678901	456,654.55	10,000.00			25,000.00	5,000.00	76,970.97	573,625.52
2006/02	Sub-Total		456,654.55	10,000.00	0.00	0.00	25,000.00	5,000.00	76,970.97	573,625.52
2006 Annual	2006/02	12345678901								
	Sub-Total		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2006 Total			\$5,058,077.96	\$60,000.00	\$0.00	\$0.00	\$35,000.00	\$5,000.00	\$79,753.03	5,237,830.99



CONDENSATE ROYALTY STATEMENT

Invoice #12345678901

Issue Date: 2006-04-30
 Operator: OXXX
 Name: MY COMPANY

Royalty Payer Code: OXXX
 Name: MY COMPANY
 Address: 100 1 AVE SW SUITE 999
 CALGARY, AB
 T2P 2R9

Well	Total Prod.	Crown Percent	Crown Prod.	Vintage Percent	Density	Gross Crown Royalty			Crown Royalty Reduction			Net Crown Royalty			
						Old Oil	New Oil	Total	Old Oil	New Oil	Total	Code	Old Oil	New Oil	Total

Battery: AB BT 0999999 Production Period: 2005-12															
AB WI 100010605713W500	1.1	100.0000000	1.1	100.00	Light	0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	0.0
AB WI 100013205613W500	15.8	100.0000000	15.8	100.00	Light	0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	0.0
AB WI 100043305613W500	3.0	100.0000000	3.0	100.00	Light	0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	0.0
AB WI 100060405713W500	3.2	100.0000000	3.2	100.00	Light	0.0	0.3	0.3	0.0	0.0	0.0		0.0	0.3	0.3
AB WI 100060505713W500	1.0	100.0000000	1.0	100.00	Light	0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	0.0
AB WI 100073005613W500	4.5	100.0000000	4.5	100.00	Light	0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	0.0
AB WI 100103105613W500	5.6	100.0000000	5.6	100.00	Light	0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	0.0
AB WI 100142905613W500	3.9	100.0000000	3.9	100.00	Light	0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	0.0
	-----		-----			-----	-----	-----	-----	-----	-----		-----	-----	-----
	38.1		38.1			0.0	0.3	0.3	0.0	0.0	0.0		0.0	0.3	0.3
	=====		=====			=====	=====	=====	=====	=====	=====		=====	=====	=====



CONDENSATE ROYALTY CALCULATION DETAIL

INVOICE #149011

Issue Date: 30-06-2005
 Royalty Client: OXXX
 Name: MY COMPANY

ROYALTY PAYER CODE: OXXX
 NAME: MY COMPANY
 Address: 100 1 AVE SW SUITE 910
 CALGARY, AB
 T2P 2R9

Battery	Well ID	Production Period	Condensate Volume M3	Reference Price	Region	Transprt Allowance	Net Condnst Price	Gross Condensate Amount \$	Exemption Amount \$	Net Condensate Amount \$	Interest Charge \$	
AB BT 0001234	AB WI 100143603604W502	2005-01	-3.2	420.54	4	12.67	407.87	-1,305.18	0.00	-1,305.18	-0.26	
			3.3	420.54	4	12.67	407.87	1,345.97	0.00	1,345.97	0.27	
										40.79	0.01	
		2005-04	4.0	450.62	4	12.67	437.95	1,751.80	1,751.80	0.00	0.00	
										0.00	0.00	
	AB WI 100143603605W502	2005-01	-3.2	420.54	4	12.67	407.87	-1,305.18	0.00	-1,305.18	-0.26	
			3.0	420.54	4	12.67	407.87	1,223.61	0.00	1,223.61	0.24	
										-81.57	-0.02	
										Battery Total:	-40.79	-0.01
										=====	=====	
AB BT 0005678	AB WI 100143603804W500	2005-03	-2.2	466.81	4	12.67	454.14	-999.11	0.00	-999.11	-0.20	
			2.9	466.81	4	12.67	454.14	1,317.01	0.00	1,317.01	0.26	
										317.90	0.06	
	AB WI 100143603605W502	2005-04	-10.2	450.62	4	12.67	437.95	-4,467.09	0.00	-4,467.09	-0.89	
			11.3	450.62	4	12.67	437.95	4,948.84	0.00	4,948.84	0.99	
										481.75	0.10	
										Battery Total:	799.64	0.16
										=====	=====	
										Operator Total:	758.86	0.15
										=====	=====	
										Payer Total:	758.86	0.15
										=====	=====	