

GAS ROYALTY CALCULATION INFORMATION BULLETIN September 2007

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A. PRICING RATES AND TRANSPORTATION INFORMATION

For Pricing, Royalty Rates and Transportation Information for July 2007, refer to [Attachments 1, 1A, 2, 2A](#), and [3](#). These attachments are also available in [Excel format](#).

B. NOTICES

Changes To AC1s – Facility Cost Centre – Setup/Change & Deletion

Effective immediately AC1s, for Facility Cost Centre (FCC) deletions are permitted and can be processed on the Petroleum Registry of Alberta (PRA). These include AC1/FCC deletions:

1. Originating from the FCC operator
2. System generated and originate as a result of revalidation due to changes in infrastructure.

In both occurrences system generated rejection notifications will be issued should the delete request fail to pass system edits.

The FCC operator is responsible for ensuring that all associated links (AC1, AC2, AC3, &/or AC4), to the FCC being requested for deletion, be removed prior to the occurrence of the FCC being deleted.

Should you have any questions or require further information on these changes, please contact your respective Gas Royalty Client Services portfolio representative as identified in [Section G](#) of this bulletin, or Joey Dennis at telephone (780) 422-9260 or e-mail joey.dennis@gov.ab.ca.

Statutory Requirement and Recalculation of 2003 Royalty

A production year becomes statute barred on December 31st, four years after the end of a production year. Once a year has become statute barred, calculation or recalculation of royalty does not occur on a monthly basis.

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

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

Audits in Progress

Non-operator partners are advised that certain 2003 allowable costs, custom processing fees, capital costs and custom processing adjustment factor (CPAF), and reporting discrepancy audits are currently in progress. It is anticipated that these audits may be completed before December 31, 2007. However, should circumstances require that these audits be completed in 2008, a list of the affected EUB facilities will be included in the December 2007 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 2003 Royalty

Industry initiated royalty recalculation requests for the 2003 production year must be submitted in writing to the attention of Richard Stokl, Manager of Gas Royalty Client Services. This request must be received by the department on, or before, December 31, 2007 and it must include the following:

- Identification of the recalculation facility or facilities;
- The reason for the recalculation;
- An order of magnitude estimate, i.e. the approximate amount of the royalty impact;
- Identification of the royalty clients that may be impacted by the request;
- The time lines for recalculation preparation and submission to the Crown including a reasonable time for the Crown to review the submission; and
- Confirmation that the affected partner(s) have been notified.

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

Deep Gas Royalty Holiday Program (DGRHP) – Changes to the Allocation of Eligible Production for a Well Event

In the past the department required Industry to split the allocation of production between a well event and an assigned production entity where a portion of the production is eligible for a royalty exemption. However, with the increased frequency in occurrences of wells commingling production and the manual intervention required by companies to comply with these mandatory reporting requirements, a system enhancement will be implemented effective November 2007, which will allow eligible and non eligible production to be allocated to the well event on the stream allocation factor (SAF) and owner allocation factor (OAF).

In conjunction with the Energy and Utilities Board (EUB) the department will determine the percentage of the well events production eligible for exemption. Crown Royalty will be assessed on the gas, gas products and condensate production reported to the well event, at which point the eligible percentage will be applied to determine the amount of Crown Royalty that is exempt. As a result of this system development there is no longer a requirement for the department to issue production entity numbers for DGRHP reporting.

As we have designed the capability to apply the eligible percentage on a retroactive basis, we are making every effort to contact clients affected by these past reporting requirements to discuss the potential of implementing these changes, either on a go forward basis or effective with a prior production period.

We will continue to advise the licensee and operator of the percentage of production that is eligible for an exemption; however, the eligible percentage and the start date will also be displayed on the monthly Royalty Exemption Statement.

For further information or to request changes to reporting requirements, please contact Tracy Wadson at (780) 422-9240 or e-mail tracy.wadson@gov.ab.ca.

C. MONTHLY INFORMATION

July 2007 Royalty Due October 31

- **Royalty clients are to remit the total amount payable shown on the October 2007 Statement of Account by October 31, 2007.** 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 October 2007 Statement of Account shows your amount payable as of the Statement issue date. It includes any outstanding balances from your previous statement, your July 2007 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 July 2007 if it is paid in full by October 31, 2007.
- 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.

August 2007 VA4 Due October 15

The VA4 forms for the production month of August 2007 are due in the department offices by October 15, 2007.

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

August 2007 Production Reporting

August 2007 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 “Reporting Calendars” under Bulletin Board.

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

Interest Rate September 2007

Alberta Energy’s interest rate for September 2007 is 7.25%

June Provisional Assessment Charge

The summary of Provisional Assessment Charges for all production periods in the June 2007 billing period was:

First Time Provisional Assessment	Reversals of Provisional Assessments	Net Provisional Assessment
\$16,307,126.85	(\$6,913,953.94)	\$9,393,172.91

June Penalty Charges

The penalty table below shows at the form level, the total penalty charges and reversals, for the June 2007 billing period:

FORM	Penalty Charges	Penalty Reversals	Net Penalty Charges for 2007/06
AC2	\$5,000	(\$1,800)	\$3,200
AC4	\$0	\$0	\$0
AC5	\$1,000	(\$100)	\$900
GR2	\$0	\$0	\$0
NGL1	\$0	\$0	\$0
VA2	\$0	\$0	\$0
VA3	\$0	\$0	\$0
VA4	\$500	\$0	\$500
Total	\$6,500	(\$1,900)	\$4,600

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 Richard Stokl, Manager, Client Services (780-422-9258) or e-mail richard.stokl@gov.ab.ca two business days before the meeting date to arrange an appointment. The October through 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

October 25, 2007 (Gas Royalty Support will be at the CAPPA conference)

November 29, 2007

December 13, 2007

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 role start date with no end date, then that BA can receive allocations from the stated start date forward.
- If a BA has a WIO role 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 role 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 dissolved, cancelled, struck, and revived clients:

Company Name	Client ID	Dissolved Date
1231818 Alberta Ltd.	A256	July 25, 2007
Hartwell Holdings Ltd.	0G6T	September 12, 2007
Prairie Sunrise Towers Ltd.	A0PA	July 31, 2007
Well Provers Corp.	A0XF	August 31, 2007
Company Name	Client ID	Cancelled Date
Signalenergy Inc.	A0KE	July 16, 2007
Company Name	Client ID	Struck Date
Calpine Canada Resources Company	0LR8	August 2, 2007
Omni Projects Inc.	0E62	August 2, 2007
Rejuvenation Resources Ltd.	0A0G	August 2, 2007
Company Name	Client ID	Revived Date
West-Can Hydrocarbon Fund Ltd.	0T77	August 7, 2007

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

Department of Energy Website Redesign

Effective September 14, 2007, the [Department of Energy](#) website changed to conform to the Government of Alberta one window look. You may have noticed some changes in the way information is displayed on the website, but there were no changes in the content. Please note that the URLs have changed, so if you have bookmarks on the old website, remember to update your bookmarks. Should you have any questions regarding the website redesign, please contact Edith Villarica at (780) 422-7184.

Changes to the UOCR Estimates

To avoid huge swings in the annual adjustment of estimated operating costs to actual operating costs, facility operators currently can request a change to their monthly operating cost rate estimates.

EUB facility operators may apply through a written request to the department for a change to a facility's estimated UOCR. This process applies to any component for Designated and non-Designated facilities whose rate is based on actual operating costs reported on the AC4. In other words, any estimated component rate for a designated facility can be changed, but only the estimated processing rate for a non-designated facility can be changed as their gathering and compression rates are derived from the operating cost survey and promoted through annual change factors.

The EUB facility operator must provide the following information to determine an estimated component (processing, gathering, compression) rate, effective for the entire rate year (Feb to Feb exclusive):

EUB Facility ID;

- Operator name and ID;
- Estimated operating cost amount (\$) for each component;
- Estimated energy adjusted gas equivalent (EAGE) volumes;
- Production year.

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

Acceptable Form Submissions

Clients are reminded that forms submitted to Alberta Energy for processing are accepted by the following methods: regular mail, courier, fax, or they can be taken to AMEC for courier delivery to our office. Clients are requested to refrain from sending forms via e-mail.

Operating Costs Subject to Recapture

The Operating Costs Subject to Recapture report for the 2006 production year was generated in the April 2007 billing period invoice, issued in June 2007. Operating costs are recaptured from a royalty client who has volumes at a facility but have no capital allocations (AC1, AC2, or AC3) and no reported custom processing fees (AC5). A royalty client who is not an owner at a facility is not entitled to the operating costs they received on a monthly basis. The operating costs subject to recapture will be charged in the August 2007 billing period invoice, issued in October 2007.

Gas Processing Efficiency Assistance Regulation (GPEAR) Sulphur Emission Control Assistance Program (SECAP)

The Gas Processing Efficiency Assistance Regulation expiry date of November 30, 2007 has been extended to November 30, 2008 to provide an additional 12 months for royalty clients to monetize their royalty credit earned under the Sulphur Emission Control Assistance Program. Any remaining unrealized SECAP credits after November 30, 2008 will be lost.

As SECAP credits can only be applied to offset Crown royalty, it is the responsibility of the royalty client to track the application of the credit to their invoice(s) to ensure that all the credit has been monetized by November 30, 2008. Royalty clients with unused credits may transfer the SECAP credit to another gas royalty client(s) to be applied against their Crown royalty but no extensions of the November 30, 2008 deadline will be granted to the new recipient royalty client(s).

Transfers of SECAP credits to another royalty client must be received in writing prior to November 1, 2008 by Gas Royalty Billings. The letter must identify the amount(s) of the credit transfer and the name(s) and royalty client id(s) of the recipient royalty client(s).

The Gas Processing Efficiency Assistance Regulation expiry extension does not extend any other GPEAR/SECAP expired application deadlines.

For further information or to request a transfer, please contact Shellie Duiker at (780) 422-8083.

F. ALBERTA NATURAL GAS ROYALTY GUIDELINES

Updates

Following discussions with the Canadian Association of Petroleum Producers (CAPP) Accounting Committee, certain sections in the Guidelines are updated. These updates are to clarify the business rules regarding custom processing fees and the recapture of operating costs, specifically: 1) clarify how to properly complete the AC5 for (partial) owners and non-owners and 2) identify some situations where operating cost recaptures will occur.

Please replace the following pages within your copy of the July 2006 issue of the [Alberta Natural Gas Royalty Guidelines](#) with the enclosed updates:

Chapter VI Section 6 [Custom Processing Cost Allowance](#)

6.1 Business Summary

6.2 Annual Custom Processing Fees Report for Production Years 1997 through 2003

6.3 Annual Custom Processing Fees Report for Production Years 2004 and Onwards

Appendix C Validation Rules

2.4 [AC5-V2](#) Form: Allowable Costs Custom Processing Fees

2.4.1 [AC5-V3](#) Form: Allowable Costs Custom Processing Fees

Appendix P Forms

[AC5-V2](#) Allowable Costs Custom Processing Fees (production years 1997 through 2003)

[AC5-V3](#) Allowable Costs Custom Processing Fees (production years 2004 and onwards)

For your convenience, a copy of the original version with changes, additions and deletions highlighted is also [enclosed](#). Please note that the AC5-V2 and AC5-V3 form changes will be applied to the Petroleum Registry of Alberta (PRA) allowable cost submission screens at a later date.

G. 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

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	Lily Hiew
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

Deen Khan
Director, Gas Royalty Calculation
Gas Development

Attachments

2007 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)	Butane ISC Reference Price (\$/GJ)	Pentanes plus ISC Reference Price (\$/GJ)
JAN	6.27	6.22	6.22	6.61	6.70	6.73	6.75
FEB	6.82	6.78	6.78	7.14	7.22	7.26	7.28
MAR	6.92	6.88	6.88	7.17	7.23	7.25	7.27
APR	6.74	6.70	6.70	7.07	7.14	7.15	7.17
MAY	6.61	6.56	6.56	6.94	7.02	7.05	7.07
JUN	6.21	6.19	6.19	6.37	6.39	6.42	6.45
JUL	5.43	5.40	5.40	5.65	5.70	5.72	5.74
AUG							
SEPT							
OCT							
NOV							
DEC							

Natural Gas and NGLs Select Prices for 2007	
Commodity	2007
New Methane	1.450 \$/GJ
Old Methane	0.427 \$/GJ
New Ethane	1.450 \$/GJ
Old Ethane	0.427 \$/GJ
Propane	1.450 \$/GJ
Butane	1.450 \$/GJ
Pentanes plus	51.84 \$/m3
Royalty Factors for Pentanes plus	
	Base Marginal
New Pentanes	22 35
Old Pentanes	22 50

DETAIL OF THE JULY 2007 GAS AND ISC REFERENCE PRICES

	Gas	Methane	C2-IC	C3-IC	C4-IC	C5-IC
Weighted Average Price of Alberta	5.721	5.708	5.858	5.860	5.863	5.864
Deductions: Intra – Alberta Transportation	0.238	0.253	0.145	0.102	0.079	0.060
Marketing Allowance	<u>0.012</u>	<u>0.012</u>	<u>0.012</u>	<u>0.012</u>	<u>0.012</u>	<u>0.012</u>
Price Before Pipeline Factor	5.471	5.443	5.701	5.747	5.772	5.792
Pipeline Fuel/Loss Factor	0.991	0.991	0.991	0.991	0.991	0.991
Price before Special Adjustment	5.424	5.397	5.653	5.698	5.723	5.743
Special Adjustment	0.000	0.000	0.000	0.000	0.000	0.000
Price before 2% amendment limitation or rounding	5.424	5.397	5.653	5.698	5.723	5.743
Amendments: Carry forward (from previous RP month)	0.003	0.001	0.000	-0.003	-0.004	0.000
Prior Period Amendment Adjustment (current RP month)	0.002	0.002	0.001	0.001	0.001	0.001
Calculated RP after Amendments	5.429	5.400	5.654	5.696	5.720	5.744
JULY 2007 Reference Price	5.43	5.40	5.65	5.70	5.72	5.74
Difference = value carried forward to next RP month	-0.001	0.000	0.004	-0.004	0.000	0.004
Adjusted IATD (before Prior Period Amendments)	n/a	0.251	0.143	0.101	0.078	0.059
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	0.251	0.143	0.101	0.078	0.059

2006 Weighted Average Reference Price (\$/GJ)
6.260

2006 Weighted Average OMAC (\$/GJ)
0.020

**2007
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	6.61	6.61	275.42	6.70	210.69	308.33	6.73	252.50	430.65	411.32	11.18
FEB	7.14	7.14	286.81	7.22	236.16	306.63	7.26	266.25	452.58	448.57	13.94
MAR	7.17	7.17	290.24	7.23	246.22	316.86	7.25	281.98	456.95	451.65	11.18
APR	7.07	7.07	298.40	7.14	265.81	361.88	7.15	315.93	487.95	458.50	9.44
MAY	6.94	6.94	300.05	7.02	269.46	375.34	7.05	335.19	477.15	452.30	19.63
JUN	6.37	6.37	290.16	6.39	264.03	352.06	6.42	304.35	464.31	465.23	13.38
JUL	5.65	5.65	298.16	5.70	271.65	344.18	5.72	303.07	549.79	539.28	35.65
AUG											
SEPT											
OCT											
NOV											
DEC											

ANNUAL SULPHUR DEFAULT PRICE				
2002	2003	2004	2005	2006
\$6.74	\$30.97	\$31.98	\$33.98	\$18.82

2007
NGL TRANSPORTATION ALLOWANCE AND DEDUCTIONS

MONTH	PENTANES PLUS (a)				PROPANE AND BUTANE (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	21.10	17.07	34.15	13.26	31.36	8.32	-2.27	27.27	25.74	24.74	37.79	26.71	15.50
FEB	7.24	5.39	36.37	-11.68	13.17	3.82	45.20	8.58	15.33	16.84	20.02	12.43	15.50
MAR	10.34	5.48	20.97	-1.33	14.54	6.60	28.87	7.34	18.27	16.09	34.94	15.56	15.50
APR	21.46	35.11	40.75	36.78	56.23	-14.42	16.58	10.84	22.53	25.12	37.71	27.53	15.50
MAY	25.70	7.78	51.49	31.44	9.86	3.96	27.95	10.35	21.25	19.89	34.76	22.59	15.50
JUN	-10.05	-7.64	40.12	0.41	9.66	5.81	23.65	10.01	15.03	12.66	21.09	14.64	15.50
JUL	32.66	-14.71	55.16	19.00	5.49	10.12	-12.78	12.51	33.57	22.98	38.91	32.35	15.50
AUG													
SEPT													
OCT													
NOV													
DEC													

- (a) Pentanes Plus obtained as a specification gas product,
- (b) Propane and Butane 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

PRIOR PERIOD AMENDMENT EFFECTS												
NGL REFERENCE PRICES	JULY 2007											
	<i>Propane</i>			<i>Butanes</i>				<i>Pentanes</i>				
Price before amendments	298.151834			344.173314				549.299532				
Opening Rollover (from prior business mth)	0.004534			0.004187				0.000031				
Prior Period Amendment Adj. (NGL-1)	0.000000			0.000000				0.000000				
Prior Period Amendment Adj. (NGL-100)	0.000000			0.000000				0.489373				
Published Reference Price	298.16			344.18				549.79				
TRANSPORTATION ALLOWANCES	JULY 2007											
	Pentanes Plus				Propane and Butane				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)	-0.003113	-0.000058	-0.003980	-0.004200	0.000795	0.003945	-0.001050	-0.000837	-0.000662	0.000094	0.003876	-0.000898
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)	0.489373	0.489373	0.489373	0.489373	0.000000	0.000000	0.000000	0.000000	0.134286	0.149630	0.124881	0.159866
Total Amendment Effect	0.486260	0.489315	0.485393	0.485173	0.000795	0.003945	-0.001050	-0.000837	0.133624	0.149724	0.128757	0.158968
Calculated Transp. Differential	32.177452	-15.198064	54.672474	18.515598	5.493651	10.112268	-12.775066	12.510008	33.435896	22.825327	38.783721	32.192452
Calculated Transp. Differential after Total Amendments	32.663712	-14.708749	55.157867	19.000771	5.494446	10.116213	-12.776116	12.509171	33.569520	22.975051	38.912478	32.351420
Published Transportation Allowance	32.66	-14.71	55.16	19.00	5.49	10.12	-12.78	12.51	33.57	22.98	38.91	32.35

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.

6. Custom Processing Cost Allowance

6.1 Business Summary

A.R. 220/2002 S.20 (1)(3)(4)(5)

The Crown deducts allowances for compressing, gathering and processing its royalty share of gas and gas products through the Crown share of custom processing allowance incurred and paid in Alberta. This is deducted only by way of reduction of royalties, which may not exceed the total royalty compensation owing for natural gas and gas products royalty. (*Refer to Ch VI, Sec 1.1*).

The Crown share of custom processing cost allowances are determined annually based on processing costs incurred and paid in Alberta in the year. They are deducted monthly on an estimated basis and adjusted at the end of the year. The Crown share of custom processing cost allowances are deducted for royalty clients who pay for compressing, gathering and processing on a fee-for-service basis. Should a client receive a custom processing service without paying a fee, or not require a certain service (e.g. compression), the Crown will recapture its annual share of operating cost allowances related to the service(s).

The Crown will not recapture operating costs for any delayed UOCR components from owners (royalty clients with ownership interests in all three delayed components at the EUB facility who do not incur and pay custom processing services for their share of the facility volumes). Owners are only required to report custom processing fees on excess capacity volumes. These fees are not subject to a recapture of operating costs because an excess capacity charge has no operational expense component from which UOCR should be disallowed.

The Crown will recapture operating costs for any delayed UOCR component (compression, gathering and processing) in which a royalty client does not have capital ownership. The operating cost recapture is shown as a reduction to custom processing fees and is included with the annual custom processing fee adjustment. Non-owners (no capital ownership in any delayed component) must use Part 2 of the AC5 to report custom processing fees. Partial owners (royalty clients with ownership interest in at least one delayed component at the EUB facility who do incur and pay custom processing services for some portion of their share of the facility volumes) must use Part 3 of the AC5 to report custom processing fees and custom processed volumes for each service not provided through capital ownership, even if a service (e.g. compression) is not required, or is required and not paid for.

NOTE: To facilitate administrative simplicity, the department will accept allowable custom processing fees and/or allowable operating costs as being those incurred and paid in Alberta in the year rather than for the year unless the procedure is judged to disadvantage the Crown. This procedure will eliminate retroactive filing when fees are billed after the due date for filing of the AC5 form. Royalty clients may make prior period volumetric and cost adjustments against the

current year reporting as long as the facility is not terminated or they have not sold or acquired an interest in the facility. All adjustments must include both volumes and costs. If the facility is terminated or they have sold or acquired an interest in the facility, the royalty clients must amend the appropriate year's AC5 form.

Once a method of reporting has been decided upon for a facility, this must be applied consistently from year to year. The decision of the department will be considered final in respect of any issues pertaining to the interpretation and application of this business rule.

If a royalty client has ownership interest in some functional units (FCCs) of an EUB facility and is a custom user at similar functional units of the same EUB facility and is disadvantaged due to operating cost recaptures exceeding the custom processing fees paid in the production year, the royalty client must submit a written request to the department requesting the monthly operating costs in lieu of receiving custom processing for the EUB facility. The written request must include supporting documentation that they are disadvantaged. If approved, in the subsequent production years, the department will continue to only recognize the operating cost deduction in lieu of custom processing for the facility.

A.R. 220/2002 S. 20 (14)

Effective February 2006, royalty clients who have paid for compressing, gathering, or processing gas and gas products on a *fee-for-service* basis in Alberta must file an appropriate version of the Custom Processing Cost Allowance (AC5) on the Registry. This claim also includes fees associated with freehold, purchased and out-of-province volumes. An appropriate version of the AC5 must be received by the department on or before May 15th following the production year to which the report relates.

The department is the final point of validation for allowable cost forms. Operators may receive an initial response from the Registry that their submission was accepted, however final validation and acceptance or rejection of the submission is performed by the department. The department encourages timely filing to allow for any corrections and resubmissions of rejected documents prior to the respective due date.

6.1.1 Custom Processing Fees For 100% Freehold Royalty Clients

Clients that are 100% freehold are no longer required to file an AC5 document for the related production year as long as they do not acquire any crown interest volumes in the same production year. In the event that your freehold status changes during the year and as a consequence you are required to file an AC5 to claim custom processing fees, the department encourages timely filing of the AC5 to prevent late filing penalties.

For 100% freehold royalty clients who may receive a crown cost allowance through amalgamation or consolidation with a crown royalty client, all processed volumes are subject to operating cost recapture in the absence of capital ownership. Filing an AC5

document to report the custom processing fees paid on freehold volumes entitles the royalty client to a crown cost allowance in excess of operating costs.

6.1.2 Calculating the Crown Share of Custom Processing Fees

Annually, the department calculates the crown share of custom processing cost allowances for each royalty client, net of the monthly crown share of operating cost allowances already paid.

The department calculates each royalty client's annual crown share of custom processing cost allowances as:

net custom processing fees paid in the production year by the royalty client <i>...multiplied by...</i> royalty client's Corporate Effective Royalty Rate for the year
--

Calculation of a royalty client's corporate effective royalty rate is described in *Ch. VI, Sec. 7*.

Net custom processing fees paid in the production year by a royalty client are:

eligible custom processing fees paid in the production year <i>...minus...</i> operating costs on all custom processed gas and gas products for the year (includes operating costs where a service is not required, or is required and not paid for)

6.1.3 Eligible Custom Processing Fees

Eligible custom processing fees paid are arm's-length fees paid by the royalty client in Alberta:

- For compressing, gathering or processing services at an EUB facility in which the royalty client has no ownership interest; *or*
- To co-owners of an FCC in which the royalty client has an ownership interest, for the quantity of gas and gas products processed that exceed the royalty client's ownership share (these fees must be defined clearly in writing in the partnership or joint venture agreement.)

A.R. 220/2002 S. 20 (3)

NOTE: Eligible custom processing fees do not include offsetting considerations between the client and the processor, or where transactions are essentially a financing mechanism. The Crown may limit custom processing fees to a reasonable amount, as determined by the Minister, for a royalty client who pays fees for compressing, gathering or processing at an EUB facility in which the client previously had an ownership interest.

A royalty client reporting custom processing fees must have either SAF/OAF or RMF2 volumes at the facility for that production year. If a royalty client reports

custom processing fees at a facility where they do not have any volumes for the production year, the custom processing fees will be disallowed.

If a royalty client obtains custom processing services for a fee or consideration other than money, then:

- Where the fee is paid as gas or a gas product, the eligible amount of the fee is:

<p>the quantity of the gas or gas product given in payment ...multiplied by... the price at which the department values the Royalty client's gas or gas product given in payment</p>

- Where the fee is paid with other than gas or a gas product, the eligible amount of the fee is the market value of the goods or services given in payment.

If a royalty client obtains custom processing services without paying a fee, or does not require a certain service (e.g. compression), the operating costs are subject to recapture as the volumes of gas and gas products will have had a UOCR applied to them each month whether a service is needed or not.

Prepaid custom processing costs claimed in a year must be that portion of the total prepaid cost that relates to the actual volume processed in that year.

The Crown reserves the right, as defined in *Section 20(3) of the Natural Gas Royalty Regulation 2002*, to limit the custom fees paid by the custom user to a share of total costs at the FCC proportional to the custom user's volumes.

NOTE: If approved by the Minister, for production years prior to 2006, when unprocessed gas is delivered to a field straddle plant for processing before being disposed of, the department will assess crown royalty share of gas and gas products at the plant gate of the field straddle plant. There is no UOCR deduction for field straddle plant, as the field straddle plant has no plant type defined. Allowable costs will be given through a reasonable custom processing fee equivalent to the actual costs for that plant. No operating cost will be recaptured because field straddle plants have not been given a UOCR deduction.

6.1.4 Allowable Operating Cost on Custom Processed Gas and Gas Products

The volumes of gas and gas products for which a royalty client paid eligible custom processing fees in a year will have had a UOCR applied to them each month. As a result, the Crown will have paid the crown share of operating cost allowances on them. A royalty client's eligible custom processing fees for a year (including fees associated with freehold, purchase and out-of-province gas and gas products) will be reduced at the initial annual billing period (IABP) by the amount of the operating costs. The operating cost for this purpose applies to all gas and gas product volumes including freehold, purchased and out-of-province gas and gas products.

If the eligible custom processing fee paid is for all of the royalty client's volumes at the EUB facility and all of the services provided by the facility, then the allowable operating cost will be subtracted from the eligible custom processing fees paid, calculated as:

Royalty client's share of energy-adjusted gas equivalent volumes custom processed at the EUB facility for the year *(including gas and products sent to approved injection and cycling schemes)*
...multiplied by...
UOCR for the EUB facility in the year

If the eligible custom processing fee paid is only for a part of the services and/or part of the volumes provided by an EUB facility, then the allowable operating cost that must be subtracted from the eligible custom processing fees paid will also be only part of the allowable operating cost for the facility at which the services were provided.

If no eligible custom processing fee is paid for a service provided by the facility, or a service (e.g. compression) is not required, the allowable operating costs for the service(s) are subject to recapture.

The reduction for partial custom processing service is recognized through pro-rating the UOCR for the EUB facility into three delayed rates; one each for compressing, gathering and processing.

The allowable operating cost that will be deducted for partial custom processing service is calculated as:

Royalty client's energy-adjusted gas equivalent volume custom processed at the EUB facility for the year ⁽¹⁾ *(including gas and products sent to approved injection and cycling schemes)*
...multiplied by...
delayered compressing/gathering/processing UOCR⁽²⁾ for the EUB facility for the year

- 1) Energy-adjusted gas volume equivalent of the custom processed gas and gas product volumes reported by the royalty client on appropriate versions of the AC5 submission(s) for the year.
- 2) Delayered compressing UOCR, delayered gathering UOCR or delayered processing UOCR, or any combination of them depending on the service provided.

NOTE: A system process will recapture operating costs from a royalty client who has volumes at a facility where they have no capital ownership (as identified on the AC2 or AC3 submission) and no reported custom processing fees. A royalty client who is not an owner at a facility is not entitled to the operating costs they received on a monthly basis. Therefore, the operating costs will be recaptured if there have been no

reported custom processing fees on the AC5. This annual custom processing adjustment, as with all other custom processing amendments, will be subject to prior period interest.

If a royalty client has ownership interest in an FCC and is also paying custom processing fees for processing excess volumes at the same FCC, then UOCR will not be recaptured because excess capacity charge is intended to cover the capital and profit portion of custom processing and therefore has no operational expense component from which UOCR should be disallowed. In no case is a royalty client to receive duplicate UOCR recognition.

6.2 Annual Custom Processing Fees Report for Production Years 1997 through 2003

AC5-V2 FORM - ALLOWABLE COSTS - CUSTOM PROCESSING FEES

Purpose

A royalty client who has incurred and paid in Alberta for compressing, gathering, or processing gas and gas products on a fee-for-service basis must claim a custom processing allowance on the gas and gas products (including fees associated with freehold, purchased and out-of-province volumes). Royalty clients must use the AC5-V2 to report custom processing fees incurred and paid in Alberta in order to claim custom processing allowance.

NOTE: Custom fees will not be allowed as a deduction on raw gas sales that are eligible for 80% gas reference price valuation. However, an AC5-V2 must be submitted showing fees paid on raw gas sales that were not eligible for 80 % gas reference price valuation.

If custom processing fees are claimed at a facility where there is no volume allocation through either SAF/OAF or RMF2, the custom processing fee will be disallowed.

An AC5-V2 must be submitted to report all fees paid for compressing, gathering or processing of gas and gas products, without exception.

Timing

The department must receive a system acceptable AC5-V2 on or before May 15th of the year following the production year to which the AC5-V2 relates.

Consequences of Non-Compliance

If an AC5-V2 is not received, no custom processing allowance will be given for the production year to which it relates. Also, operating costs will be recaptured if the royalty client does not have ownership interest in the FCC, and there have been no reported custom processing fees on the AC5-V2 submission. The penalty for failing

to file an AC5-V2 by its due date is \$100 per month or part of a month until it is received by the department. The only exemption from the requirement to submit an AC5 document applies to royalty clients who do not pay any Crown royalty or receive a Crown cost allowance during the production year, unless they have been amalgamated or consolidated with a Crown royalty client.

NOTE: The department allows a 15-day grace period for penalty levy if an AC5-V2 submission is received on or before the due date, but is rejected because of MRIS edits, and the corrected system acceptable AC5-V2 is received within the grace period.

Submission of AC5-V2

Effective February 2006, Custom Processing Cost Allowance (AC5-V2) submissions are required to be filed on the Registry. The AC5-V2 can be entered online or by batch. The business rules pertaining to filing AC5-V2 documents have not changed only the method of submission. Instructions for filing an AC5-V2 via the Registry are provided in the Registry's training modules. Use of the Registry to file AC5-V2 data is mandatory for operators; but it remains voluntary for non-operators. However, non-operators are strongly encouraged to use the Registry to submit and retrieve their AC5 data.

Amending a Custom Processing Fees Report

An amended AC5-V2 submission must be completed in full in the same manner as the initial AC5-V2 submission.

6.2.1 AC5-V2 - Completion Instructions

PART 1: IDENTIFICATION

- 1.1 CLIENT ID - The four-character client ID assigned by the department to the royalty client.
- 1.2 CLIENT NAME - The full name of the royalty client.
- 1.3 PRODUCTION YEAR - The production year to which the reported information applies.
- 1.4 DATE PREPARED - The numeric year, month, and day on which the AC5-V2 submission is prepared.
- 1.5 CONTACT PERSON - The name of the person the department can contact concerning information on the submission.
- 1.6 TELEPHONE - The telephone number, including area code of the contact person.

PART 2: NON-OWNER IN FACILITY COST CENTRE(S) TIED TO EUB FACILITY

NOTE: Use this section of the submission to report eligible custom processing fees incurred and paid in Alberta where the royalty client has no ownership interest in any of the FCCs involved (i.e., compressing, gathering or processing).

- 2.1 CUSTOM PROCESSING FEE - The actual amount of the custom-processing fee paid for services at the facility identified in *field 2.2*. The amount must be to the nearest whole dollar, example use \$10 instead of \$9.98.
- 2.2 EUB FACILITY CODE
- PROV. - The province in which the facility is located; Alberta (AB).
 - EUB FAC. TYPE - The type of facility; gas plant (GP) or gathering system (GS).
 - EUB FACILITY CODE - The unique 7-digit code assigned by the EUB, which identifies the facility.

OFFICIAL DECLARATION

- 2.3 AUTHORIZED SIGNATURE - The signature of the authorized person for the royalty client for whom the official declaration is made.
- 2.4 NAME OF AUTHORIZED PERSON - The full name of the authorized person whose signature appears in field 2.3.
- 2.5 TITLE OF AUTHORIZED PERSON - The position title of the authorized person whose signature appears in field 2.3.
- 2.6 DATE - The date on which the authorized person signed the official declaration.

NOTE: If additional pages are used, please state, “continuation page(s) are attached”, on the bottom line of field 2.1.

PART 3: OWNER IN FACILITY COST CENTRE(S) TIED TO EUB FACILITY

NOTE:

1. Use this section of the AC5-V2 to report eligible custom processing fees incurred and paid in Alberta where the royalty client may be an owner in some of the FCCs involved, and is custom processing through others. For example, a royalty client may have an ownership interest in a gathering system and is a custom user at a compressing and processing facility. The fees paid may relate to one or more of the compressing, gathering or processing services covered by the UOCR for the facility.

- 2. If a royalty client has ownership interest in some functional units (FCCs) of an EUB facility and is a custom user at similar functional units of the same EUB facility and are disadvantaged due to operating cost recaptures exceeding the custom processing fees paid in the production year, the royalty client may submit a written request to the department requesting the monthly operating costs in lieu of receiving custom processing for the EUB facility. The written request must include supporting documentation that they are disadvantaged. If approved, in the subsequent production years, the department will continue to only recognize the operating cost deduction in lieu of custom processing for the facility.**

- 3. If a royalty client has ownership interest in a FCC and is also paying custom processing fees for processing excess volumes at the same FCC, then:**
 - **The royalty client will report in field 3.2 the full custom processing fees;**
 - **In field 3.3, the total excess capacity volumes should be reported for the EUB facility;**
 - **A checkmark (✓) should be placed in field 3.4. This will enable a royalty client to claim the full excess capacity fee with no operating cost recapture. The reason UOCR will not be recaptured is that the excess capacity charge is intended to cover the capital and profit portion of custom processing and therefore has no operating expense component from which UOCR should be disallowed. In no case is a royalty client to receive duplicate UOCR recognition.**

3.1 EUB FACILITY CODE

- PROV. - The province in which the facility is located; Alberta (AB).
- EUB FAC. TYPE - The type of facility; gas plant (GP) or gathering system (GS).
- EUB FACILITY CODE - The unique 7-digit code assigned by the EUB, which identifies the facility.

3.2 CUSTOM PROCESSING FEE - The actual amount of the custom-processing fee paid for services at the facility identified in *field 3.1*. The amount must be to the nearest dollar. If no eligible custom processing fee is paid for a service provided by the facility, or a service (e.g. compression) is not required, the actual amount to be recorded must be \$0.

3.3 ENERGY - ADJUSTED GAS EQUIVALENT VOLUME - The volume of gas and gas products (in energy adjusted gas equivalent volumes to the nearest decimal) obtained at the outlet of the facility for which the fee recorded in field 3.2 was paid. This includes any volume for which there was ~~if~~ no eligible custom processing fee ~~was~~ paid for a service provided by the facility, or a service (e.g. compression) was not required. To calculate the energy-adjusted

gas equivalent volume for each custom processed facility outlet product, multiply the product volume in its base unit ($10^3\text{m}^3/\text{m}^3/\text{tonnes}$) by its energy-adjusted gas equivalent factor. The energy-adjusted gas equivalent factors are provided in *Ch. VI, Sec. 5.3*. Sum up each product energy-adjusted gas equivalent volume to determine the total energy-adjusted gas equivalent volumes for the facility.

- 3.4 EXCESS CAPACITY - A checkmark (✓) must be placed in this field if the reported fees and volumes are excess capacity.
- 3.5 CUSTOM SERVICES - A checkmark (✓) must be placed in the field or fields that describe the custom processing services for which the fee recorded in field 3.2 were paid. This includes any situation for which there was no eligible custom processing fee paid for a service provided by the facility, or a service (e.g. compression) was not required. For every volume listed in field 3.3, a corresponding checkmark must be placed in field 3.5. If it is left blank, the calculation will default to using the total unit operating cost (UOCR) at the EUB facility as operating cost recovery. For excess capacity volumes identified in field 3.4, field 3.5 must still be completed.

NOTE: If additional pages are used, please state, “Continuation page(s) are attached”, on the bottom line of Field 3.1.

OFFICIAL DECLARATION

- 3.6 AUTHORIZED SIGNATURE - The signature of the authorized person of the royalty client for whom the official declaration is made.
- 3.7 NAME OF AUTHORIZED PERSON - The full name of the authorized person whose signature appears in field 3.6.
- 3.8 TITLE OF AUTHORIZED PERSON - The position title of the authorized person whose signature appears in field 3.6.
- 3.9 DATE - The date on which the authorized person signed the official declaration.

Form provided for illustration purposes only. Required forms are available in *Appendix P*.



**ALLOWABLE COSTS
CUSTOM PROCESSING FEES
AC5-V2**

PRODUCTION YEARS 1997 THROUGH 2003

PART 1: IDENTIFICATION

1.1 _____ 1.2 _____
CLIENT ID CLIENT NAME

1.3 PRODUCTION YEAR _____ 1.4 DATE PREPARED _____
YR. MO. DY.

1.5 _____ 1.6 _____
CONTACT PERSON TELEPHONE

PART 2: NON OWNER IN FACILITY COST CENTRE(S) TIED TO EUB FACILITY

2.1 CUSTOM PROCESSING FEE (\$)		2.2 EUB FACILITY PROV. FAC. TYPE/CODE		2.1 CUSTOM PROCESSING FEE (\$)		2.2 EUB FACILITY PROV. FAC. TYPE/CODE	

OFFICIAL DECLARATION: I HEREBY DECLARE THAT I HAVE NO OWNERSHIP IN ANY OF THE FACILITY COST CENTRES FOR WHICH A CUSTOM PROCESSING FEE HAS BEEN CLAIMED.

2.3 _____ 2.5 _____
AUTHORIZED SIGNATURE TITLE OF AUTHORIZED PERSON

2.4 _____ 2.6 _____
NAME OF AUTHORIZED PERSON DATE

PART 3: OWNER IN FACILITY COST CENTRE(S) TIED TO EUB FACILITY

3.1 EUB FACILITY PROV. FAC. TYPE/CODE			3.2 CUSTOM PROCESSING FEE (\$)	3.3 ENERGY-ADJUSTED GAS EQUIVALENT VOLUME	3.4 EXCESS CAPACITY	3.5 CUSTOM SERVICES		
						COMPRESSING	GATHERING	PROCESSING

OFFICIAL DECLARATION: I HEREBY DECLARE THAT THE CUSTOM SERVICE OBTAINED APPLIES TO THE DELAYED COMPONENT(S) IDENTIFIED OR IS EXCESS CAPACITY.

3.6 _____ 3.8 _____
AUTHORIZED SIGNATURE TITLE OF AUTHORIZED PERSON

3.7 _____ 3.9 _____
NAME OF AUTHORIZED PERSON DATE

Revised 2007-09-21

6.3 Annual Custom Processing Fees Report for Production Years 2004 and Onwards

AC5-V3 FORM - ALLOWABLE COSTS - CUSTOM PROCESSING FEES

Purpose

A royalty client who has incurred and paid in Alberta for compressing, gathering, or processing gas and gas products on a fee-for-service basis must claim a custom processing allowance on the gas and gas products (including fees associated with freehold, purchased and out-of-province volumes). Royalty clients must use the AC5-V3 to report custom processing fees incurred and paid in Alberta in order to claim custom processing allowance.

NOTE: Custom fees will not be allowed as a deduction on raw gas sales that are eligible for 80% gas reference price valuation. However, an AC5-V3 must be submitted showing fees paid on raw gas sales that were not eligible for 80 % gas reference price valuation.

If custom processing fees are claimed at a facility where there is no volume allocation through either SAF/OAF or RMF2, the custom processing fee will be disallowed.

An AC5-V3 must be submitted to report all fees paid for compressing, gathering or processing of gas and gas products, without exception.

Timing

The department must receive a system acceptable AC5-V3 on or before May 15th of the year following the production year to which the AC5-V3 relates.

Consequences of Non-Compliance

If an AC5-V3 is not received, no custom processing allowance will be given for the production year to which it relates. Also, operating costs will be recaptured if the royalty client does not have ownership interest in the FCC, and there have been no reported custom processing fees on the AC5-V3 submission. The penalty for failing to file an AC5-V3 by its due date is \$100 per month or part of a month until it is received by the department. The only exemption from the requirement to submit an AC5 document applies to royalty clients who do not pay any Crown royalty or receive a Crown cost allowance during the production year, unless they have been amalgamated or consolidated with a Crown royalty client.

NOTE: The department allows a 15-day grace period for penalty levy if an AC5-V3 submission is received on or before the due date, but is rejected because of MRIS edits, and the corrected system acceptable AC5-V3 is received within the grace period.

Submission of AC5-V3

Effective February 2006, Custom Processing Cost Allowance (AC5-V3) submissions are required to be filed on the Registry. The AC5-V3 can be entered online or by batch. The business rules pertaining to filing AC5-V3 documents have not changed only the method of submission. Instructions for filing an AC5-V3 via the Registry are provided in the Registry's training modules. Use of the Registry to file AC5-V3 data is mandatory for operators; but it remains voluntary for non-operators. However, non-operators are strongly encouraged to use the Registry to submit and retrieve their AC5 data.

Amending a Custom Processing Fees Report

An amended AC5-V3 submission must be completed in full in the same manner as the initial AC5-V3 submission.

6.3.1 AC5-V3 – Completion Instructions

PART 1: IDENTIFICATION

- 1.1 CLIENT ID - The four-character client ID assigned by the department to the royalty client.
- 1.2 CLIENT NAME - The full name of the royalty client.
- 1.3 PRODUCTION YEAR - The production year to which the reported information applies.
- 1.4 DATE PREPARED - The numeric year, month, and day on which the AC5-V3 submission is prepared.
- 1.5 CONTACT PERSON - The name of the person the department can contact concerning information on the submission.
- 1.6 TELEPHONE - The telephone number, including area code of the contact person.

PART 2: NON-OWNER IN FACILITY COST CENTRE(S) TIED TO EUB FACILITY

NOTE: Use this section of the submission to report eligible custom processing fees incurred and paid in Alberta where the royalty client has no ownership interest in any of the FCCs involved (i.e., compressing, gathering or processing).

- 2.1 CUSTOM PROCESSING FEE - The actual amount of the custom-processing fee paid for services at the facility identified in *field* 2.2. The amount must be to the nearest whole dollar, example use \$10 instead of \$9.98.
- 2.2 EUB FACILITY CODE

- PROV. - The province in which the facility is located; Alberta (AB).
- EUB FAC. TYPE - The type of facility; gas plant (GP) or gathering system (GS).
- EUB FACILITY CODE - The unique 7-digit code assigned by the EUB, which identifies the facility.

NOTE: If additional pages are used, please state, “continuation page(s) are attached”, on the bottom line of field 2.1.

PART 3: OWNER IN FACILITY COST CENTRE(S) TIED TO EUB FACILITY

NOTE:

- 1) Use this section of the AC5-V3 to report eligible custom processing fees incurred and paid in Alberta where the royalty client may be an owner in some of the FCCs involved, and is custom processing through others. For example, a royalty client may have an ownership interest in a gathering system and is a custom user at a compressing and processing facility. The fee paid may relate to one or more of the compressing, gathering or processing services covered by the UOCR for the facility.
- 2) If a royalty client has ownership interest in some functional units (FCCs) of an EUB facility and is a custom user at similar functional units of the same EUB facility and are disadvantaged due to operating cost recaptures exceeding the custom processing fees paid in the production year, the royalty client may submit a written request to the department requesting the monthly operating costs in lieu of receiving custom processing for the EUB facility. The written request must include supporting documentation that they are disadvantaged. If approved, in the subsequent production years, the department will continue to only recognize the operating cost deduction in lieu of custom processing for the facility.
- 3) If a royalty client has ownership interest in an FCC and is also paying custom processing fees for processing excess volumes at the same FCC, then:
 - The royalty client will report in Field 3.2 the full custom processing fees;
 - In field 3.3, the total excess capacity volumes should be reported for the EUB facility;
 - A checkmark (✓) should be placed in field 3.4. This will enable a royalty client to claim the full excess capacity fee with no operating cost recapture. The reason UOCR will not be recaptured is that the excess capacity charge is intended to cover the capital and profit portion of custom processing and therefore has no operating expense component from which UOCR should be disallowed. In no case is a royalty client to receive duplicate UOCR recognition.

3.1 EUB FACILITY CODE

- PROV. - The province in which the facility is located; Alberta (AB).

- EUB FAC. TYPE - The type of facility; gas plant (GP) or gathering system (GS).
 - EUB FACILITY CODE - The unique 7-digit code assigned by the EUB, which identifies the facility.
- 3.2 CUSTOM PROCESSING FEE - The actual amount of the custom-processing fee paid for services at the facility identified in *field 3.1*. The amount must be to the nearest dollar. If no eligible custom processing fee is paid for a service provided by the facility, or a service (e.g. compression) is not required, the actual amount to be recorded must be \$0.
- 3.3 ENERGY - ADJUSTED GAS EQUIVALENT VOLUME - The volume of gas and gas products (in energy adjusted gas equivalent volumes to the nearest decimal) obtained at the outlet of the facility for which the fee recorded in field 3.2 was paid. This includes any volume for which there was no eligible custom processing fee paid for a service provided by the facility, or a service (e.g. compression) was not required. To calculate the energy-adjusted gas equivalent volume for each custom processed facility outlet product, multiply the product volume in its base unit ($10^3 \text{ m}^3/\text{m}^3/\text{tonnes}$) by its energy-adjusted gas equivalent factor. The energy-adjusted gas equivalent factors are provided in *Ch. VI, Sec. 5.3*. Sum up each product energy-adjusted gas equivalent volume to determine the total energy-adjusted gas equivalent volumes for the facility.
- 3.4 EXCESS CAPACITY - A checkmark (✓) must be placed in this field if the reported fees and volumes are excess capacity.
- 3.5 CUSTOM SERVICES - A checkmark (✓) must be placed in the field or fields that describe the custom processing services for which the fee recorded in field 3.2 were paid. This includes any situation for which there was no eligible custom processing fee paid for a service provided by the facility, or a service (e.g. compression) was not required. For every volume listed in field 3.3, a corresponding checkmark must be placed in field 3.5. If it is left blank, the calculation will default to using the total unit operating cost (UOCR) at the EUB facility as operating cost recovery. For excess capacity volumes identified in field 3.4, field 3.5 must still be completed.

NOTE: If additional pages are used, please state, “Continuation page(s) are attached”, on the bottom line of field 3.1.

Form provided for illustration purposes only. Required forms are available in *Appendix P*.

PART 2: ALLOWABLE OPERATING COSTS			
Fields to be complete	Form edits	Results of incorrect field	
2.6 Overhead	- use calculated value		
2.7 Direct Allowable Operating Costs and Overhead	- use calculated value		
2.8 Working Capital Allowance	- use calculated value		
2.9 Total allowable Operating Costs	- use calculated value		
PART 3: OPERATING COST ALLOWANCE REALLOCATIONS			
Fields to be complete	Form edits	Results of incorrect field	
3.1	Province	- if not AB, BC, or SK	FORM REJECTED
	Facility Type	- if not GS or GP - if FCC type is 'processing' and allocatee facility type is not GP	FORM REJECTED FORM REJECTED
	EUB Facility Code	- in invalid facility ID - if facility is not effective for some part of the production year to which the form relates - if left blank and corresponding 3.2 exists - if year end plant classification is not 'sweet' or 'sour' and FCC type is 'processing' - if facility ID appears more than once in PART 3	FORM REJECTED FORM REJECTED FORM REJECTED FORM REJECTED FORM REJECTED
3.2 Operating Cost Allowance Distributions %	- if greater than 100 or if less than zero - if left blank and corresponding 3.1 exists	FORM REJECTED FORM REJECTED	
3.3 Total Operating Cost Allowance Allocated	-- if sum of all 3.2 allocations does not equal 0% or 100%	FORM REJECTED	
PART 1 AND 2A	- if left blank or parts exist more than once	FORM REJECTED	

2.4 VALIDATION RULES - AC5-V2 FORM: ALLOWABLE COSTS CUSTOM PROCESSING FEES		
PART 1: IDENTIFICATION		
<i>Fields to be completed</i>	Form Edits	<i>Results of incorrect field</i>
1.1 Client ID	- invalid client ID - if client ID is not effective for some part of the production year to which the form relates - if client ID is not active for some part of the production year to which the form relates	FORM REJECTED FORM REJECTED FORM REJECTED
1.2 Client name	- no edit checks	
1.3 Production year	- if less than the 1997 production year or greater than the 2003 production year - if greater than the current production year - if the production year is statute barred	FORM REJECTED FORM REJECTED FORM REJECTED
1.4 Date prepared	- invalid date - if date prepared is less than the date prepared of the current version on file - if greater than date received	FORM REJECTED FORM REJECTED FORM REJECTED
1.5 Contact person	- accept as entered	
1.6 Telephone	- accept as entered	

PART 2: NON OWNER IN FACILITY COST CENTRE(S) TIED TO EUB FACILITY			
Fields to be completed	Form Edits	Results of incorrect field	
2.1 Custom processing fee	- if less than or equal to zero - if blank and corresponding 2.2 exists Note: must be rounded to nearest whole dollar	LINE REJECTED LINE REJECTED	
2.2	Province	- if not AB, BC, or SK	LINE REJECTED
	Facility type	- if not GP or GS	LINE REJECTED
	EUB facility code	- invalid facility ID	LINE REJECTED
		- if facility code is not effective for some part of the production year to which the form relates	LINE REJECTED
		- if facility status is incomplete	LINE REJECTED
- if blank and corresponding 2.1 exists		LINE REJECTED	
	- if royalty client does not have volumes for this facility code for the production year to which the form relates	LINE REJECTED	
	- if a royalty client's volumes for this facility, for the production year, consist completely of raw gas	LINE REJECTED	
	- if facility code is listed in both 2.2 and 3.1	LINE REJECTED	
2.3	Authorized signature	- accept as entered	
	PART 2	- if EUB facility code exists more than once	LINE REJECTED

PART 3: OWNER IN FACILITY COST CENTRE(S) TIED TO EUB FACILITY			
Fields to be completed		Form Edits	Results of incorrect field
3.1	Province	- if not AB, BC, or SK	LINE REJECTED
	Facility type	- if not GP or GS	LINE REJECTED
	EUB facility code	- invalid facility ID - if facility code is not effective for some part of the production year to which the form relates - if facility status is incomplete - if blank and corresponding 3.2, 3.3, 3.4 and 3.5 exist - if royalty client does not have volumes for this facility code for the production year to which the form relates - if a royalty client's volumes for this facility, for the production year, consist completely of raw gas - if facility code is listed in both 2.2 and 3.1	LINE REJECTED LINE REJECTED LINE REJECTED LINE REJECTED LINE REJECTED LINE REJECTED FORM REJECTED
3.2	Custom processing fee	- if less than zero NOTE: MUST BE ROUNDED TO NEAREST WHOLE DOLLAR	LINE REJECTED
3.3	Energy-adjusted gas equivalent volume	- if less than or equal to zero (one decimal place only) - if blank and corresponding 3.1, 3.2, 3.4 and 3.5 exist - if greater than 4,500,000 (calc) NOTE: THIS IS A VOLUME FIELD ONLY, NO PRODUCT CODE REQUIRED ON AC5 – V2. THIS IS FOR ENERGY-ADJUSTED GAS EQUIVALENT VOLUMES ONLY. (USE OF 103M3 OR GIGAJOULES WILL CALCULATE AN INCORRECT UOCR RECAPTURE AND WILL RESULT IN AN INCORRECT NET CUSTOM PROCESSING FEE FOR THIS FACILITY)	LINE REJECTED

PART 3: OWNER IN FACILITY COST CENTRE(S) TIED TO EUB FACILITY			
Fields to be completed		Form Edits	Results of incorrect field
3.4	Excess capacity	- if this field is not blank and contains anything more than a check mark NOTE: CHECK ONLY IF EXCESS CAPACITY APPLIES	LINE REJECTED
3.5	Compressing code Gathering code Processing code	- if these fields are not blank and contains anything more than a check mark NOTE: If compressing, gathering, and processing codes are all blank the calculation will default to using the total unit operating cost at the EUB facility as operating cost recovery	LINE REJECTED
3.6	Authorized signature	- accept as entered	
PART 2 / PART 3		- if this is an original submission and only PART 1 exists - if EUB facility code is listed in both PART 2 and PART 3 - if all information in PART 2 and/or PART 3 results in line rejections and this in an original submission	FORM REJECTED LINE REJECTED FORM REJECTED

2.4.1 VALIDATION RULES - AC5-V3 FORM: ALLOWABLE COSTS CUSTOM PROCESSING FEES		
PART 1: IDENTIFICATION		
<i>Fields to be completed</i>	Form Edits	<i>Results of incorrect field</i>
1.1 Client ID	- invalid client ID - if client ID is not effective for some part of the production year to which the form relates - if client ID is not active for some part of the production year to which the form relates	FORM REJECTED FORM REJECTED FORM REJECTED
1.2 Client name	- no edit checks	
1.3 Production year	- if less than the 2004 production year - if greater than the current production year - if production year is statute barred	FORM REJECTED FORM REJECTED FORM REJECTED
1.4 Date prepared	- invalid date - if date prepared is less than the date prepared of the current version on file - if greater than date prepared	FORM REJECTED FORM REJECTED FORM REJECTED
1.5 Contact person		
1.6 Telephone		

PART 2: NON OWNER IN FACILITY COST CENTRE(S) TIED TO EUB FACILITY		
Fields to be completed	Form Edits	Results of incorrect field
2.1 Custom processing fee	- if less than or equal to zero - if blank and corresponding 2.2 exists Note: must be rounded to nearest whole dollar	LINE REJECTED LINE REJECTED
2.2 Province	- if not AB, BC, or SK	LINE REJECTED
Facility type	- if not GP or GS	LINE REJECTED
EUB facility code	-- invalid facility ID - if facility code is not effective for some part of the production year to which the form relates - if facility status is incomplete - if blank and corresponding 2.1 exists - if royalty client does not have volumes for this facility code for the production year to which the form relates - if a royalty client's volumes for this facility, for the production year, consist completely of raw gas - if facility code is listed in both 2.2 and 3.1	LINE REJECTED LINE REJECTED LINE REJECTED LINE REJECTED LINE REJECTED LINE REJECTED FORM REJECTED
PART 2	- if EUB facility code exists more than once	LINE REJECTED

PART 3: OWNER IN FACILITY COST CENTRE(S) TIED TO EUB FACILITY			
Fields to be completed		Form Edits	Results of incorrect field
3.1	Province	- if not AB, BC, or SK	LINE REJECTED
	Facility type	- if not GP or GS	LINE REJECTED
	EUB facility code	- invalid facility ID - if facility code is not effective for some part of the production year to which the form relates - if facility status is incomplete - if blank and corresponding 3.2, 3.3, 3.4 and 3.5 exist - if royalty client does not have volumes for this facility code for the production year to which the form relates - if a royalty client's volumes for this facility, for the production year, consist completely of raw gas - if facility code is listed in both 2.2 and 3.1	LINE REJECTED LINE REJECTED LINE REJECTED LINE REJECTED LINE REJECTED LINE REJECTED FORM REJECTED
3.2	Custom processing fee	- if less than zero NOTE: MUST BE ROUNDED TO NEAREST WHOLE DOLLAR	LINE REJECTED
3.3	Energy-adjusted gas equivalent volume	- if less than or equal to zero (one decimal place only) - if blank and corresponding 3.1, 3.2, 3.4 and 3.5 exist - if greater than 4,500,000 (calc) NOTE: THIS IS A VOLUME FIELD ONLY, NO PRODUCT CODE REQUIRED ON AC5 – V3. THIS IS FOR ENERGY-ADJUSTED GAS EQUIVALENT VOLUMES ONLY. (USE OF 103M3 OR GIGAJOULES WILL CALCULATE AN INCORRECT UOCR RECAPTURE AND WILL RESULT IN AN INCORRECT NET CUSTOM PROCESSING FEE FOR THIS FACILITY)	LINE REJECTED

PART 3: OWNER IN FACILITY COST CENTRE(S) TIED TO EUB FACILITY			
Fields to be completed		Form Edits	Results of incorrect field
3.4	Excess capacity	- if this field is not blank and contains anything more than a check mark NOTE: CHECK ONLY IF EXCESS CAPACITY APPLIES	LINE REJECTED
3.5	Compressing code Gathering code Processing code	- if these fields are not blank and contains anything more than a check mark NOTE: If compressing, gathering, and processing codes are all blank the calculation will default to using the total unit operating cost at the EUB facility as operating cost recovery	LINE REJECTED
PART 2 / PART 3		- if this is an original submission and only PART 1 exists - if EUB facility code is listed in both PART 2 and PART 3 - if all information in PART 2 and/or PART 3 results in line rejections and this in an original submission	FORM REJECTED LINE REJECTED FORM REJECTED

2.5 VALIDATION RULES - VA2 FORM		
PART 1: WINDOW EDITS		
Fields to be completed	Form Edits	Results of incorrect field
1.1 Client ID	- invalid client ID - if the BA or one of it's amalgamates or consolidates does not have a CAP election for the production year - if the BA is an invoice consolidate or amalgamate in the production year entered	FORM REJECTED FORM REJECTED FORM REJECTED
1.2 Client Name	- no edit checks	
1.3 Production Year	- if greater than the current processing year - if less than the 1994 production year	FORM REJECTED FORM REJECTED
1.4 Date Prepared	- invalid date - if date prepared is less than the date prepared of the current version on file - if greater than the current date	FORM REJECTED FORM REJECTED FORM REJECTED
1.5 Contact Person	- no edit checks	
1.6 Telephone	- no edit checks	
1.7 No Sales/ Dispositions Check Box	- if no sales box is checked and there is information in part 2, 3, or 4	FORM REJECTED



**ALLOWABLE COSTS
CUSTOM PROCESSING FEES
AC5-V2**

PRODUCTION YEARS 1997 THROUGH 2003

PART 1: IDENTIFICATION

1.1 _____ 1.2 _____
 CLIENT ID CLIENT NAME

1.3 PRODUCTION YEAR _____ 1.4 DATE PREPARED _____
 YR. MO. DY.

1.5 _____ 1.6 _____
 CONTACT PERSON TELEPHONE

PART 2: NON OWNER IN FACILITY COST CENTRE(S) TIED TO EUB FACILITY

2.1 CUSTOM PROCESSING FEE (\$)	2.2 EUB FACILITY PROV. FAC. TYPE/CODE		2.1 CUSTOM PROCESSING FEE (\$)	2.2 EUB FACILITY PROV. FAC. TYPE/CODE	

OFFICIAL DECLARATION: I HEREBY DECLARE THAT I HAVE NO OWNERSHIP IN ANY OF THE FACILITY COST CENTRES FOR WHICH A CUSTOM PROCESSING FEE HAS BEEN CLAIMED.

2.3 _____ 2.5 _____
 AUTHORIZED SIGNATURE TITLE OF AUTHORIZED PERSON

2.4 _____ 2.6 _____
 NAME OF AUTHORIZED PERSON DATE

PART 3: OWNER IN FACILITY COST CENTRE(S) TIED TO EUB FACILITY

3.1 EUB FACILITY PROV. FAC. TYPE/CODE	3.2 CUSTOM PROCESSING FEE (\$)	3.3 ENERGY- ADJUSTED GAS EQUIVALENT VOLUME	3.4 EXCESS CAPACITY	3.5 CUSTOM SERVICES		
				COMPRESSING	GATHERING	PROCESSING

OFFICIAL DECLARATION: I HEREBY DECLARE THAT THE CUSTOM SERVICE OBTAINED APPLIES TO THE DELAYERED COMPONENT(S) IDENTIFIED OR IS EXCESS CAPACITY.

3.6 _____ 3.8 _____
 AUTHORIZED SIGNATURE TITLE OF AUTHORIZED PERSON

3.7 _____ 3.9 _____
 NAME OF AUTHORIZED PERSON DATE

6. Custom Processing Cost Allowance

6.1 Business Summary

A.R. 220/2002 S.20 (1)(3)(4)(5)

The Crown deducts allowances for compressing, gathering and processing its royalty share of gas and gas products through the Crown share of custom processing allowance incurred and paid in Alberta. This is deducted only by way of reduction of royalties, which may not exceed the total royalty compensation owing for natural gas and gas products royalty. (*Refer to Ch VI, Sec 1.1*).

The Crown share of custom processing cost allowances are determined annually based on processing costs incurred and paid in Alberta in the year. They are deducted monthly on an estimated basis and adjusted at the end of the year. The Crown share of custom processing cost allowances are deducted for royalty clients who pay for compressing, gathering and processing on a fee-for-service basis. Should a client receive a custom processing service without paying a fee, **or not require a certain service (e.g. compression)**, the Crown will recapture its annual share of operating cost allowances ~~which were previously granted, as an annual custom processing fee adjustment~~ **related to the service(s)**.

The Crown will not recapture operating costs for any delayed UOCR components from owners (royalty clients with ownership interests in all three delayed components at the EUB facility who do not incur and pay custom processing services for their share of the facility volumes). Owners are only required to report custom processing fees on excess capacity volumes. These fees are not subject to a recapture of operating costs because an excess capacity charge has no operational expense component from which UOCR should be disallowed.

The Crown will recapture operating costs for any delayed UOCR component (compression, gathering and processing) in which a royalty client does not have capital ownership. The operating cost recapture is shown as a reduction to custom processing fees and is included with the annual custom processing fee adjustment. Non-owners (no capital ownership in any delayed component) must use Part 2 of the AC5 to report custom processing fees. Partial owners (royalty clients with ownership interest in at least one delayed component at the EUB facility who do incur and pay custom processing services for some portion of their share of the facility volumes) must use Part 3 of the AC5 to report custom processing fees and custom processed volumes for each service not provided through capital ownership, even if a service (e.g. compression) is not required, or is required and not paid for.

~~The Crown will not allow as a deduction from royalty payable the custom processing fees and/or operating costs on volumes for a royalty client who did not incur these costs.~~

NOTE: To facilitate administrative simplicity, the department will accept allowable custom processing fees and/or allowable operating costs as being those incurred and paid in Alberta in the year rather than for the year unless the procedure is judged to disadvantage the Crown. This procedure will eliminate retroactive filing when fees are billed after the due date for filing of the AC5 form. Royalty clients may make prior period volumetric and cost adjustments against the current year reporting as long as the facility is not terminated or they have not sold or acquired an interest in the facility. All adjustments must include both volumes and costs. If the facility is terminated or they have sold or acquired an interest in the facility, the royalty clients must amend the appropriate year's AC5 form.

Once a method of reporting has been decided upon for a facility, this must be applied consistently from year to year. The decision of the department will be considered final in respect of any issues pertaining to the interpretation and application of this business rule.

If a royalty client has ownership interest in some functional units (FCCs) of an EUB facility and is a custom user at similar functional units of the same EUB facility and is disadvantaged due to operating cost recaptures exceeding the custom processing fees paid in the production year, the royalty client must submit a written request to the department requesting the monthly operating costs in lieu of receiving custom processing for the EUB facility. The written request must include supporting documentation that they are disadvantaged. If approved, in the subsequent production years, the department will continue to only recognize the operating cost deduction in lieu of custom processing for the facility.

A.R. 220/2002 S. 20 (14)

Effective February 2006, royalty clients who have paid for compressing, gathering, or processing gas and gas products on a *fee-for-service* basis in Alberta must file an appropriate version of the Custom Processing Cost Allowance (AC5) on the Registry. This claim also includes fees associated with freehold, purchased and out-of-province volumes. An appropriate version of the AC5 must be received by the department on or before May 15th following the production year to which the report relates.

The department is the final point of validation for allowable cost forms. Operators may receive an initial response from the Registry that their submission was accepted, however final validation and acceptance or rejection of the submission is performed by the department. The department encourages timely filing to allow for any corrections and resubmissions of rejected documents prior to the respective due date.

6.1.1 Custom Processing Fees For 100% Freehold Royalty Clients

Clients that are 100% freehold are no longer required to file an AC5 document for the related production year as long as they do not acquire any crown interest volumes in the same production year. In the event that your freehold status changes during the year and as a consequence you are required to file an AC5 to claim custom processing fees, the department encourages timely filing of the AC5 to prevent late filing penalties.

For 100% freehold royalty clients who may receive a crown cost allowance through amalgamation or consolidation with a crown royalty client, all processed volumes are subject to operating cost recapture in the absence of capital ownership. Filing an AC5 document to report the custom processing fees paid on freehold volumes entitles the royalty client to a crown cost allowance in excess of operating costs.

6.1.2 Calculating the Crown Share of Custom Processing Fees

Annually, the department calculates the crown share of custom processing cost allowances for each royalty client, net of the monthly crown share of operating cost allowances already paid.

The department calculates each royalty client's annual crown share of custom processing cost allowances as:

$$\frac{\text{net custom processing fees paid in the production year by the royalty client}}{\text{royalty client's Corporate Effective Royalty Rate for the year}} \dots \text{multiplied by} \dots$$

Calculation of a royalty client's corporate effective royalty rate is described in *Ch. VI, Sec. 7*.

Net custom processing fees paid in the production year by a royalty client are:

$$\text{eligible custom processing fees paid in the production year} \dots \text{minus} \dots \text{operating costs on all custom processed gas and gas products for the year (includes operating costs where a service is not required, or is required and not paid for)}$$

6.1.3 Eligible Custom Processing Fees

Eligible custom processing fees paid are arm's-length fees paid by the royalty client in Alberta:

- For compressing, gathering or processing services at an EUB facility in which the royalty client has no ownership interest; *or*
- To co-owners of an FCC in which the royalty client has an ownership interest, for the quantity of gas and gas products processed that exceed the royalty client's ownership share (these fees must be defined clearly in writing in the partnership or joint venture agreement.)

A.R. 220/2002 S. 20 (3)

NOTE: Eligible custom processing fees do not include offsetting considerations between the client and the processor, or where transactions are essentially a financing mechanism. The Crown may limit custom processing fees to a reasonable amount, as determined by the Minister, for a royalty client who pays fees for compressing, gathering or processing at an EUB facility in which the client previously had an ownership interest.

A royalty client reporting custom processing fees must have either SAF/OAF or RMF2 volumes at the facility for that production year. If a royalty client reports custom processing fees at a facility where they do not have any volumes for the production year, the custom processing fees will be disallowed.

If a royalty client obtains custom processing services for a fee or consideration other than money, then:

- Where the fee is paid as gas or a gas product, the eligible amount of the fee is:

<p>the quantity of the gas or gas product given in payment <i>...multiplied by...</i> the price at which the department values the Royalty client's gas or gas product given in payment</p>

- Where the fee is paid with other than gas or a gas product, the eligible amount of the fee is the market value of the goods or services given in payment.

If a royalty client obtains custom processing services without paying a fee, or does not require a certain service (e.g. compression), the operating costs are subject to recapture as the volumes of gas and gas products will have had a UOCR applied to them each month whether a service is needed or not.

Prepaid custom processing costs claimed in a year must be that portion of the total prepaid cost that relates to the actual volume processed in that year.

The Crown reserves the right, as defined in *Section 20(3) of the Natural Gas Royalty Regulation 2002*, to limit the custom fees paid by the custom user to a share of total costs at the FCC proportional to the custom user's volumes.

NOTE: If approved by the Minister, for production years prior to 2006, when unprocessed gas is delivered to a field straddle plant for processing before being disposed of, the department will assess crown royalty share of gas and gas products at the plant gate of the field straddle plant. There is no UOCR deduction for field straddle plant, as the field straddle plant has no plant type defined. Allowable costs will be given through a reasonable custom processing fee equivalent to the actual costs for that plant. No operating cost will be recaptured because field straddle plants have not been given a UOCR deduction.

6.1.4 Allowable Operating Cost on Custom Processed Gas and Gas Products

The volumes of gas and gas products for which a royalty client paid eligible custom processing fees in a year will have had a UOCR applied to them each month. As a result, the Crown will have paid the crown share of operating cost allowances on them. A royalty client's eligible custom processing fees for a year (including fees associated with freehold, purchase and out-of-province gas and gas products) will be reduced at the initial annual billing period (IABP) by the amount of the operating costs. The operating cost for this purpose applies to all gas and gas product volumes including freehold, purchased and out-of-province gas and gas products.

If the eligible custom processing fee paid is for all of the royalty client's volumes at the EUB facility and all of the services provided by the facility, then the allowable operating cost will be subtracted from the eligible custom processing fees paid, calculated as:

<p>Royalty client's share of energy-adjusted gas equivalent volumes custom processed at the EUB facility for the year <i>(including gas and products sent to approved injection and cycling schemes)</i> ...multiplied by... UOCR for the EUB facility in the year</p>

If the eligible custom processing fee paid is only for a part of the services and/or part of the volumes provided by an EUB facility, then the allowable operating cost that must be subtracted from the eligible custom processing fees paid will also be only part of the allowable operating cost for the facility at which the services were provided.

If no eligible custom processing fee is paid for a service provided by the facility, or a service (e.g. compression) is not required, the allowable operating costs for the service(s) are subject to recapture.

The reduction for partial custom processing service is recognized through pro-rating the UOCR for the EUB facility into three delayed rates; one each for compressing, gathering and processing.

The allowable operating cost that will be deducted for partial custom processing service is calculated as:

Royalty client's energy-adjusted gas equivalent volume custom processed at the EUB facility for the year ⁽¹⁾ (including gas and products sent to approved injection and cycling schemes)
...multiplied by...
delayered compressing/gathering/processing UOCR ⁽²⁾ for the EUB facility for the year

- 1) Energy-adjusted gas volume equivalent of the custom processed gas and gas product volumes reported by the royalty client on appropriate versions of the AC5 submission(s) for the year.
- 2) Delayered compressing UOCR, delayered gathering UOCR or delayered processing UOCR, or any combination of them depending on the service provided.

NOTE: A system process will recapture operating costs from a royalty client who has volumes at a facility where they have no capital ownership (as identified on the AC2 or AC3 submission) and no reported custom processing fees. A royalty client who is not an owner at a facility is not entitled to the operating costs they received on a monthly basis. Therefore, the operating costs will be recaptured if there have been no reported custom processing fees on the AC5. This annual custom processing adjustment, as with all other custom processing amendments, will be subject to prior period interest.

If a royalty client has ownership interest in an FCC and is also paying custom processing fees for processing excess volumes at the same FCC, then UOCR will not be recaptured because excess capacity charge is intended to cover the capital and profit portion of custom processing and therefore has no operational expense component from which UOCR should be disallowed. In no case is a royalty client to receive duplicate UOCR recognition.

6.2 Annual Custom Processing Fees Paid Report for Production Years 1997 through 2003

AC5-V2 FORM - ALLOWABLE COSTS - CUSTOM PROCESSING FEES **PAID**

Purpose

A royalty client who has incurred and paid in Alberta for compressing, gathering, or processing gas and gas products on a fee-for-service basis must claim a custom processing allowance on the gas and gas products (including fees associated with freehold, purchased and out-of-province volumes). Royalty clients must use the AC5-V2 to report custom processing fees incurred and paid in Alberta in order to claim custom processing allowance.

NOTE: Custom fees will not be allowed as a deduction on raw gas sales that are eligible for 80% gas reference price valuation. However, an AC5-V2 must be submitted showing fees paid on raw gas sales that were not eligible for 80 % gas reference price valuation.

If custom processing fees are claimed at a facility where there is no volume allocation through either SAF/OAF or RMF2, the custom processing fee will be disallowed.

An AC5-V2 must be submitted to report all fees paid for compressing, gathering or processing of gas and gas products, without exception.

Timing

The department must receive a system acceptable AC5-V2 on or before May 15th of the year following the production year to which the AC5-V2 relates.

Consequences of Non-Compliance

If an AC5-V2 is not received, no custom processing allowance will be given for the production year to which it relates. Also, operating costs will be recaptured if the royalty client does not have ownership interest in the FCC, and there have been no reported custom processing fees on the AC5-V2 submission. The penalty for failing to file an AC5-V2 by its due date is \$100 per month or part of a month until it is received by the department. The only exemption from the requirement to submit an AC5 document applies to royalty clients who do not pay any Crown royalty or receive a Crown cost allowance during the production year, unless they have been amalgamated or consolidated with a Crown royalty client.

NOTE: The department allows a 15-day grace period for penalty levy if an AC5-V2 submission is received on or before the due date, but is rejected because of MRIS edits, and the corrected system acceptable AC5-V2 is received within the grace period.

Submission of AC5-V2

Effective February 2006, Custom Processing Cost Allowance (AC5-V2) submissions are required to be filed on the Registry. The AC5-V2 can be entered online or by batch. The business rules pertaining to filing AC5-V2 documents have not changed only the method of submission. Instructions for filing an AC5-V2 via the Registry are provided in the Registry's training modules. Use of the Registry to file AC5-V2 data is mandatory for operators; but it remains voluntary for non-operators. However, non-operators are strongly encouraged to use the Registry to submit and retrieve their AC5 data.

Amending a Custom Processing Fees Paid Report

An amended AC5-V2 submission must be completed in full in the same manner as the initial AC5-V2 submission.

6.2.1 AC5-V2 - Completion Instructions

PART 1: IDENTIFICATION

- 1.1 CLIENT ID - The four-character client ID assigned by the department to the royalty client.
- 1.2 CLIENT NAME - The full name of the royalty client.
- 1.3 PRODUCTION YEAR - The production year to which the reported information applies.
- 1.4 DATE PREPARED - The numeric year, month, and day on which the AC5-V2 submission is prepared.
- 1.5 CONTACT PERSON - The name of the person the department can contact concerning information on the submission.
- 1.6 TELEPHONE - The telephone number, including area code of the contact person.

PART 2: NON-OWNER IN FACILITY COST CENTRE(S) TIED TO EUB FACILITY

NOTE: Use this section of the submission to report eligible custom processing fees incurred and paid in Alberta where the royalty client has no ownership interest in any of the FCCs involved (i.e., compressing, gathering or processing).

- 2.1 CUSTOM PROCESSING FEE PAID - The actual amount of the custom-processing fee paid for services at the facility identified in *field* 2.2. The amount must be to the nearest whole dollar, example use \$10 instead of \$9.98.
- 2.2 EUB FACILITY CODE
 - PROV. - The province in which the facility is located; Alberta (AB).
 - EUB FAC. TYPE - The type of facility; gas plant (GP) or gathering system (GS).
 - EUB FACILITY CODE - The unique 7-digit code assigned by the EUB, which identifies the facility.

OFFICIAL DECLARATION

- 2.3 AUTHORIZED SIGNATURE - The signature of the authorized person for the royalty client for whom the official declaration is made.
- 2.4 NAME OF AUTHORIZED PERSON - The full name of the authorized person whose signature appears in field 2.3.

2.5 TITLE OF AUTHORIZED PERSON - The position title of the authorized person whose signature appears in field 2.3.

2.6 DATE - The date on which the authorized person signed the official declaration.

NOTE: If additional pages are used, please state, “continuation page(s) are attached”, on the bottom line of field 2.1.

PART 3: OWNER IN FACILITY COST CENTRE(S) TIED TO EUB FACILITY

NOTE:

1. Use this section of the AC5-V2 to report eligible custom processing fees incurred and paid in Alberta where the royalty client may be an owner in some of the FCCs involved, and is custom processing through others. For example, a royalty client may have an ownership interest in a gathering system and is a custom user at a compressing and processing facility. The fees paid may relate to one or more of the compressing, gathering or processing services covered by the UOCR for the facility.
2. If a royalty client has ownership interest in some functional units (FCCs) of an EUB facility and is a custom user at similar functional units of the same EUB facility and are disadvantaged due to operating cost recaptures exceeding the custom processing fees paid in the production year, the royalty client may submit a written request to the department requesting the monthly operating costs in lieu of receiving custom processing for the EUB facility. The written request must include supporting documentation that they are disadvantaged. If approved, in the subsequent production years, the department will continue to only recognize the operating cost deduction in lieu of custom processing for the facility.
3. If a royalty client has ownership interest in a FCC and is also paying custom processing fees for processing excess volumes at the same FCC, then:
 - The royalty client will report in field 3.2 the full custom processing fees;
 - In field 3.3, the total excess capacity volumes should be reported for the EUB facility;
 - A checkmark (✓) should be placed in field 3.4. This will enable a royalty client to claim the full excess capacity fee with no operating cost recapture. The reason UOCR will not be recaptured is that the excess capacity charge is intended to cover the capital and profit portion of custom processing and therefore has no operating expense component from which UOCR should be disallowed. In no case is a royalty client to receive duplicate UOCR recognition.

3.1 EUB FACILITY CODE

- PROV. - The province in which the facility is located; Alberta (AB).
- EUB FAC. TYPE - The type of facility; gas plant (GP) or gathering system (GS).
- EUB FACILITY CODE - The unique 7-digit code assigned by the EUB, which identifies the facility.

3.2 CUSTOM PROCESSING FEE ~~PAID~~ - The actual amount of the custom-processing fee paid for services at the facility identified in *field 3.1*. The amount must be to the nearest dollar. **If no eligible custom processing fee is paid for a service provided by the facility, or a service (e.g. compression) is not required, the actual amount to be recorded must be \$0.**

3.3 ENERGY - ADJUSTED GAS EQUIVALENT VOLUME - The volume of gas and gas products (in energy adjusted gas equivalent volumes to the nearest decimal) obtained at the outlet of the facility for which the fee recorded in field 3.2 was paid. **This includes any volume for which there was no eligible custom processing fee paid for a service provided by the facility, or a service (e.g. compression) was not required.** To calculate the energy-adjusted gas equivalent volume for each custom processed facility outlet product, multiply the product volume in its base unit ($10^3 \text{ m}^3/\text{m}^3/\text{tonnes}$) by its energy-adjusted gas equivalent factor. The energy-adjusted gas equivalent factors are provided in *Ch. VI, Sec. 5.3*. Sum up each product energy-adjusted gas equivalent volume to determine the total energy-adjusted gas equivalent volumes for the facility.

3.4 EXCESS CAPACITY - A checkmark (✓) must be placed in this field if the reported fees and volumes are excess capacity.

3.5 CUSTOM SERVICES ~~PAID~~ - A checkmark (✓) must be placed in the field or fields that describe the custom processing services for which the fee recorded in field 3.2 were paid. **This includes any situation for which there was no eligible custom processing fee paid for a service provided by the facility, or a service (e.g. compression) was not required.** For every volume listed in field 3.3, a corresponding checkmark must be placed in field 3.5. If it is left blank, the calculation will default to using the total unit operating cost (UOCR) at the EUB facility as operating cost recovery. For excess capacity volumes identified in field 3.4, field 3.5 must still be completed.

NOTE: If additional pages are used, please state, “Continuation page(s) are attached”, on the bottom line of Field 3.1.

OFFICIAL DECLARATION

- 3.6 AUTHORIZED SIGNATURE - The signature of the authorized person of the royalty client for whom the official declaration is made.
- 3.7 NAME OF AUTHORIZED PERSON - The full name of the authorized person whose signature appears in field 3.6.
- 3.8 TITLE OF AUTHORIZED PERSON - The position title of the authorized person whose signature appears in field 3.6.
- 3.9 DATE - The date on which the authorized person signed the official declaration.

Form provided for illustration purposes only. Required forms are available in *Appendix P*.



**ALLOWABLE COSTS
CUSTOM PROCESSING FEES PAID
AC5-V2**

PRODUCTION YEARS 1997 THROUGH 2003

PART 1: IDENTIFICATION

1.1 CLIENT ID _____ 1.2 CLIENT NAME _____

1.3 PRODUCTION YEAR _____ 1.4 DATE PREPARED _____
YR. MO. DY.

1.5 CONTACT PERSON _____ 1.6 TELEPHONE _____

PART 2: NON OWNER IN FACILITY COST CENTRE(S) TIED TO EUB FACILITY

2.1 CUSTOM PROCESSING FEE PAID (\$)	2.2 EUB FACILITY PROV. FAC. TYPE/CODE	2.1 CUSTOM PROCESSING FEE PAID (\$)	2.2 EUB FACILITY PROV. FAC. TYPE/CODE

OFFICIAL DECLARATION: I HEREBY DECLARE THAT I HAVE NO OWNERSHIP IN ANY OF THE FACILITY COST CENTRES FOR WHICH A CUSTOM PROCESSING FEE HAS BEEN CLAIMED.

2.3 AUTHORIZED SIGNATURE _____ 2.5 TITLE OF AUTHORIZED PERSON _____

2.4 NAME OF AUTHORIZED PERSON _____ 2.6 DATE _____

PART 3: OWNER IN FACILITY COST CENTRE(S) TIED TO EUB FACILITY

3.1 EUB FACILITY PROV. FAC. TYPE/CODE	3.2 CUSTOM PROCESSING FEE PAID (\$)	3.3 ENERGY- ADJUSTED GAS EQUIVALENT VOLUME	3.4 EXCESS CAPACITY	3.5 CUSTOM SERVICES PAID		
				COMPRESSING	GATHERING	PROCESSING

OFFICIAL DECLARATION: I HEREBY DECLARE THAT THE CUSTOM SERVICE OBTAINED APPLIES TO THE DELAYED COMPONENT(S) IDENTIFIED OR IS EXCESS CAPACITY.

3.6 AUTHORIZED SIGNATURE _____ 3.8 TITLE OF AUTHORIZED PERSON _____

3.7 NAME OF AUTHORIZED PERSON _____ 3.9 DATE _____

Revised 2006-05-24

6.3 Annual Custom Processing Fees Paid Report for Production Years 2004 and Onwards

AC5-V3 FORM - ALLOWABLE COSTS - CUSTOM PROCESSING FEES PAID

Purpose

A royalty client who has incurred and paid in Alberta for compressing, gathering, or processing gas and gas products on a fee-for-service basis must claim a custom processing allowance on the gas and gas products (including fees associated with freehold, purchased and out-of-province volumes). Royalty clients must use the AC5-V3 to report custom processing fees incurred and paid in Alberta in order to claim custom processing allowance.

NOTE: Custom fees will not be allowed as a deduction on raw gas sales that are eligible for 80% gas reference price valuation. However, an AC5-V3 must be submitted showing fees paid on raw gas sales that were not eligible for 80 % gas reference price valuation.

If custom processing fees are claimed at a facility where there is no volume allocation through either SAF/OAF or RMF2, the custom processing fee will be disallowed.

An AC5-V3 must be submitted to report all fees paid for compressing, gathering or processing of gas and gas products, without exception.

Timing

The department must receive a system acceptable AC5-V3 on or before May 15th of the year following the production year to which the AC5-V3 relates.

Consequences of Non-Compliance

If an AC5-V3 is not received, no custom processing allowance will be given for the production year to which it relates. Also, operating costs will be recaptured if the royalty client does not have ownership interest in the FCC, and there have been no reported custom processing fees on the AC5-V3 submission. The penalty for failing to file an AC5-V3 by its due date is \$100 per month or part of a month until it is received by the department. The only exemption from the requirement to submit an AC5 document applies to royalty clients who do not pay any Crown royalty or receive a Crown cost allowance during the production year, unless they have been amalgamated or consolidated with a Crown royalty client.

NOTE: The department allows a 15-day grace period for penalty levy if an AC5-V3 submission is received on or before the due date, but is rejected because of MRIS edits, and the corrected system acceptable AC5-V3 is received within the grace period.

Submission of AC5-V3

Effective February 2006, Custom Processing Cost Allowance (AC5-V3) submissions are required to be filed on the Registry. The AC5-V3 can be entered online or by batch. The business rules pertaining to filing AC5-V3 documents have not changed only the method of submission. Instructions for filing an AC5-V3 via the Registry are provided in the Registry's training modules. Use of the Registry to file AC5-V3 data is mandatory for operators; but it remains voluntary for non-operators. However, non-operators are strongly encouraged to use the Registry to submit and retrieve their AC5 data.

Amending a Custom Processing Fees Paid Report

An amended AC5-V3 submission must be completed in full in the same manner as the initial AC5-V3 submission.

6.3.1 AC5-V3 – Completion Instructions

PART 1: IDENTIFICATION

- 1.1 CLIENT ID - The four-character client ID assigned by the department to the royalty client.
- 1.2 CLIENT NAME - The full name of the royalty client.
- 1.3 PRODUCTION YEAR - The production year to which the reported information applies.
- 1.4 DATE PREPARED - The numeric year, month, and day on which the AC5-V3 submission is prepared.
- 1.5 CONTACT PERSON - The name of the person the department can contact concerning information on the submission.
- 1.6 TELEPHONE - The telephone number, including area code of the contact person.

PART 2: NON-OWNER IN FACILITY COST CENTRE(S) TIED TO EUB FACILITY

NOTE: Use this section of the submission to report eligible custom processing fees incurred and paid in Alberta where the royalty client has no ownership interest in any of the FCCs involved (i.e., compressing, gathering or processing).

- 2.1 CUSTOM PROCESSING FEE ~~PAID~~ - The actual amount of the custom-processing fee paid for services at the facility identified in *field* 2.2. The amount must be to the nearest whole dollar, example use \$10 instead of \$9.98.

2.2 EUB FACILITY CODE

- PROV. - The province in which the facility is located; Alberta (AB).
- EUB FAC. TYPE - The type of facility; gas plant (GP) or gathering system (GS).
- EUB FACILITY CODE - The unique 7-digit code assigned by the EUB, which identifies the facility.

NOTE: If additional pages are used, please state, “continuation page(s) are attached”, on the bottom line of field 2.1.

PART 3: OWNER IN FACILITY COST CENTRE(S) TIED TO EUB FACILITY

NOTE:

- 1) Use this section of the AC5-V3 to report eligible custom processing fees incurred and paid in Alberta where the royalty client may be an owner in some of the FCCs involved, and is custom processing through others. For example, a royalty client may have an ownership interest in a gathering system and is a custom user at a compressing and processing facility. The fee paid may relate to one or more of the compressing, gathering or processing services covered by the UOCR for the facility.
- 2) If a royalty client has ownership interest in some functional units (FCCs) of an EUB facility and is a custom user at similar functional units of the same EUB facility and are disadvantaged due to operating cost recaptures exceeding the custom processing fees paid in the production year, the royalty client may submit a written request to the department requesting the monthly operating costs in lieu of receiving custom processing for the EUB facility. The written request must include supporting documentation that they are disadvantaged. If approved, in the subsequent production years, the department will continue to only recognize the operating cost deduction in lieu of custom processing for the facility.
- 3) If a royalty client has ownership interest in an FCC and is also paying custom processing fees for processing excess volumes at the same FCC, then:
 - The royalty client will report in Field 3.2 the full custom processing fees;
 - In field 3.3, the total excess capacity volumes should be reported for the EUB facility;
 - A checkmark (✓) should be placed in field 3.4. This will enable a royalty client to claim the full excess capacity fee with no operating cost recapture. The reason UOCR will not be recaptured is that the excess capacity charge is intended to cover the capital and profit portion of custom processing and therefore has no operating expense component from which UOCR should be disallowed. In no case is a royalty client to receive duplicate UOCR recognition.

3.1 EUB FACILITY CODE

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- EUB FAC. TYPE - The type of facility; gas plant (GP) or gathering system (GS).
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3.3 ENERGY - ADJUSTED GAS EQUIVALENT VOLUME - The volume of gas and gas products (in energy adjusted gas equivalent volumes to the nearest decimal) obtained at the outlet of the facility for which the fee recorded in field 3.2 was paid. **This includes any volume for which there was no eligible custom processing fee paid for a service provided by the facility, or a service (e.g. compression) was not required.** To calculate the energy-adjusted gas equivalent volume for each custom processed facility outlet product, multiply the product volume in its base unit ($10^3 \text{ m}^3/\text{m}^3/\text{tonnes}$) by its energy-adjusted gas equivalent factor. The energy-adjusted gas equivalent factors are provided in *Ch. VI, Sec. 5.3*. Sum up each product energy-adjusted gas equivalent volume to determine the total energy-adjusted gas equivalent volumes for the facility.

3.4 EXCESS CAPACITY - A checkmark (✓) must be placed in this field if the reported fees and volumes are excess capacity.

3.5 CUSTOM SERVICES ~~PAID~~ - A checkmark (✓) must be placed in the field or fields that describe the custom processing services for which the fee recorded in field 3.2 were paid. **This includes any situation for which there was no eligible custom processing fee paid for a service provided by the facility, or a service (e.g. compression) was not required.** For every volume listed in field 3.3, a corresponding checkmark must be placed in field 3.5. If it is left blank, the calculation will default to using the total unit operating cost (UOCR) at the EUB facility as operating cost recovery. For excess capacity volumes identified in field 3.4, field 3.5 must still be completed.

NOTE: If additional pages are used, please state, “Continuation page(s) are attached”, on the bottom line of field 3.1.

Form provided for illustration purposes only. Required forms are available in *Appendix P*.

