

Chapter I

Introduction

Section 1

Principles and Procedures Manual Overview

1. Principles and Procedures Manual Overview

1.1 Authority and Scope

The *Alberta Natural Gas Royalty Principles and Procedures 2003* (referred to as the Guidelines) described in this manual are the result of extensive discussion and effort between representatives of both Alberta Energy (the department) and of the petroleum and natural gas industry (Industry). The Regulation relating to this manual is the "*Alberta Regulation 220/2002*."

The *Alberta Natural Gas Royalty Principles and Procedures, September 2001 edition*, describes the principles involved in assessing, levying and collecting Alberta's Crown royalty share of gas and gas products produced from lands subject to a Crown lease agreement, and the procedures that were used to carry out the assessment, levy and collection for the production period commencing January 1994, up to and including September 2002.

These Guidelines are provided for the convenience of the reader in order to give an understanding of the general application and principles for determining royalty. Application of the Regulation in specific situations may vary, and implementation and practice of the Regulation may change without amending the Guidelines. This manual interprets the relevant energy legislation (statutes and regulations), and communicates policy decisions made, based on the legislation.

Should any conflict arise among the *Mines and Minerals Act* (the Act), the Regulation and the Guidelines, the Act and the Regulation will prevail. Where there is a conflict between the Principles and the Procedures, the Principles prevail; and where there is a conflict between the Principles and the Regulation, the Regulation prevails.

The department's advance ruling process (refer to *Ch. II, Sec. 3.1*) interprets the manner in which the relevant legislation, policies and guidelines will apply to proposed business arrangements.

This manual, effective October 2002, describes the principles involved in assessing, levying and collecting Alberta's Crown royalty share of gas and gas products produced from lands subject to a Crown lease agreement. It also describes the procedures that will be used to carry out the assessment, levy and collection.

1.2 Purpose and Use

Use this manual as:

- A business reference, to assist Alberta's petroleum and natural gas industry in their evaluation and decision-making processes;
- A practical guide to reporting and compliance with business rules and procedures associated with the assessment, levy and collection of Crown natural gas royalty.

Chapters I-VII and the Appendices are written sequentially and are cross-referenced for ease of use. The contents of these are as follows:

- *Ch. I, Sec. 1-4* deals with the overview of the Guidelines and a summary of Gas Royalty processes and reporting.
- *Ch. II, Sec. 1-5* deals with the enforcing compliance and the rights of royalty clients.
- *Ch. III, Sec. 1-3* deals with the responsibility to account for natural and gas products to the Crown.
- *Ch. IV, Sec. 1-5* deals with the determining and valuing of the Crown share of gas and gas products.
- *Ch V, Sec. 1-7* deals with Crown royalty features and other programs administered with natural gas royalty.
- *Ch. VI, Sec 1-7* deals with Alberta's royalty share of allowable costs.
- *Ch. VII, Sec 1* deals with levying and collecting natural gas royalty and various report descriptions and layouts.
- The Appendices deal with sundry items for the information of the royalty clients. It includes various calculations, rules, definitions, and other administrative information to assist the royalty clients.
- Refer to *Appendix P* for the forms referred to throughout the Guidelines.

The table of contents should permit easy reference to specific business principles and policies. The relevant legislation is referenced and will direct the user to the pertinent section of legislation.

If the Guidelines do not provide an answer, questions should be directed to Gas Royalty Client Services or the agencies listed in *Appendix L*.

1.3 Maintenance and Distribution

The department will update the Guidelines when there is a major change in relevant policy or legislation, and routinely, to incorporate information published in Information Letters and Information Bulletins.

Information Letters are sent to royalty clients each month to provide notification of:

- Reference prices, par prices and other Crown natural gas royalty factors;
- Changes in legislation and policy; and
- Interpretations and other information relevant to Crown royalty programs.

Information Bulletins are sent to royalty clients each month to provide notification of:

- Changes in procedures;
- Filing dates, reminders, interest rates; and
- General information relating to the ongoing administration of Crown natural gas royalty.

Royalty clients, or other persons directly affected by the administration of Alberta Crown natural gas royalty, who wish to receive copies of Information Letters, Information Bulletins or additional copies of this manual should check the department's internet site at <http://www.energy.gov.ab.ca> or contact Gas Royalty Calculation at (780) 427-2962, or by fax at either: (780) 427-3334 or 422-8732, or by mail at the address provided in *Appendix L*.

The Information Letters, Information Bulletins and other related gas royalty information is available on the internet at the following website address:

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

Section 2

Executive Overview

2. Executive Overview

2.1 Background

The Gas Royalty Principles and Procedures manual was created by a joint project team consisting of Alberta Energy and representatives of many sectors of the petroleum and natural gas industry, chiefly through the following industry associations:

- Canadian Association of Petroleum Producers (CAPP), formerly Canadian Petroleum Association (CPA);
- Independent Petroleum Association of Canada (IPAC);
- Small Explorers and Producers Association of Canada (SEPAC);
- Canadian Association of Petroleum Production Accountants (CAPP).

In 1998, the royalty and related information review (RRIR) task force, consisting of industry and Ministry members, recommended changes to the administration of Crown royalties and the reporting of upstream production information. The RRIR committee recommendations included developing a central registry that would contain key gas and oil information. This central registry, called the Petroleum Registry of Alberta (Registry), is a joint strategic initiative of the oil and gas industry (coordinated through CAPP and the SEPAC) and the Ministry of Energy [Alberta Energy and Utilities Board (EUB) and the department of Energy (DOE)]. Implementation of the Registry involves numerous changes in DOE and the EUB reporting that are described in this manual.

The ethane and NGL task force reviewed all aspects of the policy framework pertaining to ethane. The task force consulted with representatives of the upstream oil and gas and the petrochemical industries, as well as senior officials from the DOE. The task force recommended changes to treat recovered ethane as a distinct product, recognize the in-stream components (ISC) of residue gas streams recovered downstream from a field plant, and charge royalty based on them. Implementation of the ethane and NGL changes and changes to DOE and the EUB reporting are described in this manual.

2.2 Synopsis of Business Change

Much of the complexity of the pre-1994 Crown natural gas royalty administration was created by the requirement to relate individual sales contracts and facility costs to the Crown interest share of well event production. Retroactive changes to valuation, cost and production data resulted in extensive industry re-filing and, as a consequence, closing the Crown natural gas royalty accounts for a given production year could take up to four years.

To address the complexity in administration, the joint project team developed the following major changes, which were implemented effective 1994:

- Crown royalty liability is triggered when the product leaves the royalty network (except where gas is sold within the-royalty network). Crown royalty credits are established to defer the liability arising from qualified gas and gas product injection. Existing Crown royalty paid banks are reverted to native status (for Crown royalty purposes only).
- Monthly Reference Prices are used to value the Crown's royalty share of gas (raw gas, residue gas and ethane), propane, butane and pentanes-plus however, royalty clients may elect to value their Crown royalty gas at an annual corporate average price (CAP).
- Monthly and annual sulphur corporate average price (S-CAP) is used to value sulphur; however, in certain circumstances, sulphur is valued monthly and annually at the sulphur default price.
- Crown's share of the operating costs of compressing, gathering and processing natural gas is recognized through a standard operating cost as a rate per unit. The unit operating cost rates (UOCR) are determined annually.
- Crown's share of capital costs (CCA) and Crown share of custom processing fees (CP) are determined based on the corporate effective royalty rate (CERR) of the royalty client.
- The department issues monthly invoices to royalty clients in respect to Crown natural gas and natural gas product royalties.

Implementation of the Registry in October 2002 (October 2002 production month), involved numerous changes to DOE and EUB reporting. The Registry is a shared, interactive, secure, web-based database targeted to improve the quality and management of key volumetric, royalty and infrastructure information.

The major reporting changes are as follows:

- Most industry volumetric reporting to and from the DOE and EUB will take place through the Registry;
- Royalty invoicing occurs through the Registry;
- Some business rule and process changes have occurred;
- Implementation of the Natural Gas Liquids (NGL) policy, which was announced in December 1999;
- Late filing penalty changes.

In 2005/2006, the annual allowable costs (AC) filings were phased onto the Registry. The Facility Cost Centre Set-up/Change (AC1) went live in calendar month October 2005 and the AC2 – AC5 Registry filings went live in calendar month February 2006.

Registry filing of these documents is mandatory for operators; however, it still remains voluntary for non-operators.

Section 3

Alberta Natural Gas Royalty Process in Summary

3. Alberta Natural Gas Royalty Process in Summary

3.1 Overview

The Crown gas royalty process can be separated into four distinct groups of submissions:

1. **Once only** - those through which a royalty client may elect a valuation method;
2. **As required** - typically those that establish production and cost allocation or accountability for Crown royalty;
3. **Monthly** - those from which the monthly reference prices are calculated and the Crown's royalty share of gas and gas product volumes/quantities is determined. Monthly submissions are also used to determine monthly sulphur corporate average price and monthly sulphur default price;
4. **Annual** - those that relate to establishing costs, corporate average prices for gas (CAP) and for sulphur (S-CAP), or special conditions under the gas reference price.

3.2 Industry Reporting to the Department

Group 1 Once Only Submission

There is one submission in this reporting group, filed by a royalty client.

- The Election for Gas Valuation (VA1 submission), is a royalty client's election to value the Crown royalty share of gas at either the reference price or the corporate average price. The due date of the VA1 submission is on or before the 15th day of the second month following the production month in which new royalty clients were first allocated volumes either through the Owner Allocation Factor or RMF2 submissions. Only clients that have elected CAP may subsequently use the VA1 submission to change their election to the reference price.

Group 2 As Required Submissions

Of the seven submissions in this group only the three below are filed by the royalty client:

- Raw Gas Allocation Factor (RGA submission),
- Reassignment of Volumes Set-up/Change (RMF2 submission);
- Reassignment of Volumes Termination (RMF2-T submission).

The other four submissions are filed by facility operators to set-up/change:

- Single Well/Injection Schemes (RMF3-V2 submission);
- Facility Cost Centres (AC1 submission);
- Static Stream Allocation Factor (SAF submission)
- Static Owner Allocation Factor (OAF submission) which report stream and owner allocations that do not change monthly.

Exhibit A, which is part of the unit agreement, is sent by the unit operators to the Units & Well Administration area of the Tenure Division. This is sent either with the new unit agreement or when changes in the unit ownership take place.

Group 3 Monthly Submissions

This group consists of seven submissions that are filed with the department. They are as follows:

- The gas pricing (APMC series 600) submissions filed monthly by companies that fall under various categories for which reporting is required under the *Natural Gas Marketing Act*;
- The NGL pricing/transportation cost filed monthly by designated purchasers, (NGL100 submission);
- The Sulphur Corporate Average Price (VA4 submission) filed monthly by specified royalty clients;
- The dynamic SAF submission filed monthly by facility operators;
- The dynamic OAF submission filed monthly by facility operators; and
- The Statement of Proprietary Gas Royalty Waived (PW1 submission) filed monthly by some royalty clients;
- Volumetric submissions.

Group 4 Annual Submissions

There are eight submissions in this group. Royalty clients file the following five submissions:

- Two to report the calculation of the corporate average prices (gas on the VA2 submission, sulphur on the VA3 submission);
- One to report sales under co-generation and other long-term contracts (GR2 submission);
- One to report re-allocations of capital cost (AC3 submission); and
- One to report custom processing fees paid (AC5 submission).

Facility operators file three submissions:

- Two to report allowable costs (capital on AC2 submission, operating on AC4 submission); and
- One to claim Sulphur Emission Control Assistance Program (SECAP) annual operating costs (SECAP 595 submission).

The SAF and OAF are standard formats for industry to report gas facility allocations as developed for the Registry. The SAF/OAF are industry-generated submissions that provide the pivotal volume/ownership information upon which the Crown natural gas royalty administration depends. These submissions report volumetric and ownership information at the stream level for batteries, gathering systems, processing plants, and injection facilities for Crown royalty related allocations. Submissions of the SAF/OAF must be made on the Registry. Volumetric reporting on S and OAS documents is replaced by Volumetric, SAF and OAF submissions in the Registry. The Volumetric submission identifies the volumetric activities at a facility. The SAF submissions allocate the volumetric activity quantity to producing streams. The OAF submission allocates the stream quantities to owners.

3.3 Release of Royalty and Related Information

To maintain the confidentiality of royalty information client specific information will be released, to a third party, only with the written consent of the royalty client. If a royalty client has a third party preparing royalty submissions on their behalf, they must ensure the department receives written notice, from the royalty client, authorizing the release of royalty information.

3.4 Crown Royalty Monthly Invoice

The following figure depicts the once only, as required, monthly and annual reporting of the petroleum and natural gas industry (royalty clients, facility operators, pipelines/common stream operators, and designated purchasers), and the flow of information as it relates to the monthly Gas Royalty Invoice package.

Section 4

Reporting Overview

4. Reporting Overview

4.1 Forms Submitted by Industry to the Department

FORM	FORM NAME	SUBMITTED BY	FREQUENCY	TIMING
------	-----------	--------------	-----------	--------

Exemptions, Waivers and Other Royalty Reductions

PW1	Monthly Statement of Proprietary Gas – Royalty Waived	Royalty Client	Monthly	NOTE 3
SECAP 595	Sulphur Emission Control Assistance Program (SECAP) Application	Facility Operator	Annually	June 30

Volumetric Reporting of Mineral Activity

RMF2	Reassignment of Volumes Set-up/Change	Royalty Client	As Required	NOTE 1B
RMF2-T	Reassignment of Volumes Termination	Royalty Client	As Required	NOTE 10
RMF3-V2	Single Well/Injection Scheme Set-up/Change	Facility Operator	As Required	NOTE 1A

Valuing Raw Gas, Residue Gas and Ethane

VA1	Election for Gas Valuation	Royalty Client	Once Only	NOTE 4
VA2	Corporate Average Price Calculation – Gas	Royalty Client	Annually	April 15
GR2	Annual Statement of Grandfathered Contract Sales	Royalty Client	Annually	March 31
RGA	Raw Gas Allocation	Royalty Client	As Required	NOTE 2

Valuing Gas Products

NGL100	NGL Valuation and Transportation	Designated Purchasers	Monthly	NOTE 6
VA3	Annual Corporate Average Price Calculation - Sulphur	Royalty Client	Annually	April 15
VA4	Monthly Corporate Average Price Calculation – Sulphur	Royalty Client	Monthly	NOTE 2

Alberta's Royalty Share of Allowable Costs

AC1-V2	Facility Cost Centre Set-up/Change	Facility Cost Centre Operator	As Required	NOTE 5
AC2-V2	Allowable Costs – Capital Costs for Production Years 1997 through 2003	Facility Cost Centre Operator	Annually	April 30
AC2-V3	Allowable Costs – Capital Costs for Production Years 2004 and Onwards	Facility Cost Centre Operator	Annually	April 30
AC3-V1	Allowable Costs – Capital Reallocations for Production Years Prior to 2004	Royalty Client	Annually	May 15
AC3-V2	Allowable Costs – Capital Reallocations for Production Years 2004 and Onwards	Royalty Client	Annually	May 15
AC4-V1	Allowable Costs – Operating Costs for Production Years Prior to 2004	Facility Cost Centre Operator	Annually	March 31
AC4-V2	Allowable Costs – Operating Costs for Production Years 2004 and Onwards	Facility Cost Centre Operator	Annually	March 31
AC5-V2	Allowable Costs – Custom Processing Fees Paid for Production years 1997 Through 2003	Royalty Client	Annually	May 15
AC5-V3	Allowable Costs – Custom Processing Fees Paid for Production Years 2004 and Onwards	Royalty Client	Annually	May 15

Miscellaneous Forms

ICCI	Invoice Consolidation Concurrence Form	Facility Cost Centre Operator	As Required	NOTE 7
	Request for Refund	Royalty Client	As Required	
	Application for Direct Deposit	Royalty Client	As Required	
OFSG	Otherwise Flared Solution Gas	Battery Operator	As Required	
	Gas Royalty Registry Update	Royalty Client	As Required	
	Commercial Storage Activity Report No. 1	EUB Facility Operator	Monthly	NOTE 2
	Commercial Storage Activity Report No. 2	EUB Facility Operator	Monthly	NOTE 2

NOTE: These forms are in *Appendix P*.

NOTES:

- NOTE 1A-Last day following the production month.
 NOTE 1B-Last day of the third month following the production month.
 NOTE 2 - The 15th day of the second month following the production month.
 NOTE 3 - The PW1 is due on the last day of the month following the production month.
 NOTE 4 - The 15th day of the second month following the production month reported on OAF/SAF or RMF2 form. The VA1 form is also used to change the election from CAP to Reference Price.
 NOTE 5 - An AC1-V2 form for a new facility cost centre is due on Mar. 1 following the end of the production year to which it relates. An AC1-V2 operator change must be submitted by the last day of the month following the month in which an operator change occurs.
 NOTE 6 - The 10th day of the second month following the production month.
 NOTE 7 - This form must be submitted to register a consolidation within 30 days of the effective billing period.
 NOTE 8 - On or before the 15th day of the third month following the production month.
 NOTE 9 - On or before the last day of the second month following the production month.
 NOTE 10 - The effective date must be the current billing period.

4.2 Reports Provided to Royalty Clients by the Department

4.2.1 Gas Royalty Statement/Invoice Package

REPORT NAME	SUBMITTED BY	FREQUENCY	TIMING
Statement of Account	Department	Monthly	Note 8 Above
Invoice	Department	Monthly	Note 9 Above
Billing Period Detail	Department	Monthly	Note 9 Above
Prior Period Charges	Department	Monthly	Note 9 Above
Production Year Detail	Department	Monthly	Note 9 Above
Current Period Charges	Department	Monthly	Note 9 Above
Crown Royalty Summary	Department	Monthly	Note 9 Above
Crown Royalty Detail Calculation	Department	Monthly	Note 9 Above
Crown Royalty Detail Volumetric	Department	Monthly	Note 9 Above

NOTE: These reports are found in *Ch. VII, Sec. 1.*

4.3 Reporting Cycle for a Production Month

For SAF/OAF and Volumetric submissions, refer to the Registry reporting calendar at: <http://www.petroleumregistry.gov.ab.ca>

On the last day of the month following the production month, the following forms must be received by the department:

- All required RMF3-V2 forms for the production month;
- All PW1 forms for the production month; and
- All AC1-V2 forms to register facility cost centre operator changes

On the 10th day of the second month following the production month:

- All NGL100 forms for the production month must be received by the department.

On the 15th day of the second month following the production month:

- All SAF/OAF submissions for the production month must be received by the department;
- All VA4 forms for the monthly sulphur corporate average price calculation must be received by the department;
- RGA submissions for the production month must be received by the department;
- The department will publish the following Crown royalty valuation variables: methane ISC, ethane ISC, propane ISC, butanes ISC, pentanes ISC reference prices;
- Gas reference price, propane reference price, butane reference price and pentanes-plus reference price for the production month;
- Regional transportation allowances for the production month; and
- Natural gas liquids fractionation allowances for the production month; and
- The department will publish the following Crown royalty share variables;
- Gas par price for the production month,
- Old gas and new gas select prices and royalty rates for the production month,
- Pentanes par price and pentanes select price for the production month, and
- Old pentanes and new pentanes royalty rates for the production month.

On or before the last day of the second month following the end of a production month:

- All Invoices must be provided to royalty clients; and
- All Crown Royalty Detail statements must be provided to royalty clients.
- The monthly sulphur default price is calculated.

On or before the 15th day of the third month following the end of a production month:

- All Statements of Account must be provided to royalty clients.

On or before the last day of the third month following the end of a production month:

- Crown natural gas royalty invoices must be paid by royalty clients; *and*
- All required RMF2 forms for the production month must be received by the department.

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

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

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

4.4 Reporting Cycle for a Production Year

On March 1st following the end of a production year the department must receive:

- All AC1-V2 forms for facilities that commenced operation during the production year.

On March 31st following the end of a production year, the department must receive:

- All GR2 forms for the production year; and
- All appropriate versions of the AC4 forms for the production year.

On April 15th following the end of a production year, the department must receive:

- All VA2 forms for the production year;
- All VA3 forms for the production year; and

On April 30th following the end of a production year, the department must receive:

- All appropriate versions of the AC2 forms for the production year.

NOTE: There is a 15-day grace period for penalty levy if the AC2 is submitted before the due date but is rejected because of MRIS edit checks.

On May 15th following the end of a production year the department must receive:

- All appropriate versions of the AC3 forms for the production year; and
- All appropriate versions of the AC5 forms for the production year.

NOTE: There is a 15-day grace period for penalty levy if the AC5 is submitted before the due date but is rejected because of MRIS edit check.

On May 31st following the end of a production year

- The department will publish unit operating cost rates, full and delayed.

On June 30th following the end of a production year, the department must receive:

- All SECAP (595) forms for the production year.

4.5 Reporting Standards and Styles

The standards and styles described in the following subsections are required in all forms used by the petroleum and natural gas industry to report to the department.

4.5.1 Volumetric Measurement and Conversion to Gigajoules (GJ)

A.R. 220/2002 S. 4(1)(3)(4)(5)(6)

The following standards apply to all volumetric measurement and to required conversions of volume to heat content:

- Cubic metre of gas means the volume of natural gas or residue gas which, when dry and at standard temperature and under standard pressure, will fill a space of one cubic metre;
- Gross or higher heating value means the total joules obtained by the complete combustion of one cubic metre of natural gas or residue gas and air under conditions where:
 - The combination reaction is at constant standard pressure;
 - The gas, including acid gas components, is free of all water vapour;
 - The temperature of the gas, air and products of combustion are at standard temperature; and
 - All water formed by the combustion reaction is condensed to a liquid state;
- Heat content means the total amount of heat contained in a gas stream, including sensible heat and latent heat of condensation;
- Standard pressure means the absolute pressure of 101.325 kilopascals;
- Standard temperature means 15 degrees celsius (15°C); and
- Volumes of natural gas, residue gas or ethane, in gaseous form (gas), shall be converted to gigajoules by multiplying the volume of the gas by the gross or higher heating value of the gas.

A.R. 220/2002 S.4 (2)

The following standards apply to all volumetric or heating value reporting:

- Volumes of natural gas or residue gas shall be expressed in thousands of cubic metres (10^3m^3) to the nearest tenth of a thousand cubic metres (e.g., 99.9 10^3m^3);
- Heating value of natural gas or residue gas shall be expressed in megajoules per cubic metre (MJ/m^3) to the nearest hundredth of a megajoule per cubic metre (e.g., 37.88 MJ/m^3);
- Quantities of natural gas or residue gas shall be expressed as heat content in gigajoules (GJ) to the nearest whole gigajoule (e.g., 136.6 GJ and 137.2 GJ should be reported as 137 GJ);
- Volumes of ethane, propane, butanes, pentanes plus and field condensate shall be expressed in cubic metres (m^3) to the nearest tenth of a cubic metre (e.g., 66.9 m^3);
- Volumes of in-stream components shall be expressed in thousands of cubic metres (10^3m^3), to 3 decimal places (e.g. 136.675 10^3m^3);
- Quantities of in-stream components shall be expressed as heat content in gigajoules (GJ), to 3 decimal places (e.g. 786.487 GJ); and
- Quantities of sulphur shall be expressed in tonnes (t) to the nearest tenth of a tonne (e.g., 34.9t).

4.5.2 Monetary Values

All monetary values required in forms provided to the department must be in Canadian dollars, unless otherwise specified by the department in its instructions regarding completion of the form.

The mathematical accuracy required for reporting monetary values to the department is as follows:

- Unit price of gas shall be expressed in dollars and cents to the nearest tenth of a cent per gigajoule (e.g., \$2.359 would be \$2.36 per GJ); the department will round to the nearest cent;
- Unit price of natural gas liquids and sulphur shall be expressed in dollars and cents to the nearest cent per unit (e.g., \$132.15 per m^3 of pentanes plus);
- Dollar amounts on the AC2, AC4 and AC5 forms shall be expressed to the nearest dollar (e.g., \$1,325,499); and
- Dollar amounts on all other required forms shall be expressed in dollars and cents to the nearest cent (e.g., \$15,329.99).

4.5.3 Negative Values

Negative values, whether volumes, heat content or monetary, will be indicated by a leading negative sign (e.g., $-1,375.1 \text{ m}^3$ refers to a negative volume of $1,375.1 \text{ m}^3$).

4.5.4 Dates

All dates required in forms provided to the department are in numeric format:

- Year is a four-digit number (e.g., “2006”);
- Month is a two-digit number (e.g., January "01");
- Day is a two-digit number (e.g., “01”... “25”...).

All dates required in forms provided to the department are expressed in year-month-day sequence. In some instances (e.g., production month), the requirement is for year and month only (e.g., 2006-03 refers to the production month of March 2006). In other instances (e.g., date prepared), the requirement is for year, month and day (e.g., 2006-07-25 refers to the "date prepared" as July 25, 2006).

4.5.5 Dates on Amended Forms

The "date prepared" entered in an amended form must be subsequent to the "date prepared" entered in the form which the amended form replaces.

4.5.6 Due Date of Forms

The due dates of forms will be adhered to without exception unless otherwise agreed to by the department. Penalties will apply if valid system acceptable forms are not received by the due dates. (Refer to *Ch II, Sec. 1.6*) If the due date falls on a weekend or a holiday, the next business day will apply. (Refer to *Ch VII, Sec. 1.*)

4.5.7 Time

Time is recorded for Electronic Data Interchange (EDI) tools and techniques using the 24-hour clock. The 24-hour clock begins counting from midnight (e.g., 5 minutes after midnight is recorded as 00:05, 11:30 a.m. is recorded as 11:30, 3:30 p.m. is recorded as 15:30 and midnight is recorded as 24:00).

4.5.8 Telephone Numbers

Where telephone numbers are required on a form provided to the department, the telephone number is a 10-digit number, which includes the area code. (e.g., 780-427-2962 is the full telephone number of Gas Royalty Calculation).

4.5.9 Client IDs

When completing required reporting forms, the full four character client ID must be reported.

4.5.10 Facsimiles

The department encourages clients to submit all forms by mail or alternatively, deliver prior to 3:30 p.m. during business hours at the Calgary Information Centre (refer to *Appendix L for Directory of Contacts*). If the submitted document is illegible, penalty charges may result due to unprocessed or rejected documents. All

forms submitted via fax should be at a font size of 10 pt or greater and must not be in bold.

NOTE: The inability to successfully transmit documents via the department's fax machines is not an acceptable reason to prevent or reverse penalties.

4.5.11 Electronic Submission of Annual Allowable Cost Forms

Effective with the production year 2005, the filing method for annual allowable cost forms is on the Registry. This also applies to prior production year amendments.

4.5.12 Forms

Forms for filing purposes, are provided in *Appendix P*.

4.5.13 Registry Submissions

All submissions for the department through the Registry must be system acceptable to the department's Mineral Revenue Information System (MRIS). Penalties, provisional assessment and any applicable interest charges will apply if submissions are rejected. Validation rules are provided in *Appendix C*.