

Chapter III

Establishing Alberta's Royalty Share

Section 1

Responsibility to Account for Natural Gas and Gas Products

1. Responsibility to Account for Natural Gas and Gas Products

1.1 Crown Ownership of Natural Gas

The Crown owns the mineral rights underlying Crown lands. The Crown's right to an owner's share (the Crown royalty share) of the minerals produced from lands under lease is established in the Crown lease agreement and in the *Mines and Minerals Act*. The Crown royalty on natural gas or any of the constituent products of natural gas is established in the *Natural Gas Royalty Regulation, 220/2002*.

In the legislation, Crown ownership of natural gas is referenced to the well event and Crown lease agreement from which natural gas is produced.

In practice, the raw gas stream from a well event is processed at a facility together with the raw gas from other well events. The Crown, freehold mineral owner, and other lessees may or may not have common ownership of the raw gas stream(s) processed in a facility. The ownership of the gas and gas products recovered through processing in a facility is determined through allocating the gas and gas products to the raw gas stream(s) (well/well group/unit/injection scheme) from which they are produced.

The proportion of allocated gas and gas products under Crown lease (the Crown interest share) is the same as the proportion of the raw gas produced from the source well event under lease. However, the Crown interest share of gas and gas products for each working interest owner can be different from the Crown interest share portion of gas and gas products at the well event level.

The Crown interest share of gas and gas products is generally determined for the month in which it is produced at the plant gate of the facility where the gas and gas products are recovered.

1.2 Crown Royalty Share of Natural Gas

1.2.1 Point of Determination

A.R. 220/2002 S. 11

The point at which the department assesses a Crown royalty share of gas and gas products depends on whether or not the gas has been processed or reprocessed (refer to *Appendix A* for description of the royalty triggers).

- If the gas is disposed of before it is processed at a gas processing plant, the department will assess a Crown royalty share at the last point of measurement before the gas is delivered to the processing plant or disposed of to a pipeline if no processing is required.
- If the gas is delivered to an ex-Alberta destination, the department will assess a Crown royalty share at the last point of measurement before the gas is delivered to the ex-Alberta destination

- If the gas is processed at a gas processing plant and the resulting gas and gas products are not reprocessed before they are disposed of, the department will assess a Crown royalty share at the plant gate of the gas processing plant.
- If the gas is processed at a gas processing plant and the resulting gas or gas products are reprocessed (at other than a mainline straddle plant or a field straddle plant) before they are disposed of, then:
 - For gas, the department will assess a Crown royalty share at the plant gate of the reprocessing plant; and
 - For gas products, the department will assess a Crown royalty share at the plant gate of the first gas processing plant. Residue gas that results from the processing of royalty paid gas products will not be assessed further royalties.
- If unprocessed gas is delivered to a mainline straddle plant for processing before being disposed of, the department will assess a Crown royalty share of gas and gas products at the last point of measurement before delivering to the mainline straddle plant.
- Effective Jan. 1, 2006, all remaining field straddle plants were terminated. These facilities no longer have a specialized status and are considered normal operating gas plants. Effective with the termination Crown royalty is calculated at the plant gate, as with other in-net facilities.

For the royalty treatment of raw and residue gas consumed refer to *Ch. V, Sec. 7.1*.

1.2.2 Crown's Royalty Share

The Crown's royalty share of gas and gas products is calculated as:

the quantity of raw gas at the point of disposition or the quantity of processed gas, and
gas products at the plant gate
...multiplied by...
the Crown interest percentage
...multiplied by...
the applicable Crown royalty rate

Crown royalty rates are described in *Ch. IV, Sec. 2.1, 3.1, 3.2, 3.4, 4.1, and 5.1*.

1.3 Responsibility to Account for Natural Gas

A.R. 220/2002 S. 24

Facility operators are responsible to account for the quantities of gas and gas products obtained at or disposed from their facilities during a production month, as follows:

- The operator of a reprocessing facility, other than a mainline straddle plant, or a fractionation plant, is responsible for the quantities of gas and gas products obtained from that facility during the production month.
- The operator of a processing plant is responsible for the quantities of gas and gas products obtained at that facility during the production month.

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- The operator of a gathering system or a battery is responsible for the quantities of gas and gas products delivered from that facility during the production month, except where:
 - The gas and gas products are delivered un-disposed to a processing plant or a reprocessing plant, or
 - The gas and gas products are delivered un-disposed to another gathering system.
 - The operator of a battery is responsible for quantities of gas or gas products delivered from that facility during the production month.
 - The operator of a cascade facility is responsible for the quantities of gas and gas products allocated to the cascade facility by the downstream facility operator.
 - The operator of a receipt meter station, or a common stream operator (CSO), is responsible for the quantities of natural gas or residue gas delivered from the receipt meter station during the production month.

1.4 Allocating Gas and Gas Product Ownership

A.R. 220/2002 S. 25(1)(2)(3)

Unless the Minister directs otherwise, facility operators are responsible for allocating gas and gas products to owners (royalty clients), as follows:

- An operator of a reprocessing plant, other than a mainline straddle plant or a fractionation plant:
 - May allocate some or all of the gas and gas products to royalty clients by well/well group/unit/injection scheme; and
 - Must cascade any gas and gas products, not allocated to royalty clients, to the operators of gas processing plants, gathering systems or batteries from which they came.
- An operator of a gas processing plant:
 - May allocate some or all of the gas and gas products to royalty clients by well/well group/unit/injection scheme; and
 - Must cascade any gas or gas products, not allocated to royalty clients, to the operators of gathering systems or batteries from which they came.
- An operator of a gathering system:
 - May allocate some or all of the gas and gas products to royalty clients by well/well group/unit/injection scheme; and
 - Must cascade any gas or gas products, not allocated to royalty clients, to the operators of gathering systems or batteries from which they came.
- An operator of a battery:
 - May allocate some or all of the gas and gas products to royalty clients by well/well group/unit/injection scheme; and
 - Must cascade any gas or gas products, not allocated to royalty clients, to the operator of the battery(ies) from which they came.

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- An operator or common stream operator of a receipt meter station:
 - May allocate some or all of the gas or residue gas, not allocated to royalty clients, to the facility from which they came.

Refer to *Appendix A* for royalty triggers and *Appendix B* for volumetric reconciliation.

In all instances where a facility has cascaded quantities of gas or gas products from a downstream facility, the operator of the receiving facility is responsible for further allocating those quantities according to the principles established for that type of facility.

Facility operators are to report gas and gas product allocations to the Registry using a Stream Allocation Factor (SAF) and an Owner Allocation Factor (OAF). The department will only accept the SAF/OAF submissions if they are accepted by the Registry and meet MRIS (Mineral Revenue Information System) edits (refer to *Appendix C 1.1*).

A.R. 220/2002 S. 25 (5)

The department must receive SAF/OAF submissions on or before the 15th of the second month following the production month to which the statement relates.

The facility operator should submit their completed SAF/OAF to the Registry on or before the 25th day of the month following the production month.

Refer to the *Registry* website at www.petroleumregistry.gov.ab.ca

1.5 Establishing the Crown Interest Share

Before the department can calculate the Crown royalty share of minerals produced from lands under Crown leases, it must first establish the share that is produced and recovered from the Crown mineral right (the Crown interest share). As discussed in *1.1*, the Crown interest share is determined by the ownership of the minerals at the well event from which the natural gas is recovered. The accounting for the Crown interest share is done on the basis of logical groupings of individual well events. For Crown royalty purposes, these groupings are categorized as follows:

- Well (a single well event);
- Well group;
- Non-consolidated well group-production entity type such as project (PROJ), oil block (BLOCK), non-unit spacing (NUSPC), non-unit gas (NUGAS), non-block (NBLOCK), and non-unit oil (NUOIL);
- Unit-well events subject to a unit agreement; or
- Injection scheme.

Refer to *Ch. III, Sec. 3.1* on registering a well/well group/unit and injection scheme.

1.6 Facility Operator Changes

Facility operators must notify the department immediately, through the Registry, of any facility operator changes to all facilities.

1.7 Out of Province Facilities

Clients are to report out of province facilities or streams on their Volumetric / SAF / OAF / RGA submissions. The ID for out of province facilities or streams must be Registry acceptable. MRIS (Mineral Revenues Information System) will create an out of province facility when it is reported on any of the above submissions.

1.8 Transactions Which Trigger Crown Royalty

Activities on the volumetric submissions and (SAF/OAF) submissions are used by industry to report gas and gas product allocations. Volumetric/SAF/OAF are designed to fulfil the requirements of industry-to-industry reporting and industry-to-government reporting. For volumetric details that are royalty triggers, SAF and OAF submissions must be reported to allocate the volumes to streams and owners for royalty calculations.

1.9 Royalty Triggers and SAF/OAF Reporting Rules for Royalty Assessment

The department assesses royalty at facilities for the owner of each product stream. Assessment is primarily based on what happens at a facility. Different royalty assessment methods are used depending on whether the previously unsold product stream is processed or unprocessed.

Refer to *Appendix A* for a detailed illustration of royalty triggers and reporting rules for royalty assessment.

1.10 Stream Allocation Factor (SAF)

Stream allocation is a method of reporting the allocation of volumes and energy entered in the volumetric part of the Petroleum Registry, for a facility, production month, product, activity, and from/to identifier.

The operator for each facility reports to the Registry the physical flow of all products including gas and gas by-products for the production month. A SAF is mandatory to report the allocation of volumes and energy (gas only) for gas and gas by-products and activities that have Alberta Crown royalty implications. For other non-trigger products and activities the entry of a SAF is optional.

1.11 Owner Allocation Factor (OAF)

The Owner Allocation Factor (OAF) is used to allocate volumes and energy (for gas) to an owner level. This occurs after a Stream Allocation Factor (SAF) has allocated volumes to a stream level.

The operator of the facility who filed the SAF at the lowest level prepares the OAF to allocate gas and products identified on the SAF to owners of the stream. The facility operator must report the OAF factors for each stream and product that appears on a SAF.

The facility operator must calculate and submit the OAF for the products, streams and activities that have Alberta gas Crown royalty implications. For all other products and activities, the submission of an OAF is optional.

NOTE: Facility operators have the option to file combined SAF/OAF volumes, which are used to determine the factors.

A provisional royalty assessment will be calculated for reporting discrepancies. (Refer to *Ch. II, Sec 1.3*).

1.12 Validation Rules

Please refer to the validation rules on the Registry web site:
www.petroleumregistry.gov.ab.ca

Section 2

Reassignment of Royalty Volumes

2. Reassignment of Royalty Volumes

2.1 Responsibility for the Crown Royalty Share

The responsibility for discharging the liability for Crown royalty is based on the allocation of quantities of gas and gas products to royalty clients at each well/well group/unit/injection scheme, as reported to the department each production month on the SAF/OAF submissions. The department holds the royalty client, to whom the quantities of gas and gas products are allocated, responsible for discharging the royalty liability associated with the Crown royalty share.

A.R. 220/2002 S. 23(2)

If a royalty client (assignor) wishes to reassign the volumes (both Crown and freehold) to one or more royalty clients (assignees) who accept responsibility for their portion of the volumes at a well/well group/unit/injection scheme, then:

- The royalty client who receives the allocation on OAF forms must file an RMF2 to the department to reassign all or part of the volumes to one or more royalty clients.
- Once the royalty responsibility for a client has been established on the RMF2 form, that client may not further reassign any portion of their royalty responsibility to a different client.

If a royalty client wishes to assume responsibility for his volumes that are allocated to another royalty client on an OAF document, the recipient of the OAF allocation must file the RMF2.

The royalty client requesting to reassign the volume must provide the department with written concurrence from each royalty client to whom an obligation is to be assigned.

In all cases, the RMF2 forms must be submitted to the department by the assignor and not the assignee. The RMF2 forms must be used only to assign volumes that belong to the assignee(s).

The reassignment of volumes is effective from the production month specified in the application, up to the effective date of a subsequent application to terminate that agreement. Only an assignor can terminate an RMF2. Concurrence is not required from the assignees to terminate the RMF2.

To terminate an assignment of stream volumes received from an RMF2 allocation, the assignee that previously received the reassignment of volumes, must file an RMF2-T form. The termination of volume reassignment will only be effective from the billing period in which the department receives the RMF2-T form. The department will advise the original RMF2 assignor of the termination. The previous volumetric reassignment will revert to the original assignor commencing with the billing period that the RMF2-T is processed.

NOTE:

- 1) **Reassigned volumes will be reported on the assignee's invoice with royalty calculation based on the assignee's Crown interest and elected gas valuation method. The reassigned volumes will be included in the assignee's annual corporate effective royalty rate (CERR) calculation.**
- 2) **If the assignee's Crown interest is not available to the Crown, the assignor's Crown interest will be used to calculate the assignee's royalty liability.**
- 3) **If neither Crown interest is available to the Crown, the Crown interest will default to 100% to calculate royalties. For injection credit, the Crown interest will default to 0%.**
- 4) **Volume reassignment must be done at the highest level, i.e. well group, unit, or injection scheme. Volume reassignment must not be done at a single well level (unless it is a royalty holiday well or a well approved under the otherwise flared solution gas program), if the well is tied to a well group, unit or an injection scheme.**

2.2 Reassignment of Volume Set-up/Change

RMF2 FORM - REASSIGNMENT OF VOLUMES SET-UP/CHANGE

(This form must be filed by an assignor only)

Purpose

Royalty clients are to use the RMF2 form if they wish to reassign all or part of their Crown and/or freehold volumes of gas and gas products allocated to well events, well groups, units, or injection schemes.

If the RMF2 form is to be processed retroactively, then the assignor must submit this request in writing to the department.

Timing

A completed RMF2 form should be received by the department on or before the last day of the third month following the production month to which the form applies.

Consequences of Non-Compliance

Reporting requirements for the RMF2 form include obtaining written concurrence from the assignor and all the assignees. Failure to obtain and submit the required concurrence constitutes failure to satisfy the reporting requirements. Concurrence is not required from the assignees if an assignor terminates the RMF2 assignment.

The RMF2 form will not be processed if a royalty client fails to satisfy the reporting requirements for reassignment of volumes.

Amending a Reassignment of Volumes Set-Up/Changes

An amended RMF2 form must be completed in full in the same manner as an initial RMF2 form.

2.2.1 RMF2 - Completion Instructions

PART 1: CLIENT INFORMATION

- 1.1 CLIENT ID - The four-character client ID that identifies the royalty client submitting the form.
- 1.2 CLIENT NAME - The full name of the royalty client whose code appears in field 1.1.
- 1.3 DATE PREPARED - The numeric year, month, and day on which the RMF2 form is prepared.
- 1.4 CONTACT PERSON - The name of the person whom the department can contact concerning the information on the form.
- 1.5 TELEPHONE - The telephone number, including area code, of the contact person.

PART 2: CONCURRENCE

- 2.1 CONCURRENCE IS ATTACHED - Check this box to indicate that a written concurrence for each of the assignments recorded in PART 4 is attached to the RMF2.

NOTE: The royalty client who is submitting the RMF2 (the assignor) is responsible for obtaining the written and signed concurrence from each royalty client to whom a volume is to be assigned.

For amendments, a concurrence does not need to be re-filed by clients whose percentage of the allocated share does not change. If the assignor has changed, concurrence must be received from all clients.

PART 3: REASSIGNMENT OF VOLUMES FROM THE OWNER ALLOCATION

- 3.1 STREAM ID - Enter one of the following:
 - The unique well identifier assigned by the EUB if the RMF2 is for a single well event; or
 - The code assigned by the department if the RMF2 is for a well group, a unit or an injection scheme.

The first four letters comprising the provincial code and stream ID type must be indicated before the identifier code. (e.g. AB IS 00000)

- 3.2 PRODUCT NAME - The product name if the RMF2 is for a specific product type. Valid products are: gas, ethane, propane, butane, pentanes-plus and sulphur.

NOTE: If the RMF2 is for all gas and gas products, this field can be left blank.

3.3 EFFECTIVE DATE - The numeric year and month in which the reassignments recorded in PART 4 are to be effective. The effective date will be the first day of that production month.

3.4 TERMINATION DATE - The numeric year and month in which the reassignments recorded in PART 4 are to be terminated. The effective date of the termination will be the first day of that production month.

NOTE: Where volumes have been reassigned, the royalty client who accepts those volumes may not subsequently reassign it. Once the royalty responsibility for a client has been established on the RMF2, that client may not further reassign all or a portion of their royalty responsibility to a different client. If there is a need to divide the volumes further than was done on the original RMF2, the original reassignment must be terminated and a new reassignment created with the concurrence of all the affected original royalty clients plus any new clients listed on the RMF2.

PART 4: REASSIGNMENT OF VOLUMES

4.1 CLIENT ID - The four-character client ID that identifies the royalty client accepting the volumes assigned from the royalty client identified in 1.1 and 1.2 on page 3.

4.2 CLIENT NAME - The full name of the royalty client whose code appears in field 4.1.

4.3 ALLOCATION SHARE % - The percentage share of the volumes of the royalty client recorded in fields 1.1 and 1.2, which is accepted, by the royalty client recorded on fields 4.1 and 4.2.

NOTE: The royalty client, (the assignor) identified in fields 1.1 and 1.2 must assign 100% of their volumes in the well/well group/unit/injection scheme. If the assignor wishes to retain a portion of those volumes, this must be recorded in fields 4.1, 4.2, and 4.3.

The total of the volumes accepted by the royalty client(s) identified in fields 4.1 and 4.2 must equal 100%.

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

2.3 Reassignment of Volume Termination

RMF2-T FORM – REASSIGNMENT OF VOLUMES TERMINATION

(This form must be filed by an assignee only)

Purpose

Royalty clients receiving a reallocation of royalty responsibility from an original RMF2 form must submit an RMF2-T form if they wish to terminate all (100%) of their reassigned volumes of gas and gas products allocated to well events, well groups, units or injection schemes. The entire percentage will revert to the assignor.

Assignors with a retained interest on the original RMF2 are not eligible to use the RMF2-T form; an amended RMF2 must be completed instead.

Assignees are encouraged to initiate corrective action by contacting the assignor and requesting an RMF2 amendment, and to use the RMF2-T only when deemed necessary.

Timing

A completed RMF2-T form must be received by the department on or before the last day of the month following the production month to which the form relates.

NOTE: Effective dates on the RMF2-T form must not be retroactive. The effective date must be the current billing period. RMF2-T forms will not be processed if the effective date reflects a billing period other than the current billing period being processed by the department.

Consequences of Non-Compliance

The RMF2-T form will not be processed in the following circumstances:

- If the royalty client submitting the form is not a valid assignee per the original RMF2;
- If the effective date of the form reflects any period other than the current billing month;
- If a field from the RMF2-T does not equate with its related field from the RMF2 (i.e. if fields 2.1, 2.3 and 3.1 of the RMF2-T are not equal to fields 1.1, 3.1 and 4.3, respectively, from the RMF2).

Amending a Reassignment of Volumes Termination

Amendments to the RMF2-T form are not permitted, and all terminations are effective with the current billing period. Any other revisions to allocation percentages can only be accomplished via an amended RMF2 form, submitted by the assignor.

NOTE: An amended RMF2 form (submitted by an assignor) shall always take precedence over an RMF2-T form should both forms be submitted within the same billing month, unless the RMF2-T form is submitted

by an assignee whose allocation percentage on the RMF2 did not change.

Example: original RMF2 submitted by client 'A', allocating to client 'B' (40%), client 'C' (35%) and client 'D' (25%). This RMF2 was amended in billing month 2006-01 by client 'A' such that the amended RMF2 allocates 55% to client 'B', 20% to client 'C' and client 'D' retains its 25% share.

Based on the above, only client 'D' could submit an RMF2-T form in billing month 2006-01 as their original allocation percentage was unchanged from the original RMF2.

2.3.1 RMF2-T – Completion Instructions

PART 1: CLIENT INFORMATION

- 1.1 ASSIGNEE CLIENT ID - The four-character client ID that identifies the assignee royalty client submitting the form.
- 1.2 CLIENT NAME - The full name of the royalty client whose code appears in field 1.1.
- 1.3 DATE PREPARED - The numeric year, month and day on which the RMF2-T form is prepared.
- 1.4 CONTACT PERSON - The name of the person whom the department can contact concerning the information on the form.
- 1.5 TELEPHONE - The telephone number, including area code, of the contact person.

PART 2: TERMINATION OF REASSIGNMENT OF VOLUMES FROM THE OWNER ALLOCATION

- 2.1 ASSIGNOR ID – The four-character client ID that identifies the royalty client originally allocating the volumes via the RMF2 form (field 1.1 of the RMF2).
- 2.2 ASSIGNOR NAME – The full name of the royalty client whose code appears in field 2.1
- 2.3 STREAM ID – (field 3.1 from the RMF2)
 - The unique well identifier assigned by the EUB if the original RMF2 was set-up for a single well event; or
 - The code assigned by the department if the original RMF2 was set-up for a well group, a unit or an injection scheme. For an injection scheme, enter the new five digit code.

- 2.4 EUB FACILITY ID – the EUB facility for which the volumes to the stream identified in field 2.3 is linked (informational purposes only);
- PROV. – the province in which the facility is located: Alberta (AB);
 - TYPE – the type of facility: battery (BT), gas plant (GP), gathering system (GS) or injection facility (IF);
 - CODE – the unique code assigned by the EUB.
- 2.5 PRODUCT NAME – As the only option is to terminate all products as identified in field 3.2 of the original RMF2, there is no option to select products.
- 2.6 EFFECTIVE DATE - The numeric year and month in which the termination of royalty reassignments (as allocated on the original RMF2) are to be effective. The effective date will be the first day of that production month, and must be the current production month being processed by the department.

For the purposes of this form, the current production month is the month prior to the due date of the form. For example, to terminate a reassignment effective January 2006, the form must be received by February 28, 2006. Thus, a form submitted by February 28, would have 2006-01 as the current production month; a form received by July 31, 2006, would have 2006-06 as the current production month.

PART 3: ALLOCATION PERCENTAGE

- 3.1 PERCENTAGE OF ORIGINAL ALLOCATION - The allocation percentage as allocated from the original RMF2 (field 4.3 of the RMF2).
- 3.2 PERCENTAGE TO REVERT TO ALLOCATOR - Partial terminations of reassignments of royalty responsibility are not permitted. The assignee's entire share (100%) as originally reallocated must be reverted to the assignor.

PART 4: CERTIFICATION

- 4.1 AUTHORIZED SIGNATURE - The signature of the authorized person representing the company identified in field 1.2.
- 4.2 DATE - The date on which the authorized person signed the RMF2-T submission.
- 4.3 NAME OF AUTHORIZED PERSON - The full name of the authorized person whose signature appears in field 4.1.
- 4.4 TITLE OF AUTHORIZED PERSON - The position title of the authorized person whose signature appears in field 4.1.
- 4.5 ASSIGNOR CONTACT NAME- The full name of the individual who was contacted (assignor) and informed of termination (informational purposes only).

4.6 ASSIGNOR CONTACT TELEPHONE – The telephone number of the individual listed in field 4.5 (informational purposes only)

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

Section 3

Registering a Well/Well Group/Unit/Injection Scheme

3. Registering a Well/Well Group/Unit/Injection Scheme

3.1 Well/Well Group/Unit/Injection Scheme

A.R. 220/2002 S22 (1)

Unless the Minister directs otherwise, facility operators are to apply to the department to establish well/well group/unit/injection scheme for the purpose of Crown royalty reporting and determination. The requirement to register well/well group/unit/injection scheme is as follows:

- A well must be registered if the Crown interest share is greater than 0% but less than 100%, and if all the working interest owners' Crown interest share is not the same as the well's Crown interest or;
- Need not be registered if the Crown interest is either 0% or 100%
- A non-consolidated single well group must be registered if the Crown interest share is greater than 0% but less than 100%, and if all the working interest owners' Crown interest is not the same as the well's Crown interest;
- The department executes a unit and the Exhibit A of the Unit Agreement, which is registered for calculating Crown royalty.
- An injection scheme must be registered.

An injection scheme must:

- Be an approved injection scheme for the purpose of Crown royalty;
- Encompass all of the well events through which gas and gas products are injected into the approved injection scheme;
- Encompass all well events through which injected gas and gas products may be subsequently reproduced from the approved injection scheme (mandatory for enhanced oil recovery (EOR) and commercial storage schemes);
- Have the same vintage for all the wells; and
- Have the same Crown interest for all the wells (except commercial storage schemes).

NOTE: To ensure that the correct Crown interest is used to calculate royalty, the single well, injection scheme, and unit agreement Exhibit A registry information must be updated after working interest ownership changes. Exhibit A of the unit agreement becomes the source document for ownership information. Since all changes contained in the revised Exhibit A become effective from the latest revision date of Exhibit A, it is not practical to prepare revisions containing several changes with different effective dates within each Exhibit A. If this occurs, then the latest revision date will be used as the effective date for all changes. Therefore, all changes must be registered promptly with the department to ensure that correct effective dates are used. The department will only accept changes made through the submission of a revised Exhibit A and will not accept changes in any other manner (i.e. by phone or letter). If the registries are not updated, then for the purpose of Crown royalty

calculation, the Crown interest will default to 100%. For the purpose of injection credit calculation, the Crown interest will default to 0%, to establish the Crown's share of the volumes of the royalty client whose Crown interest is not indicated in such registries.

3.2 Registering a Single Well or Injection Scheme

RMF3-V2 FORM - SINGLE WELL/INJECTION SCHEME SETUP/CHANGE

Purpose

Facility operators must use the RMF3-V2 to register the initial set-up, change the set-up, or terminate:

- A well (a single well event) that has a Crown interest greater than 0% but less than 100%;
- A non-consolidated well group consisting of joint operating agreements, non-unit gas, non-unit spacing, non-unit oil (solution gas), and projects that have Crown interest of greater than 0% but less than 100%; or
- An injection scheme.

For the single well portion of the RMF3-V2, the form is not required if all the working interest owners' Crown percentage is the same as the well(s)'s Crown percentage.

Timing

A completed RMF3-V2 form must be received by the department on or before the last day of the month following the production month to which the form applies.

Consequences of Non-Compliance

The RMF3-V2 form will not be processed if a facility operator fails to satisfy the reporting requirements for registering a well/well group or injection scheme.

Amending a Single Well/Well Group/Injection Scheme Setup/Change

- For amendments to single well or to non-consolidated well group information, parts 1 and 2 must always be completed in full.
- For amendments to injection scheme information, part 1 must always be completed in full and parts 3 and 4 must be completed as required.

3.2.1 RMF3-V2 – Completion Instructions

PART 1: CLIENT INFORMATION

THIS SECTION OF THE FORM MUST BE COMPLETED FOR ALL RMF3-V2 SUBMISSIONS.

- 1.1 OPERATOR ID - The four-character EUB operator code that identifies the facility operator submitting the form.

- 1.2 OPERATOR NAME - The full name of the facility operator whose code appears in field 1.1.
- 1.3 DATE PREPARED - The numeric year, month, and day on which the RMF3-V2 form is prepared.
- 1.4 CONTACT PERSON - The name of the person whom the department can contact concerning the information on the form.
- 1.5 TELEPHONE - The telephone number, including area code of the contact person.

PART 2: WORKING INTEREST OWNERSHIP (W.I.O.)

This section of the form:

- Must be completed for all single wells and injection schemes that have a Crown interest of greater than 0% but less than 100%;
 - Must be completed for joint operating agreements (JOAs), non-unit gas, non-unit spacing, non-unit oil (solution gas), and projects that have less than 100% Crown.
 - Is not required to be completed if all the working interest owners' Crown interest is the same as that of the well's or injection scheme's Crown interest.
- 2.1 STREAM ID - The identifier assigned by the EUB or the department to the well event or well group (WG) (explained above) that is the subject of the report. The first four letters comprising the provincial code and stream ID type must be indicated before the identification code.
 - 2.2 UPDATE CODE - Enter a "1" in this field if the form is submitted to set up a new well or well group or a "2" if the form is submitted to change or terminate an existing well or well group.
 - 2.3 PRODUCT NAME - The product name if the RMF3-V2 is for a specific product type. Valid products are: gas, ethane, propane, butane, pentanes-plus and sulphur.

NOTE: If the RMF3-V2 is for all gas and gas products, this field can be left blank.

- 2.4 EFFECTIVE DATE - The numeric year and month in which the set-up is to become effective. The effective date will be the first day of that production month.
- 2.5 TERMINATION DATE - The numeric year and month in which the well or well group set-up is to be terminated. The effective date of the termination will be the first day of that production month. To terminate a well or well

group from the original effective date, the termination date must be the same as the original effective date.

- 2.6 TOTAL CROWN % - The total Crown interest in the well or well group.
- 2.7 CLIENT ID - The four-character client ID number that identifies the royalty client who is a working interest owner in the well, well group, or injection scheme.
- 2.8 CLIENT NAME - The full name of the royalty client whose code appears in field 2.7.
- 2.9 W.I.O. % - The working interest ownership percentage of the royalty client identified in fields 2.7 and 2.8 in the well, well group, or injection scheme.

NOTE: The total of the working interest ownerships for all royalty clients identified on part 2 of the RMF3-V2 form must equal 100%. Any amendment to working interest ownership percentage must result in completing part 2 in full.

- 2.10 CROWN % - The Crown interest percentage in the portion of the well, well group, or injection scheme for the royalty client identified in fields 2.7 and 2.8.
- 2.11 FREEHOLD % - The freehold interest percentage in the portion of the well, well group, or injection scheme for the royalty client identified in fields 2.7 and 2.8.
- 2.12 CROWN SHARE - The Crown share percentage in the portion of the well, well group, or injection scheme for the royalty client identified in fields 2.7 and 2.8. (client's working interest ownership *field 2.9* ... multiplied by...the client's Crown percent *field 2.10*)
- 2.13 FREEHOLD SHARE - The freehold share percentage in the portion of the well, well group, or injection scheme for the royalty client identified in fields 2.7 and 2.8. (client's working interest ownership *field 2.9* ... multiplied by...the client's freehold percent *field 2.11*)

PART 3: INJECTION SCHEME INFORMATION

THIS SECTION OF THE FORM MUST BE COMPLETED FOR ALL INJECTION SCHEMES.

- 3.1 SCHEME ID - The identifier assigned by the department to the injection scheme that is the subject of the report:
- If the RMF3-V2 is submitted for an initial set-up, leave this field blank; the proposed injection scheme will not have a department-assigned ID; *or*

If the RMF3-V2 is submitted to change or terminate an existing injection scheme, enter the injection scheme ID assigned by the department

- 3.2 NAME - The name of the injection scheme.
- 3.3 INJECTION FACILITY ID - the identifier assigned by the EUB to the injection facility that is tied to the injection scheme reported under 3.1 and 3.2.
- 3.4 NAME - The name of the injection facility.
- 3.5 UPDATE CODE - Enter a "1" in this field if the form is submitted to set up a new injection scheme or a "2" if the form is submitted to change or terminate an existing injection scheme.
- 3.6 EFFECTIVE DATE - The numeric year and month in which the set-up or change is to become effective. The effective date will be the first day of that production month.
- 3.7 TERMINATION DATE - The numeric year and month in which the injection scheme is to be terminated. The effective date of the termination will be the first day of that production month. To terminate the injection scheme from the original effective date, the termination date must be the same as the original effective date.
- 3.8 INJECTION SCHEME TYPE - Check one box to indicate the type of injection scheme:
- Enhanced oil recovery scheme;
 - Cycling scheme;
 - Pressure maintenance scheme;
 - Storage scheme;
 - Other, (excluding water flood).
- If OTHER is checked, give a description of the scheme type in the space provided.
- 3.9 CROWN INTEREST - The % of Crown interest in the IS identified in field 3.1.

PART 4: UNIQUE WELL IDS WITHIN AN INJECTION SCHEME

THIS SECTION OF THE FORM MUST BE COMPLETED FOR ALL INJECTION SCHEMES.

NOTE:

- **For enhanced oil recovery the injection and producing wells must be registered; and**
- **For all other types of injection schemes other than water flood (i.e., cycling, pressure maintenance, etc.) The injection wells must be registered.**

- 4.1 FIELD/POOL CODE - The EUB codes for the field and pool into which gas or gas products are injected by the injection scheme that is the subject of the RMF3-V2.
- 4.2 UPDATE CODE - Enter a "1" in this field if the action is to add a new well event to the injection scheme or a "2" if the action is to change or terminate an existing well event in the injection scheme.
- 4.3 UNIQUE WELL ID - The unique well identifier assigned by the EUB to the well event that is to be added, changed, or terminated.
- 4.4 EFFECTIVE DATE - The numeric year and month in which the Well Event is to be added to the injection scheme. The effective date will be the first day of that production month.
- 4.5 TERMINATION DATE - The numeric year and month in which the well event is to be terminated from the injection scheme. The effective date of the termination will be the first day of that production month.
- 4.6 PAGE ___ OF ___ - The page number of each individual page followed by the total number of pages submitted for each injection scheme.
- 4.6 UNIT/WG CODE - The five-digit code assigned by the department for the wells that have been unitized or for the wells that comprise of the non-consolidated well group.

NOTE: An RMF3-V2 continuation page is provided to accommodate larger injection schemes. The continuation page includes only that information noted for Section 4, and the procedures for completing it are the same. Please state, "continuation page(s) are attached", in the bottom space of part 4, if applicable.

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

