

Chapter VII

Levyng and Collecting

Section 1

Levy and Collecting Natural Gas Royalty

1. Levying and Collecting Natural Gas Royalty

1.1 Levy and Collection - Overview

The department will establish a gas account for each royalty client. Charges will be recorded in the client's gas account for the following:

- Royalty is the net royalty amount due as described on the monthly invoice;
- Royalty deposit is the royalty client's royalty deposit and any adjustments to the deposit as described on the monthly Invoice;
- Interest is the prior period and current period interest charges as described on the monthly invoice and the statement of account;
- Penalties are the monthly and annual penalty charges levied against a royalty client as described on the monthly invoice;
- Fees for services provided by the department may be charged, as described on the monthly invoice.

The department will submit a statement of account, an invoice and Crown royalty detail statements to each royalty client for each billing period in which there are gas royalty transactions or in which the royalty client has other than a "zero balance" in his gas account with the department.

The department will issue the invoice and the Crown royalty detail statements to each royalty client on or before the last day of the second month following each production month.

The department will issue separately the statement of account to each royalty client on or before the 15th day of the third month following each production month.

Royalty clients are liable for payment of the amount owed to the Crown on each invoice received from the department on or before the last calendar day of the third month following the production month to which the invoice relates. If the due date falls on a non-business day, payments will be accepted on the next business day.

NOTE: The December production month invoice issued in February is due on or before the department's last business day in March.

1.2 Royalty Client Accounts

The royalty client account, referred to in the Regulation, is called a gas account in the Guidelines for administrative reasons only.

A.R. 220/2002 S. 18(6)

The department will establish a gas account for each royalty client. Charges will be recorded into the client's gas account for the following revenue types:

- Royalty;

- Royalty deposit;
- Interest;
- Penalties; and
- Fees.

1.3 Monthly Statement / Invoice Package

The department issues a statement of account, an invoice and the Crown royalty detail statement to each royalty client for each billing period in which there are gas royalty transactions, or in which the royalty client has other than a zero balance in its gas account with the department.

The department will provide clients with electronic versions of their monthly statements/invoice packages via the Registry. Non-operators may continue to receive paper statements/invoices upon request.

The monthly statement of account describes a royalty client's monthly activity and account balances for each revenue account, summarized by production year.

The monthly invoice shows a royalty client's activity separately for each charge type and corporate item.

The monthly Crown royalty detail statement reports transactions by:

- Royalty client;
- EUB facility;
- Charge types;
- Production month; and
- Well/well group/unit/injection scheme.

1.3.1 Monthly Royalty Invoice and Payment

A.R. 220/2002 S. 18(1)

The following time lines apply to the statement/invoice package:

Invoice issue date	on or before the last day of the second month following the production month
Crown Royalty Detail Statement issue date	on or before the last day of the second month following the production month
Statement issue date	on or before the 15 th day of the third month following the production month
Invoice payment due date	on or before the last day of the third month following the production month. If payment is past due, current period interest will accrue until paid.

If the due date falls on a weekend or holiday, the next business day will apply. Effective September 2001, December production, invoiced in February is due the last business day of March.

1.3.2 Preparing a Payment Remittance

Method of Payment

There are four methods for remitting Crown natural gas royalty payments:

1. By cheque, through the mail, or by courier;
2. By direct deposit, using a Rapidtrans deposit slip;
3. By electronic funds transfer; or
4. By automatic debit.

A payment remittance that is less than \$5,000 may be made using any one of the four methods.

A payment remittance that is \$5,000 or more must be made by either direct deposit, automatic debit, or electronic funds transfer.

All remittances must be made payable to the Minister of Finance, Province of Alberta. Remittances by direct deposit must be made using a Rapidtrans deposit slip (a sample of the Rapidtrans deposit slip and the bank locations at which they may be used is provided in *Appendix K*). Remittances made by electronic funds transfer must be directed to the account of the Minister of Finance, Account 09-35603, at the Canadian Imperial Bank of Commerce.

Clients electing to remit payment by automatic debit submissions must sign an agreement with the department. (Refer to *Appendix K*, for a Pre-Authorized Automatic Debit Payment Agreement sample). The deadline for an automatic debit submission to the department is the 5th last business day of a month.

Rapidtrans deposit slips may be obtained from the department by contacting the Gas Royalty Calculation Unit or the Calgary Information Centre at the address or telephone number listed in *Appendix L*.

Information Required

The following information is required in remitting payment:

- Payment date;
- Name of the payer;
- Name of each royalty client on whose behalf the payment is made;
- The four-character client ID assigned by the department to that royalty client;
- Account code and associated account number assigned by the department to that royalty client to which the payment is to be credited, "G94 XXXXXX" (refer to *Appendix J*, for a list of applicable revenue account codes);

- Dollar amount of the payment or payments (if remittance is made on behalf of the royalty client for more than one revenue account, each account code, number and payment must be listed separately); and
- Total amount of payment.

If payment is made by direct deposit, the required information must be entered directly onto the Rapidtrans deposit slip. If payment is made by mail or electronic funds transfer, the information must be provided to the department by letter.

NOTE: A payment may include amounts for Crown natural gas royalty and any of the accounts listed in *Appendix J*.

1.3.3 Application of Payments to Royalty Client Revenue Accounts

A.R. 220/2002 S. 32

If a client's gas account has an outstanding balance for two or more production months; a payment received from that royalty client will be applied to the outstanding balance, starting with the oldest.

Unless the Minister directs otherwise, monies received for credit on a royalty client's gas account will be applied to revenue account balances as follows:

- First, to the fees account;
- Second, to the penalties account;
- Third, to the interest account;
- Fourth, to the royalty deposit account; and
- Fifth, to the royalty account.

1.4 Interest Receivable and Payable

A.R. 220/2002 S. 31(1)

The department charges interest on underpayments or late payments of invoiced amounts starting on the first day following the invoice due date, and continuing until the date that payment in full is received.

The department charges interest resulting from adjustments to invoiced amounts starting the day following the issue date for the production month, and continuing until the issue date of the invoice on which the adjustment appears.

A.R. 220/2002 S. 31(3)

The department pays interest resulting from adjustments to invoiced amounts starting the day following the issue date for the production month, and continuing until the issue date of the invoice on which the adjustment appears.

Interest will not be calculated on initial annual estimate-to-actual adjustments, except on submissions received subsequent to the initial annual processing, when interest will be charged or paid on the difference. However, for initial annual sulphur valuation adjustments, interest will be charged or paid on the difference. In all cases,

interest will be charged or paid on amendments to annual adjustments commencing the day following the issue date for the initial invoice.

A.R. 220/2002 S. 18(7)

The department will not pay interest on overpayments of invoiced amounts. Prior period credits will no longer be automatically refunded. In order to receive a refund, the "Request for Refund" form must be completed and forwarded to the department. Once this form is received, refunds will be issued when a royalty client's statement of account is in a credit balance and there are no outstanding debts payable to the department. When refunds are no longer required, the field labeled "Termination of Refund Request" must be completed on the "Request for Refund" form and forwarded to the department. All refunds will be issued through direct deposit if banking information of the company is established with any department of the Minister of Finance, Province of Alberta.

If a company does not receive refunds by direct deposit, complete an "Application for Direct Deposit" and forward to the department to ensure that this information is established. These forms are intended for the sole use of Gas Royalty refunds. Refer to *Appendix P* for the Refund and Application for Direct Deposit Forms.

A.R. 220/2002 S. 31(4)(b)

Interest that is receivable or payable by the department is compounded monthly and will be calculated at the prime lending rate charged by ATB Financial on the first day of the month for which the interest is calculated, plus 1%.

1.4.1 Interest on Prior Adjustments

The due date for prior period charges is the invoice due date. This allows both current period and prior period charges to be paid by the invoice due date without current period interest implications. Current period interest on prior period adjustments is not charged if the outstanding balance is PAID IN FULL by the invoice due date.

Prior period interest is charged on prior period charges and interest paid on prior period credits from the day after the original invoice issue date to the current invoice issue date.

Current period interest will continue to be assessed on any late or underpaid amounts.

1.5 Royalty Deposit Account

A.R. 220/2002 S. 21(3)

The Crown requires that a royalty client maintain a deposit in an account with the department that is equal to the lesser of:

- a) 1/6 (one-sixth) of the total net Crown royalty charged in the previous production year or
- b) The amount determined by dividing the long term gas reference price on the date on which the recalculation occurs by the long term gas reference price on

the date on which the immediately preceding recalculation occurred. The department determines the annual royalty deposit adjustment by charging or crediting the difference between the new royalty deposit amount and the previous royalty deposit amount.

The department calculates the deposit requirement as part of the year-end transactions and will invoice any debit or credit adjustment to a client's royalty deposit account.

A.R. 220/2002 S. 21(8)

The Crown does not pay interest on the deposit maintained with the department. However, prior period interest is also not charged, or paid on the annual deposit adjustments. Current period interest charges apply on late payments or underpayments of invoiced deposit amounts.

If a royalty client disposes of, or acquires properties that make a significant cash flow impact, a written application to adjust the royalty deposit may be made to the Team Lead, Revenue Accounting. If the application is approved, the department will adjust the deposit. If the department determines that the amount of the adjustment is sufficient to warrant an offsetting adjustment, the royalty client(s) who acquired the disposed properties are required to adjust their deposit(s) accordingly (refer to *Ch. VII, Sec. 1.7*).

A.R. 220/2002 S. 21(2)

The deposit requirement varies for a person who becomes a new royalty client:

- The department invoices a new royalty client a royalty deposit equal to the first and second months net Crown royalty payable by the royalty client. The deposit will be invoiced during those same two months.

In subsequent years, the normal deposit calculation rules apply.

1.5.1 Royalty Deposit Calculation

The royalty deposit for a new royalty client will be determined from the following items reported on the invoice:

- Crown royalty;
- Monthly proprietary waiver;
- Monthly capital cost deduction;
- Monthly custom processing fee deduction;
- Allowable cost restriction;
- Injection credits;
- Crown royalty paid bank settlement.
- Otherwise flared solution gas
- Condensate royalty

The annual royalty deposit amount will be calculated from the following items:

- Annual Crown royalty;
- Annual proprietary waiver;
- Actual annual capital cost deduction;
- Actual annual custom processing fee deduction;
- Annual operating cost adjustment amount;
- Annual co-generation contract adjustment amount;
- Annual allowable cost restriction amount;
- Annual injection credits;
- Annual Crown royalty paid bank settlement.
- Annual operating cost adjustment
- Condensate royalty

Annual royalty deposit adjustment will be determined by taking the difference between the new royalty deposit amount and the previous royalty deposit amount.

1.6 Statement of Account, Invoice and Crown Royalty Detail Summary

1.6.1 Gas Royalty Statement of Account

Purpose

The statement of account is the department's monthly accounting to a royalty client for all transactions charged or credited to that client's gas account.

Timing

The department issues a statement of account to each active royalty client by the 15th day of the third month following each production month.

Description of Entries

The statement of account records transactions and balances. Transactions will consist of the charges for penalties, interest and royalty, as summarized on the Invoice. The statement will report payments received and account transfers. Interest charges in respect to unpaid amounts will be calculated and reported separately on the statement of account.

The statement of account will separately disclose balances and adjustments to the client's royalty deposit account.

1.6.1.1 Report Layout

PART 1: ROYALTY PAYER INFORMATION

The royalty payer is the person responsible for discharging the royalty obligation of the royalty client; hence, the royalty payer can also be a royalty client.

- 1.1 CODE - The four-character client ID assigned by the department. This code must be quoted when making payments.
- 1.2 NAME - The legal name of the royalty payer to whom the code is assigned.
- 1.3 ADDRESS - The mailing address of the royalty payer.

PART 2: REGULATORY AGENCY INFORMATION

- 2.1 ISSUER - The regulatory agency issuing the statement, which is the department.
- 2.2 ISSUE DATE - The date the statement was issued.
- 2.3 STATEMENT NUMBER - The unique number assigned by the department.
- 2.4 ACCOUNT NUMBER - A unique number assigned to the royalty payer by the department. The royalty payer must quote this number when making remittances.

PART 3: ROYALTY DEPOSIT ACCOUNT

- 3.1 OPENING - The royalty client's current opening royalty deposit balance.
- 3.2 ADJUSTMENT - The result of a change to the royalty client's business. The amount represents an adjustment to the royalty deposit. The amount is indicated on the invoice and is included in the royalty figure on the statement of account.
- 3.3 CLOSING - This is the deposit recorded by the department at the issue date of the statement. It is the sum of the opening balance and the adjustment amount.

PART 4: ACCOUNT SUMMARY

- 4.1 OPENING BALANCE - The closing balance brought forward from the previous month's statement.
- 4.2 PAYMENT APPLIED - Payments received by the department since the last statement. The date the payment was received is indicated here.
- 4.3 CURRENT INVOICE CHARGES - The sum of the current and prior period amounts reported on the invoice. The invoice number that reflects the total charges is indicated here.
- 4.4 ACCOUNT TRANSFERS - The amounts shown here represent transfers, in or out, requested by the royalty payer, and authorized by the department. The nature of the transfer is indicated here.

- 4.5 CLOSING BALANCE - The closing balance by account and in total for the respective production year.
- 4.6 PA NOT SUBJECT TO CPI – The amount of provisional assessment royalty to which current period interest charges do not apply.
- 4.7 CURRENT PERIOD INTEREST (CPI) – Posted and accrued interest due to the Crown and is calculated on overdue charges. Interest is posted upon receipt of a payment or a “transfer in”, is processed to reduce the amount of the overdue charges. Accrued interest is calculated up to the issue date of the statement on the total overdue account balance since the last statement. A per diem amount is provided so that clients may determine interest payable after the statement issue date.
- 4.8 AMOUNT PAYABLE – As of the statement issue date including accruing current period interest.

PART 5: COLLECTION NOTICE / MESSAGES

These fields are used to notify clients of overdue account balances and the action that will be taken.

PART 6: OUR REFERENCE NUMBER

This uniquely identifies each document sent to a client. It distinguishes the original documents from duplicates that show different numbers.

1.6.2 Gas Royalty Invoice

Purpose

An invoice is generated by the department monthly and sent to a royalty client for all royalty transactions charged and credited to that royalty client during the billing period.

Timing

The department issues an invoice to each royalty client who has Crown natural gas royalty transactions in a billing period, on or before the last day of the second month following the production month to which the invoice relates.

Description of Entries

NOTE: The amounts on the invoice are reported as positive numbers. The effect of each line item is understood as to whether it generally increases or decreases the overall liability to the Crown. Therefore, if a negative sign is displayed before any amount, the effect will be to either add or deduct that amount from the overall liability to the Crown depending on whether that line item generally increases or decreases the liability to the Crown. For example, capital cost allowance is generally a deduction from the Crown royalty; therefore, an annual capital cost adjustment will also be a deduction from Crown royalty if a negative sign is not displayed beside that amount. However, if a negative sign is indicated beside the annual capital cost adjustment, the amount will be added to the overall liability to the Crown.

1.6.2.1 Report Layout

PART 1: ROYALTY PAYER INFORMATION

Royalty payer is the person responsible for discharging the royalty obligations of the royalty client; hence, the royalty payer can also be a royalty client.

- 1.1 CODE - The four-character client ID assigned by the department.
- 1.2 NAME - The legal name of the royalty payer to whom the code is assigned to.
- 1.3 ADDRESS - The mailing address of the royalty payer.

PART 2: REGULATORY AGENCY INFORMATION

- 2.1 ISSUER - The regulatory agency issuing the invoice, which is the department.
- 2.2 ISSUE DATE - The date the invoice was issued. All prior-period interest is calculated up to this date.

- 2.3 INVOICE DUE DATE - The date on or before which the department must receive payment of the invoiced amount.
- 2.4 BILLING PERIOD - The production year and month for which an invoice is issued. One billing period may include amendments for prior-production periods.
- 2.5 INVOICE NUMBER - The unique number assigned by the department to distinguish a particular company's invoice.
- 2.6 ACCOUNT NUMBER - This is a unique number assigned to the royalty payer by the department. **The royalty payer must quote this number when making payment.**

PART 3: CROWN ROYALTY AND OTHER MONTHLY/ANNUAL ITEMS

The invoice differentiates prior period charges from current period charges associated with each charge item on the invoice. Both prior period and current period charges are due on the invoice due date. Current period interest starts to accrue on the first day after the due date of the invoice until the payment is received.

All charge types on the invoice, billing period detail and production year detail are placed into one of three categories: charges, credits, or adjustments:

- 1) Charges include those charge types that increase royalty payable. Net reversals of these charge types appear as negatives but will remain in the 'charges' category;
- 2) Credits include those charge types that decrease royalty payable. Net reversals of these charge types appear as positives but will remain in the 'credits' category;
- 3) Adjustments include those charge types that can either increase or decrease royalty payable, and as such can appear as either positives or negatives.

The following table summarizes the charge types (i.e. charges, credits and adjustments) that are shown in the invoice, billing period detail and production year detail reports:

3A CHARGES	3B CREDITS	3C ADJUSTMENTS
Crown Royalty (Chapter III, Section 1)	Monthly Proprietary Waiver (Chapter V, Section)	Annual Co-Generation Contract Adjustment (Chapter IV, Section 1.8)
Provisional Assessment Royalty (Chapter II, Section 1.3.2)	Monthly Capital Cost Deduction (Chapter VI, Section 1)	Annual Capital Cost Adjustment (Chapter VI, Section 3.2)
Enhanced Oil Recovery Operating Cost Adjustment (Chapter V Section 5.3)	Monthly Custom Processing Fee Deduction (Chapter VI, Section 1)	Annual Custom Processing Fee Adjustment (Chapter VI Section 6)
Allowable Cost Restriction (Chapter VI, Section 1.2)	Injection Credits (Chapter V, Section 5)	Annual Allowable Cost Restriction Adjustment (Chapter VI, Section 1.2.3)
Penalties (Chapter II, Section 1.6)	Crown Royalty Paid Bank Settlement (Chapter II, Section 5)	Royalty Deposit Adjustment (Chapter VII, Section 1.5.1)
Condensate Royalty (Chapter IV, Section 5)	SECAP (Chapter V, Section 6.2)	Prior Period Interest (Chapter VII, Section 1.4)
Fees (Chapter VII Section 1.1)	Monthly OFSG waiver (Chapter V, Section 2)	Audit Adjustments and Other Financial Transactions
		Annual Operating Cost Adjustment (Chapter VI, Section 5)

Billing Period Detail

The billing period detail report is separated into two reports, one identifying prior period charges and the other identifying current period charges that are calculated in the current billing period. In each report, the charges are listed by production period and charge type. Annual charge items are identified by the production year followed by the text “Annual”. Annual production periods are shown after the monthly production periods. Charges on each billing period report are now identified as automated or manual. prior period charges on the billing period report are further identified as to whether it is a charge or an interest item. Any prior period interest calculated for a charge item will appear in the interest column of that charge while royalty charges will appear in the charge column. The sum from the interest column equates back to the prior period interest charge item on the invoice. The totals on each of the billing period reports reconciles back to the total prior period and current period charges on the invoice. (billing period report in UDF format is not available).

Production Year Detail

The production year detail report summarizes charge information by production period for all invoice charges calculated in each of the billing periods to date. Clients’ may not have charges in every charge type; however, they are still listed on the report. Charge information from each charge type is summarized on the report by production and billing period. Annual charge items are identified by the production year followed by the text “Annual”. Annual production periods are shown after the monthly production periods. Charges on the report are grouped by charge category like those on the invoice (e.g. charge, credit, adjustment). A total is calculated for

each group and summed to obtain the total net royalty. (production year report in UDF format is not available.)

Production year totals are given for the following monthly charge types:

- Monthly capital cost deduction;
- Monthly custom processing fee deduction;
- Allowable cost restriction.

The total net royalty is based on the sum of charges sub-total, credits sub-total and adjustments sub-total.

For annual charge types, a breakdown by billing period is given. Charge types included are:

- Annual capital cost adjustment;
- Annual custom processing fee adjustment;
- Annual operating cost adjustment
- Annual allowable cost restriction adjustment;
- Annual co-gen. contract adjustment;
- Annual royalty deposit adjustment.

Crown Royalty Detail Summary Report

In order to reconcile the Crown royalty detail (CRD) report to the invoice and billing period reports, a Crown royalty detail summary report supplements the existing Crown royalty detail report. This summary report is generated for each royalty client and royalty payer and is only produced with a Crown royalty detail report. Crown royalty detail reports are produced for clients who have automated (system generated, not manually processed) charges for the following charge types:

- 1) Crown royalty;
- 2) EOR operating cost adjustment;
- 3) Injection credit;
- 4) Crown royalty paid bank settlement;
- 5) Crown royalty inventory settlement
- 6) Provisional royalty assessment.

The Crown royalty detail summary will group invoice charges by CRD and non-CRD charge types. CRD charge types are the same as (1) to (6) mentioned above. Non-CRD charge types are charge types that are not in the CRD group. Within each group, the charges will be identified as prior period charges and current period charges, similar to the invoice. Prior period and current period charges are further separated into automated and manual charges and identified as a charge or an interest item, similar to the billing period reports. Any prior period interest calculated for a charge item will appear in the interest column of that charge while its royalty charges will

appear in the charge column. The sum from the interest columns equates back to the prior period interest charge item on the invoice.

NOTE: Current period charges are not further identified as interest or charge since there would be no prior period interest associated with current period charges. The totals on the Crown royalty detail summary reconcile back to the total charges on the invoice and the billing period reports. The Crown Royalty Detail User Defined File (UDF) has been revised to incorporate this change.

Numbers on the following samples may be rounded for display purposes.



INVOICE

Part 1

ROYALTY PAYER INFORMATION	
1.1 CODE:	1234
1.2 NAME:	PARENT COMPANY
1.3 ADDRESS:	XXXXXXXXXXXXXXXXXXXX CALGARY, AB CANADA X9X 9X9

Part 2

REGULATORY AGENCY INFORMATION	
2.1 ISSUER:	ALBERTA DEPARTMENT OF ENERGY
2.2 ISSUE DATE:	2006-04-30
2.3 INVOICE DUE DATE:	2006-05-31
2.4 BILLING PERIOD:	2006-02
2.5 INVOICE NUMBER:	12345678901
2.6 ACCOUNT NUMBER:	G94XXXXXX

		<u>Prior Period \$</u>	<u>Current Period \$</u>	<u>Total \$</u>
Part 3A	Charges:			
	Crown Royalty	59,000.00	250,000.00	309,000.00
	Enhanced Oil Recovery Operating Cost Adjustment	10,000.00	50,000.00	60,000.00
	Provisional Royalty Assessment	10,000.00	25,000.00	35,000.00
	Penalties		5,000.00	5,000.00
	Condensate Royalty	(1,000.00)	5,000.00	4,000.00
	Total Charges	<u>78,000.00</u>	<u>335,000.00</u>	<u>413,000.00</u>
Part 3B	Credits:			
	Monthly Proprietary Waiver	(15,000.00)		(15,000.00)
	Monthly Capital Cost Deduction		(15,000.00)	(15,000.00)
	Monthly Custom Processing Fee Deduction		(5,000.00)	(5,000.00)
	Injection Credits		(25,000.00)	(25,000.00)
	Total Credits	<u>(15,000.00)</u>	<u>(45,000.00)</u>	<u>(60,000.00)</u>
Part 3C	Adjustments:			
	Annual Capital Cost Adjustment	(5,000.00)		(5,000.00)
	Annual Custom Processing Fee Adjustment	(1,000.00)		(1,000.00)
	Annual Operating Cost Adjustment	(2,000.00)	(3,000.00)	(5,000.00)
	Other Financial Transactions		(1,500.00)	(1,500.00)
	Prior Period Interest	4,929.00		4,929.00
	Total Adjustments	<u>(3,051.00)</u>	<u>(4,500.00)</u>	<u>(7,551.00)</u>
	TOTAL:	<u>\$59,929.00</u>	<u>\$285,500.00</u>	<u>\$345,429.00</u>

Terms and Conditions: Both Prior Period and Current Period Charges are due on the Invoice due date. The Department will charge interest on underpayments or late payments of invoiced amounts commencing the first day after the due date and continuing until the date the payment is received. Interest will be calculated at the ATB Financial prime lending rate plus 1%. Interest will not be paid on overpayments of invoiced amounts.

Cheques Payable to: Minister of Finance, Province of Alberta

Reference Number: 1234567



2006/02 BILLING PERIOD DETAIL – PRIOR PERIOD CHARGES

ROYALTY PAYER INFORMATION	
1.1 CODE:	1234
1.2 NAME:	PARENT COMPANY
1.3 ADDRESS:	XXXXXXXXXXXXXXXXXXXX CALGARY, AB CANADA X9X 9X9

REGULATORY AGENCY INFORMATION	
2.1 ISSUER:	ALBERTA DEPARTMENT OF ENERGY
2.2 ISSUE DATE:	2006-04-30
2.3 INVOICE DUE DATE:	2006-05-31
2.4 BILLING PERIOD:	2006-02
2.5 INVOICE NUMBER:	12345678901
2.6 ACCOUNT NUMBER:	G94XXXXXX

Period	Charge Type	Automated		Manual		Total	
		Charges \$	Interest \$	Charges \$	Interest \$	Charges \$	Interest \$
2003/01	Crown Royalty	1,000.00	10.00			1,000.00	10.00
	Provisional Royalty Assessment	10,000.00	100.00			10,000.00	100.00
2003/01 Sub-Total		11,000.00	110.00	0.00	0.00	11,000.00	110.00
2003/02	Crown Royalty	-2,000.00	-200.00			-2,000.00	-200.00
	Enhanced Oil Recovery Operating Cost Adjustment	10,000.00	99.00			10,000.00	99.00
	Condensate Royalty	-900.00	-100.00			-900.00	-100.00
2003/02 Sub-Total		7,100.00	-201.00	0.00	0.00	7,100.00	-201.00
2003 Annual	Annual Capital Cost Adjustment	-5,000.00	-50.00			-5,000.00	-50.00
	Annual Custom Processing Fee Adjustment	-1,000.00	-10.00			-1,000.00	-10.00
	Annual Operating Cost Adjustment	-750.00	-7.50			-750.00	-7.50
2003 Annual Sub-Total		-6,750.00	-67.50	0.00	0.00	-6,750.00	-67.50
2004/01	Crown Royalty	50,000.00		10,000.00		60,000.00	
	Monthly Proprietary Waiver			-15,000.00		-15,000.00	
	Interest: Prior Period				5,000.00		5,000.00
2004/01 Sub-Total		50,000.00	0.00	-5,000.00	5,000.00	45,000.00	5,000.00
2004 Annual	Annual Operating Cost Adjustment	-1,250.00	-12.50			-1,250.00	-12.50
2004 Annual Sub-Total		-1,250.00	-12.50	0.00	0.00	-1,250.00	-12.50
PRIOR PERIOD SUB-TOTAL		60,100.00	-171.00	-5,000.00	5,000.00	55,100.00	4,829.00
TOTAL PRIOR PERIOD CHARGE:						\$59,929.00	

Reference Number: 1234567

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2006/02 BILLING PERIOD DETAIL – CURRENT PERIOD CHARGES

ROYALTY PAYER INFORMATION	
1.1 CODE:	1234
1.2 NAME:	PARENT COMPANY
1.3 ADDRESS:	XXXXXXXXXXXXXXXXXXXX CALGARY, AB CANADA X9X 9X9

REGULATORY AGENCY INFORMATION	
2.1 ISSUER:	ALBERTA DEPARTMENT OF ENERGY
2.2 ISSUE DATE:	2006-04-30
2.3 INVOICE DUE DATE:	2006-05-31
2.4 BILLING PERIOD:	2006-02
2.5 INVOICE NUMBER:	12345678901
2.6 ACCOUNT NUMBER:	G94XXXXXX

Production Period	Charge Type	Automated Charges \$	Manual Charges \$	Total Charges \$
2005 Annual	Annual Operating Cost Adjustment	-3,000.00		-3,000.00
2006/02	Crown Royalty	250,000.00		250,000.00
	Enhanced Oil Recovery Operating Cost Adjustment	50,000.00		50,000.00
	Condensate Royalty	5,000.00		5,000.00
	Provisional Royalty Assessment	25,000.00		25,000.00
	Penalties	5,000.00		5,000.00
	Monthly Capital Cost Deduction	-15,000.00		-15,000.00
	Monthly Custom Processing Fee Deduction	-5,000.00		-5,000.00
	Injection Credits	-25,000.00		-25,000.00
	Other Financial Transactions		-1,500.00	-1,500.00
CURRENT PERIOD SUB-TOTAL		<u>287,000.00</u>	<u>-1,500.00</u>	<u>285,500.00</u>
			TOTAL CURRENT PERIOD CHARGE	<u><u>\$285,500.00</u></u>



PRODUCTION YEAR DETAIL 2004

ROYALTY PAYER INFORMATION	
1.1 CODE:	1234
1.2 NAME:	PARENT COMPANY
1.3 ADDRESS:	XXXXXXXXXXXXXXXXXXXX CALGARY, AB CANADA X9X 9X9

REGULATORY AGENCY INFORMATION	
2.1 ISSUER:	ALBERTA DEPARTMENT OF ENERGY
2.2 ISSUE DATE:	2006-04-30
2.3 INVOICE DUE DATE:	2006-05-31
2.4 BILLING PERIOD:	2006-02
2.5 INVOICE NUMBER:	12345678901
2.6 ACCOUNT NUMBER:	G94XXXXXX

Production Period	Billing Period	Invoice Number	Crown Royalty \$	EOR Operating Cost Adjustment \$	Crown Royalty Inventory Settlement \$	Allowable Cost Restriction \$	Provisional Royalty Assessment \$	Penalties \$	Condensate Royalty	Charges Sub-Total \$	Injection Credit \$
2004/07	2004/07	12345678888	250,000.00	50,000.00			25,000.00	5,000.00	1,000.00	330,000.00	-25,000.00
	2005/08	12345678901	60,000.00						(100.00)	60,000.00	
2004/07	Sub-Total		310,000.00	50,000.00	0.00	0.00	25,000.00	5,000.00	900.00	390,900.00	-25,000.00
2004/08	2004/08	12345678901	250,000.00	50,000.00			25,000.00	5,000.00	2,000.00	330,000.00	-25,000.00
2004/08	Sub-Total		250,000.00	50,000.00	0.00	0.00	25,000.00	5,000.00	2,000.00	330,000.00	-25,000.00
2004 Annual	2005/04	12345678804									
	2006/02	12345678901									
	Sub-Total		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2004 Total			\$560,000.00	\$100,000.00	\$0.00	\$0.00	\$60,000.00	\$10,000.00	2,900.00	\$722,900.00	-\$50,000.00

Reference Number: 1234567



PRODUCTION YEAR DETAIL 2004

ROYALTY PAYER INFORMATION	
1.1 CODE:	1234
1.2 NAME:	PARENT COMPANY
1.3 ADDRESS:	XXXXXXXXXXXXXXXXXXXX CALGARY, AB CANADA X9X 9X9

REGULATORY AGENCY INFORMATION	
2.1 ISSUER:	ALBERTA DEPARTMENT OF ENERGY
2.2 ISSUE DATE:	2006-04-30
2.3 INVOICE DUE DATE:	2006-05-31
2.4 BILLING PERIOD:	2006-02
2.5 INVOICE NUMBER:	12345678901
2.6 ACCOUNT NUMBER:	G94XXXXXX

Production Period	Billing Period	Invoice Number	Crown Royalty Paid Bank Settlement \$	Monthly Proprietary Waiver \$	Monthly Capital Cost Deduction \$	Monthly Custom Processing Fee Deduction \$	SECAP \$	OFSG \$	Credits Sub-Total \$	Annual Co-Gen Contract Adjustment \$
2004/07	2004/07	12345678888			-15,000.00	-5,000.00			-45,000.00	
	2005/08	12345678901		-15,000.00					-15,000.00	
2004/07	Sub-Total		0.00	-15,000.00	-15,000.00	-5,000.00	0.00	0.00	-60,000.00	0.00
2004/08	2004/08	12345678901			-15,000.00	-5,000.00			-45,000.00	
2004/08	Sub-Total		0.00	0.00	-15,000.00	-5,000.00	0.00	0.00	-45,000.00	0.00
2004 Annual	2005/04	12345678804								
	2006/02	12345678901								
	Sub-Total		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2004 Total			\$0.00	-\$15,000.00	-\$30,000.00	-\$10,000.00	\$0.00	0.00	-\$105,000.00	\$0.00

Reference Number: 1234567



PRODUCTION YEAR DETAIL 2004

ROYALTY PAYER INFORMATION	
1.1 CODE:	1234
1.2 NAME:	PARENT COMPANY
1.3 ADDRESS:	XXXXXXXXXXXXXXXXXXXX CALGARY, AB CANADA X9X 9X9

REGULATORY AGENCY INFORMATION	
2.1 ISSUER:	ALBERTA DEPARTMENT OF ENERGY
2.2 ISSUE DATE:	2006-04-30
2.3 INVOICE DUE DATE:	2006-05-31
2.4 BILLING PERIOD:	2006-02
2.5 INVOICE NUMBER:	12345678901
2.6 ACCOUNT NUMBER:	G94XXXXXX

Production Period	Billing Period	Invoice Number	Annual Capital Cost Adjustment \$	Annual CP Fee Adjustment \$	Annual Operating Cost Adjustment \$	Annual ACR Adjustment \$	Royalty Deposit Adjustment \$	Audit Adjustment \$	Other Financial Transactions \$	Interest: Prior Period \$
2004/07	2004/07	12345678000							-1,500.00	
	2005/08	12345678901								5,000.00
2004/07	Sub-Total		0.00	0.00	0.00	0.00	0.00	0.00	-1,500.00	5,000.00
2004/08	2004/08	12345678532							-1,500.00	
2004/08	Sub-Total		0.00	0.00	0.00	0.00	0.00	0.00	-1,500.00	0.00
2004 Annual	2005/04	12345678804			500.00					
	2006/02	12345678901			250.00					
	Sub-Total				750.00					
2004 Total			0.00	\$0.00	\$750.00	\$0.00	\$0.00	\$0.00	-\$3,000.00	\$5000.00



PRODUCTION YEAR DETAIL 2004

ROYALTY PAYER INFORMATION	
1.1 CODE:	1234
1.2 NAME:	PARENT COMPANY
1.3 ADDRESS:	XXXXXXXXXXXXXXXXXXXX CALGARY, AB CANADA X9X 9X9

REGULATORY AGENCY INFORMATION	
2.1 ISSUER:	ALBERTA DEPARTMENT OF ENERGY
2.2 ISSUE DATE:	2006-04-30
2.3 INVOICE DUE DATE:	2006-05-31
2.4 BILLING PERIOD:	2006-02
2.5 INVOICE NUMBER:	12345678901
2.6 ACCOUNT NUMBER:	G94XXXXXX

Production Period	Billing Period	Invoice Number	Adjustments Sub-Total \$	Total Net Royalty \$
2004/07	2004/07	12345678000	-1,500.00	283,500.00
	2005/08	12345678901	5,000.00	50,000.00
2004/07	Sub-Total		3,500.00	334,400.00
2004/08	2004/08	12345678532	-1,500.00	283,500.00
2004/08	Sub-Total		-1,500.00	283,500.00
2004 Annual	2005/04	12345678804	500.00	500.00
	2006/02	12345678901	250.00	250.00
	Sub-Total		750.00	750.00
2004 Total			\$2,750.00	\$617,750.00



CROWN ROYALTY DETAIL SUMMARY

Invoice #: 12345678901

Issue Date: 2006-04-30
Royalty Client: 1234
Name: Parent Company

Royalty Payer code: 1234
Name: Parent Company
XXXXXXXXXXXXXXXXXXXX
Calgary, AB
X9X 9X9

ROYALTY CLIENT
SUMMARY:

		Prior Period Charges \$				Current Period Charges \$			
		Automated		Manual		Automated		Manual	
		Charges \$	Interest \$	Charges \$	Interest \$	Total \$	Charges \$	Charges \$	Total \$
CRD CHARGE TYPE:	Crown Royalty	49,000.00	-190.00	10,000.00		58,810.00	250,000.00		250,000.00
	Enhanced Oil Recovery Operating Cost Adjustment	10,000.00	99.00			10,099.00	50,000.00		50,000.00
	Injection Credits						-25,000.00		-25,000.00
	Provisional Royalty Assessment	10,000.00	100.00			10,100.00	25,000.00		25,000.00
CRD TOTAL:		69,000.00	9.00	10,000.00	0.00	79,009.00	300,000.00	0.00	300,000.00
NON CRD CHARGE TYPE:	Annual Capital Cost Adjustment	-5,000.00	-50.00			-5,050.00			
	Annual Custom Processing Fee Adjustment	-1,000.00	-10.00			-1,010.00			
	Annual Operating Cost Adjustment	-2,000.00	-20.00			-2,020.00	-3,000.00		-3,000.00
	Interest Prior Period				5,000.00	5,000.00			
	Monthly Capital Cost Deduction						-15,000.00		-15,000.00
	Monthly Crown Processing Fee Deduction						-5,000.00		-5,000.00
	Monthly Proprietary Waiver			-15,000.00		-15,000.00			
	Penalties						5,000.00		5,000.00
	Other Financial Transactions							-1,500.00	-1,500.00
NON CRD TOTAL:		-8,000.00	-80.00	-15,000.00	5,000.00	-18,080.00	-18,000.00	-1,500.00	-19,500.00
		\$61,000.00	-\$71.00	-\$5,000.00	\$5,000.00	\$60,929.00	\$282,000.00	-\$1,500.00	\$280,500.00

ROYALTY PAYOR SUMMARY:

		Prior Period Charges \$				Current Period Charges \$			
		Automated		Manual		Automated		Manual	
		Charges \$	Interest \$	Charges \$	Interest \$	Total \$	Charges \$	Charges \$	Total \$
CRD CHARGE TYPE:	Crown Royalty	49,000.00	-190.00	10,000.00		58,810.00	250,000.00		250,000.00
	Enhanced Oil Recovery Operating Cost Adjustment	10,000.00	99.00			10,099.00	50,000.00		50,000.00
	Injection Credits						-25,000.00		-25,000.00
	Provisional Royalty Assessment	10,000.00	100.00			10,100.00	25,000.00		25,000.00
CRD TOTAL:		69,000.00	9.00	10,000.00	0.00	79,009.00	300,000.00	0.00	300,000.00
NON CRD CHARGE TYPE:	Annual Capital Cost Adjustment	-5,000.00	-50.00			-5,050.00			
	Annual Custom Processing Fee Adjustment	-1,000.00	-10.00			-1,010.00			
	Annual Operating Cost Adjustment	-2,000.00	-20.00			-2,020.00	-3,000.00		-3,000.00
	Interest Prior Period				5,000.00	5,000.00			
	Monthly Capital Cost Deduction						-15,000.00		-15,000.00
	Monthly Custom Processing Fee Deduction						-5,000.00		-5,000.00
	Monthly Proprietary Waiver			-15,000.00		-15,000.00			
	Penalties						5,000.00		5,000.00
	Other Financial Transactions							-1,500.00	-1,500.00
NON CRD TOTAL:		-8,000.00	-80.00	-15,000.00	5,000.00	-18,080.00	-18,000.00	-1,500.00	-19,500.00
TOTAL:		\$61,000.00	-\$71.00	-\$5,000.00	\$5,000.00	\$60,929.00	\$282,000.00	-\$1,500.00	\$280,500.00

1.6.3 Crown Royalty Detail (CRD)

Purpose

The Crown royalty detail is the department's monthly calculation of net Crown natural gas royalty before consideration of corporate items. Royalty clients who do not wish to receive this information should contact Client Services

Timing

The department issues a Crown royalty detail to each royalty client that has Crown natural gas royalty transactions in a billing period, as part of the package that includes the invoice, on or before the last day of the second month following the production month to which the invoice relates.

Description of Entries

The Crown royalty detail will report all new and amended gas and gas product volumes allocated to the royalty client via Volumetric/SAF/OAF submissions. It will also include volume reassignments from other royalty clients as reflected on the RMF2 - Reassignment of Volumes Set-up/Change form. Volumes will be reported by:

- Royalty client;
- EUB facility;
- Production month;
- Charge types;
- Stream ID (Well/Well Group/Unit/Injection Scheme).

The Crown royalty detail consists of two parts:

- Crown royalty detail calculation (CRDC) and
- Crown royalty detail volumetric (CRDV).

The CRDC picks the volumetric total quantity from the CRDV and goes through a process to arrive at:

- Crown royalty share;
- Gross royalty;
- Operating costs;
- Charge totals; and
- Prior period interest.

The CRDV picks the information from the source documents (Volumetric/SAF/OAF and RMF2) and goes through a process to arrive at the royalty client's volumetric total quantity that is liable to royalty calculation.

The charge types reported on the detail calculation and volumetric statements are:

- Crown royalty;
- Injection credits;
- Enhanced oil recovery operating cost adjustment;
- Crown royalty paid bank settlement; and
- Provisional royalty assessments.

How to Calculate Blended Crown Royalty Rate

For royalty client's information, the blended Crown royalty rate that appears on the Crown royalty detail calculation statement (field 4.5) is calculated as follows:

Blended Crown Royalty Rate - Gas

Base royalty rate (old FARR rate)	=	34.59492%
Minus:		
Vintage adjustment: (old FARR rate - new FARR rate)		
34.59492 – 30.01966	=	(4.57526)
Low productivity adjustment:	=	<u>(16.89730)</u>
Blended Crown royalty rate - gas	=	<u>13.12236</u>

Blended Crown Royalty Rate – Ethane

Base royalty rate (old ethane royalty rate)	=	35.00000%
Minus:		
Vintage adjustment: (old ethane royalty rate – new ethane royalty rate)		
35.00000 – 30.00000	=	(5.00000)
	=	<u>(16.89730)</u>
Blended Crown royalty rate - ethane	=	13.10270%

NOTE:

- 1) **The Crown royalty share of the volumes will be rounded to the nearest decimal point.**
- 2) **For the royalty clients who receive invoice in UDF format, the blended Crown royalty rate is not indicated on the invoice. Instead, the following rates:**
 - **base royalty rate,**
 - **new gas / ethane royalty rate,**
 - **low productivity adjustment,**

are disclosed on the invoice and the clients are expected to calculate their own blended Crown royalty rate. The calculation is similar to the one illustrated above.

The following pages describe the charges and credits that will be reported on the Crown royalty detail calculation and volumetric statements.



CROWN ROYALTY DETAIL CALCULATION

Part 1

1.1	ISSUE DATE:	2003-04-30
1.3	ROYALTY CLIENT:	1234
1.4	NAME:	PARENT COMPANY
1.5	FACILITY:	AB-GP-0001000
1.6	PRODUCTION PERIOD:	2003-02

1.2 Invoice #: 12345678901

Part 2

2.1	ROYALTY PAYER CODE:	1234
2.2	NAME:	PARENT COMPANY
2.3	ADDRESS:	XXXXXXXXXXXXXXXXXXXX CALGARY, AB X9X 9X9

Part 3

Royalty Product	Reference Price	Price Adjustment	Raw Gas Factor	Corporate Gas Factor	Adjusted IATD	Royalty Trigger Factor	Transportation Adjustment	Fractionation Rate \$	Valuation Price	Conversion Factor	Unit Operating Cost Rate \$	Reversal Status	Provisional Assessment Price
3.1	3.2	3.3	3.4	3.5	3.6.1	3.6.2	3.6.3	3.7	3.8	3.9	3.10	3.11	3.12
C2-MX	7.23				0.192	1.09		0.02	7.21	0.28132	9.35		
C3-MX	263.88							10.87	244.26	0.65554	9.35		
C4-MX	284.24							10.87	264.62	0.72793	9.35		
C5-MX	339.40							10.87	319.78	0.78783	9.35		
GAS	6.89				0.297	1.09		0.03	6.86	1.00000	9.35		

Part 4

Royalty Product	Client Volumetric Totals Quantity	Heat	Crown Interest %	Vintage Type	%	Crown Royalty Rate	Crown Royalty Quantity	Heat	Gross Royalty \$	Royalty Exemption \$	Operating Deduction \$	Charge Total \$	Interest Charge \$
4.1	4.2	4.3	4.4	4.5	4.6	4.7	4.8	4.9	4.10	4.11	4.12	4.13	
	Charge Type:	Crown Royalty				Stream Id: AB-WI-10000000000W000							
C2-MX	0.4	7	100.00000	NEW	100.00	13.10270	0.05	0.92	6.61	0.00	0.13	6.48	0.00
C3-MX	0.6		100.00000			30.00000	0.18		43.97	0.00	1.10	42.87	0.00
C4-MX	0.6		100.00000			30.00000	0.18		47.63	0.00	1.23	46.40	0.00
C5-MX	0.6		100.00000	NEW	100.00	33.06254	0.20		63.96	0.00	1.47	62.49	0.00
GAS	17.9	699	100.00000	NEW	100.00	13.12236	2.35	91.73	629.27	0.00	21.97	607.30	0.00

TOTAL
FACILITY: AB-GP-0001000
CHARGE TYPE: Crown Royalty \$765.54
INTEREST CHARGE: \$0.00
\$765.54

- Totals: 1 At a facility for each production month, totals by charge type
2 Summary totals by charge type for each owner.
3 Summary totals by charge type for each Royalty Payer.
- Overall Sort: 1 Facility 3 Stream ID/Charge Type
2 Production Period 4 Product

Page Breaks: Facility and Production Period
Header Suppressed when the factor is not used in the calculation.

Information: All calculations will be based on full numerical values with rounding only at the charge total level.
Rounding: For reporting purposes, paper documents may reflect truncated quantities

Reference Number: 1234567

1.6.4 Crown Royalty Detail Calculation Statement

1.6.4.1 Report Layout

PART 1: ROYALTY CLIENT INFORMATION

- 1.1 **ISSUE DATE** - The date the Crown royalty detail calculation statement is issued. This date is always shown as the last day of the month.
- 1.2 **INVOICE NUMBER** - The unique number assigned by the department to distinguish a particular Crown royalty detail calculation statement. This number will be the same as that on the invoice. This number should be quoted when making enquiries about the Crown royalty detail calculation.
- 1.3 **ROYALTY CLIENT** - The four-character client ID assigned by the department to the royalty client.
- 1.4 **NAME** - The legal name of the royalty client.
- 1.5 **FACILITY** - This code identifies the facility that processed the volumes of the royalty client. The code describes the following:
 - The province in which the facility is located;
 - The type of facility (gas plant, gathering system, gas battery or injection facility); and
 - The unique code assigned by the EUB that identifies the facility.
- 1.6 **PRODUCTION PERIOD** – The year and month for which the quantities are reported on Volumetric/SAF/OAF submissions, and for which the Crown royalty is calculated.

PART 2: ROYALTY PAYER INFORMATION

- 2.1 **ROYALTY PAYER CODE** - The four-character client ID assigned by the department to the royalty payer. The royalty payer is recognised by the department (upon royalty client's instructions) as being responsible to discharge the royalty obligations of the royalty client. A royalty client can also be a royalty payer.
- 2.2 **NAME** - The legal name of the royalty payer.
- 2.3 **ADDRESS** - The full mailing address of the royalty payer identified in fields 2.1 and 2.2.

PART 3: DATA COMPONENT

3.1 ROYALTY PRODUCT - The code used to describe the product on which Crown royalty is calculated (corresponds to the code used on the source Registry reporting). A detailed summary of the products and its usage is as follows:

Product Name	Product Code	Unit of Measure	Used on Volumetric / SAF / OAF	Used on Cr. Roy. Detail
Condensate	COND	m ³	COND	
Oil	OIL	m ³		
Carbon Dioxide	CO ₂	10 ³ m ³	CO ₂	
Nitrogen	N ₂	10 ³ m ³	N ₂	
Oxygen	O ₂	10 ³ m ³	O ₂	
Gas	GAS	10 ³ m ³	GAS	GAS
Ethane Spec	C2-SP	m ³	C2-SP	C2-SP
Propane Spec	C3-SP	m ³	C3-SP	C3-SP
Butane-Spec	C4-SP	m ³	C4-SP	C4-SP
Iso-Butane	IC4-SP	m ³	IC4-SP	C4-SP
Normal-Butane Spec	NC4-SP	m ³	NC4-SP	C4-SP
Pentanes-Spec	C5-SP	m ³	C5-SP	C5-SP
-Iso-Pentanes Spec	IC5-SP	m ³	IC5-SP	C5-SP
-Normal-Pentanes Spec	NC5-SP	m ³	NC5-SP	C5-SP
Hexane	C6-SP	m ³	C6-SP	C5-SP
Sulphur	S or SUL	Tonnes	S or SUL	S or SUL
Sulphur - Basepad	SBASE	Tonnes	SBASE	S
Sulphur - Block	SBLOC	Tonnes	SBLOC	S
Sulphur - Formed	SFORM	Tonnes	SFORM	S
Sulphur - Molten	SMOLT	Tonnes	SMOLT	S
Sulphur - Prilled	SPRILL	Tonnes	SPRILL	S
Sulphur - Slate	SLATE	Tonnes	SLATE	S
Water	WATER	m ³		
Fresh Water	H ₂ O	m ³		
LPG	LPG	m ³	LPG	
NGL	NGL	m ³	NGL	
Light Ends (Components lighter than C2 in a mix)	LITEMX	m ³	LITEMX	
Ethane Component in Mix	C2-MX	m ³	C2-MX	C2-MX
Propane Component in Mix	C3-MX	m ³	C3-MX	C3-MX

Butane Component in Mix Iso-Butane Component in Mix Normal-Butane Component in Mix	C4-MX	m ³	C4-MX	C4-MX
	IC4-MX	m ³	IC4-MX	C4-MX
	NC4-MX	m ³	NC4-MX	C4-MX
Pentanes Component in Mix Iso-Pentanes Component in Mix Normal-Pentanes Component in Mix	C5-MX	m ³	C5-MX	C5-MX
	IC5-MX	m ³	IC5-MX	C5-MX
	NC5-MX	m ³	NC5-MX	C5-MX
Hexane Component in Mix	C6-MX	m ³	C6-MX	C5-MX

NOTE: Codes for products that contain the suffix -mx are the components within a mix stream such as LPGS or NGLS.

3.2 REFERENCE PRICE - The price at which the Crown royalty share of the gas and gas products will be valued to arrive at base royalty. (See 3.5 regarding corporate gas factor for CAP filers.) The unit of value will be as follows:

- GJ for gas and ethane;
- M³ for propane, butane and pentanes; and
- Tonnes for sulphur.

NOTE: After a CAP filer's corporate average price of gas for a production year is established on the VA2 form and approved by the department, field 3.2 will report this price to value all gas volumes (including amendments) for this royalty client/production year.

3.3 PRICE ADJUSTMENT - An adjustment to the reference price for those royalty clients who are subject to Crown agreements in regard to valuing their Crown royalty volumes.

3.4 RAW GAS FACTOR - A deduction from reference price in respect of raw gas sold by a royalty client in the month. This deduction will be given only upon satisfactory evidence that the raw gas sold was delivered to a processing plant. (Refer to *Ch. IV, Sec 1.5.2*).

3.5 CORPORATE GAS FACTOR - The factor by which the department either increases or decreases the reference price to determine the price at which to value the monthly Crown royalty volumes of those royalty clients who have elected corporate average price. (Refer to *Ch. IV Sec. 1.9.7.1*).

NOTE: After the CAP filer's corporate average price of gas for a production year is established on the VA2 form and approved by the Department; field 3.5 will report a corporate gas factor of 1.00000 for this royalty client/production year.

- 3.6.1 ADJUSTED IATD - IATD multiplied by Fuel/Loss Factor plus/minus prior period amendments.
- 3.6.2 ROYALTY TRIGGER FACTOR - factor calculated to adjust the intra-Alberta transportation deduction to reflect unique Alberta transportation charges.
- 3.6.3 TRANSPORTATION RATE - The regional Transportation Allowance deducted from the Reference Price for all (mix and specs) propane, butane and pentanes-plus. (Refer to *Ch. IV Sec. 3.6.1*).
- 3.7 FRACTIONATION RATE - The Fractionation Allowance deducted from the Reference Price for propane mix, butane mix and pentanes-plus mix. (Refer to *Ch. IV Sec. 3.6.2*).
- 3.8 VALUATION PRICE - is the Reference Price minus the facility specific Gas Transportation Adjustment. The value used in the calculation of Crown royalty charge or injection credit.
- 3.9 CONVERSION FACTOR - The energy adjusted gas equivalent factor used to convert gas, liquids and sulphur volumes to a gas equivalent basis for the purpose of calculating Allowable Operating Cost for gas and gas products. (Refer to *Ch. VI Sec 5.3*).
- 3.10 UNIT OPERATING COST RATE (UOCR) - The rate used to calculate the operating cost allowance for gas and gas products. This UOCR is tied to the facility indicated on the header information (see 1.5). (The UOCR is established for each of the plant types and the designated facilities. These are found in Appendix I.) UOCR will not be given to the reference price filers on raw gas sales, which are eligible for 80% reference price valuation. Also, UOCR will not be given to the CAP filers on deemed raw gas sales which are used as off-site fuel or which are delivered to out-of-province facilities for processing. (Refer to *Ch. IV. Sec. 1.9.6*).
- EXCEPTION: For an EOR operating cost adjustment "charge type", the header facility will be an injection facility, but the operating cost rate will be the one applicable to the plant that processes the production volumes. The royalty client will be made aware of the processing plant and the UOCR used.**
- 3.11 REVERSAL STATUS - amount reversed from prior period adjustment.
- 3.12 PROVISIONAL ASSESSMENT PRICE - default price at which provisional assessment is calculated.

PART 4: CROWN ROYALTY CHARGE CALCULATION

4.1 ROYALTY PRODUCT - (See 3.1.)

4.2 CLIENT VOLUMETRIC TOTALS QUANTITY - The quantity of the product on which Crown royalty is determined. The quantity is derived from the source document details (see 3.12, under Crown royalty detail volumetric statement). For unit of measurement information, please refer to 3.1.

HEAT - The heat content (expressed in GJ) of the quantity of gas and ethane reported here. (ethane, which is in m³, is converted to GJ by using a factor of 0.28132, and then multiplying the result by 66.065.)

4.3 CROWN INTEREST - The Crown interest share of the product produced from Crown lands by the royalty client, which is expressed as a percentage to seven decimal places. Refer to (*Ch. III Sec. 1*)

4.4 VINTAGE TYPE - The vintage of the Crown gas, ethane and pentanes-plus on which royalty rate is determined. The vintage is either new or old.

% - The percentage of the Crown gas, ethane and pentanes-plus which is new. If the vintage is new, then the percentage displayed will be 100.00%. If the vintage is old, then the percentage shown will be 0.00%. The applicable percentage will be displayed for commingled vintage.

4.5 CROWN ROYALTY RATE - The rate used to calculate Crown royalty for gas and gas products. For gas, ethane and pentanes-plus, this rate is derived after taking into consideration the vintage and low productivity allowance. For the rest of the products, the established rates are used, which are expressed as a percentage to five decimal places.

4.6 CROWN ROYALTY QUANTITY - Crown royalty quantity derived by multiplying the Crown interest and the Crown royalty rate to the Client volumetric total quantity indicated in 4.2.

HEAT - Crown royalty quantity (in GJ) derived by multiplying the Crown interest and the Crown royalty rate to the client volumetric total heat indicated in 4.2.

4.7 GROSS ROYALTY - The dollar value of the Crown royalty share of gas and gas products. The gross royalty is derived by multiplying the Crown royalty quantity/heat (from 4.6) by the facility average price (FAP).

4.8 ROYALTY EXEMPTION - An adjustment to the gross royalty in respect of royalty adjustments approved under various features of the royalty regime. (Refer to *Ch. V Sec. 1.1*).

- 4.9 OPERATING DEDUCTION - The amount deducted from gross royalty after royalty exemption to arrive at Crown royalty charge total. Crown royalty quantity (10^3m^3) in field 4.6 multiplied by conversion factor in field 3.9 multiplied by UOCR in field 3.10 equals the operating cost deduction amount.
- 4.10 CHARGE TOTAL - The total charge to the royalty client by products under the charge type and stream ID indicated in fields 4.12 and 4.13.
- 4.11 INTEREST CHARGE - A prior period interest charge for each product under the stream ID indicated here. A negative interest amount is a credit to the royalty client. The sum of all prior period interest amounts for the royalty payer is carried forward and reported as "Interest: Prior Period" on the invoice.
- 4.12 CHARGE TYPE - The type of charge for which a royalty calculation is done. There are six charge types: Crown royalty, injection credits, EOR operating cost adjustment, provisional royalty assessment, Crown royalty and royalty paid bank settlement. The sum of each of the charge type for the royalty payer is reported on the invoice.
- 4.13 STREAM ID - To identify the source from which the production volumes came from. The first two letters identify the province. The next two letters identify the stream type. It could be WI (single well), WG (well group), UN (unit) or an IS (injection scheme). The remainder relates to the stream ID code assigned by EUB or the department.

1.6.4.2 Facility Average Royalty Rate (FARR%) Statement

The facility average royalty rate (FARR%) is the aggregate (weighted) average royalty rate based on the ISC content within the royalty-triggered gas. FARR% is calculated, using the heat (GJ) value of all in stream component (ISC) dispositions (excluding inerts) at a facility, regardless of whether they will ultimately attract royalty, for both new and old vintage gas. The calculated FARR% will then be applied against the royalty liable quantities by the royalty calculation process. Gas production with old vintage will be assessed at the old FARR%. Gas production with new vintage will be assessed at the new FARR%.

Royalty triggered gas production at a facility, with some exceptions, will be assessed at FARR%. See 'Points to remember for FARR% and FAP calculation' in *Appendix D*.

The same ISC dispositions at a facility that are used in the FARR calculation will be used in the FAP calculation.

The new gas facility average royalty rate is calculated as follows:

$$\begin{aligned} \text{New FARR \%} = & \frac{\text{Sum of ...}}{\text{All ISC product facility heat}} \\ & \frac{(\text{ISC product facility heat at delivery/receipt location} \\ & \text{Times...} \\ & \text{ISC product new royalty rate})}{\text{Sum of ...}} \end{aligned}$$

The old gas facility average royalty rate is calculated as follows:

$$\begin{aligned} \text{Old FARR \%} = & \frac{\text{Sum of ...}}{\text{All ISC product facility heats}} \\ & \frac{(\text{ISC product facility heat at delivery/receipt location} \\ & \text{times...} \\ & \text{ISC product old royalty rate})}{\text{Sum of ...}} \end{aligned}$$

Excludes inerts (CO2-IC, N2-IC, O2-IC, H2-IC, HE-IC, SUL-IC, H2S-IC).

If any of the products are flagged as out of balance, then the old C5+-IC royalty rate is used instead for that product. (*Refer to Ch. II, Sec. 1.9 – royalty calculation defaults*).

The facility average royalty rates will not be generated until invoice calculation. Royalty clients will receive supporting details on FARR% calculations in their monthly invoice package.

Facility average royalty rates will be used to assess gas royalty, but there are some exceptions.

1.6.4.3 Raw Gas Average Royalty Rate (RARR%) Statement

Raw gas sales that are subsequently processed and raw gas sales that are subsequently used for lease fuel are assessed at the raw gas average royalty rate (RARR%), rather than FARR%. The raw gas average royalty rate is based on the ISC factors identified by the seller on the raw gas allocation (RGA) submission, rather than the ISC composition of the royalty trigger quantities at the facility. The RGA is a Registry submission that is filed when there are ownership changes of gas quantities within the royalty network. Refer to *Appendix N* for the definition of royalty network. (Refer to *Ch. IV, Sec. 1.3.2* for raw gas reporting information).

Only ISC factors from methane, ethane ISC, propane ISC, butanes ISC and pentanes plus ISC are included in the RARR% calculation. Raw gas sales with old vintage will be assessed at the Old RARR%. Raw gas sales with new vintage will be assessed at the new RARR%.

The New raw gas average royalty rate (RARR) is calculated as follows:

New RARR =	$\frac{\begin{array}{l} \text{Sum of ...} \\ \text{(ISC product RGA Factor} \\ \text{times...} \\ \text{ISC product new royalty rate)} \end{array}}{\begin{array}{l} \text{Divided by ...} \\ \text{Sum of ...} \\ \text{ISC product RGA Factors *} \end{array}}$
------------	---

The Old raw gas average royalty rate (RARR) is calculated as follows:

Old RARR =	$\frac{\begin{array}{l} \text{Sum of ...} \\ \text{(ISC product RGA Factor} \\ \text{times...} \\ \text{ISC product old royalty rate)} \end{array}}{\begin{array}{l} \text{Divided by ...} \\ \text{Sum of ...} \\ \text{ISC product RGA Factors *} \end{array}}$
------------	---

* Excludes inerts (CO2-IC, N2-IC, O2-IC, H2-IC, HE-IC, SUL-IC, H2S-IC).

The raw gas average royalty rates will not be generated until invoice calculation. Royalty clients will receive supporting details on the RARR% calculations in their monthly invoice package.

1.6.4.4 Facility Average Price (FAP) Statement

The facility average price (FAP) is the aggregate (weighted) average reference price based on the ISC content within the royalty-triggered gas, less the facility gas transportation deduction. FAP is calculated using the heat (GJ) value of all in stream component (ISC) dispositions (excluding inerts) at a facility, regardless of whether they will ultimately attract royalty. The same ISC dispositions at a facility that are used in the FARR calculation will be used in the FAP calculation (see ‘Points to Remember for FARR% and FAP Calculations’ in *Appendix D*).

Royalty liable (including freehold, non-Alberta, and purchased volumes) quantities will be valued at a facility average reference price less the facility average gas transportation adjustment. The resulting (valuation) price is the facility average price (FAP).

The facility average reference price is calculated as follows:

$$\begin{aligned} \text{Facility average reference price} = & \text{Sum of ...} \\ & \text{(ISC Product Facility Heat At Delivery/Receipt Location} \\ & \text{times...} \\ & \text{ISC Product Reference Price)} \\ & \text{divided by} \\ & \text{sum of ...} \\ & \text{ISC Product Facility Heat*} \end{aligned}$$

The facility average AIATD is calculated as follows:

$$\begin{aligned} \text{Facility average AIATD} = & \text{Sum of ...} \\ & \text{(ISC Product Facility Heat at delivery/receipt location} \\ & \text{times...} \\ & \text{ISC product AIATD)} \\ & \text{divided by} \\ & \text{sum of ...} \\ & \text{ISC product facility heat*} \end{aligned}$$

The facility average royalty trigger factor is calculated as follows:

$$\begin{aligned} \text{Royalty Trigger Factor} = & \text{Sum of ...} \\ & \text{(ISC Product Facility Heat At Delivery/Receipt Location} \\ & \text{times...} \\ & \text{Meter Station Factor)} \\ & \text{divided By} \\ & \text{sum of ...} \\ & \text{All ISC Product Facility Heat*} \end{aligned}$$

*Excludes inerts (CO2-IC, N2-IC, O2-IC, H2-IC, HE-IC, SUL-IC, H2S-IC).

If any of the products are flagged as out of balance, then the old C5+-IC royalty rate is used instead for that product. (Refer to *Ch. II, Sec. 1.9 – Royalty Calculation Defaults*).

The royalty trigger factor is calculated based on the meter station factor from the meter stations that receive gas from the facility. If there is only one meter station receiving gas from the facility, the royalty trigger factor is the same as the meter station factor. If there is more than one meter station receiving gas from the facility, then the royalty trigger factor is the ISC disposition weighted average of the meter stations factors.

NOTE: Once calculated and invoiced for a production month, facility averages will only change for that facility and production month if amendments are processed for volumetrics and meter station factors.



FACILITY AVERAGE ROYALTY RATE SUPPORTING DETAILS (FARR)

Invoice #: 12345678901

Issue Date: 2003-04-30
Royalty Client: 1234
Name: Parent Company

Royalty Payer Code: 1234
Name: Parent Company
Address: XXXXXXXXXXXXXXXXXXXX
Calgary, AB
X9X 9X9

Facility	Production Period	Vintage Type	Out of Balance?	Product	From/To Location	Heat (GJ)	Royalty Rate %	Base Royalty Heat (GJ)	Avg. Royalty Rate %
AB-GP-0001000	2003-02	NEW		CI-IC	AB-MS-0001000	201,090.426	30.00000%	60,327.128	30.01966%
				C2-IC	AB-MS-0001000	32,632.744	30.00000%	9,789.823	
				C3-IC	AB-MS-0001000	17,266.937	30.00000%	5,180.081	
				C4-IC	AB-MS-0001000	7,418.480	30.00000%	2,225.544	
				C5+-IC	AB-MS-0001000	1,669.413	33.06254%	551.950	
					260,078.000		78,074.526		
AB-GP-0001000	2003-02	OLD		CI-IC	AB-MS-0001000	201,090.426	35.00000%	70,381.649	34.59492%
				C2-IC	AB-MS-0001000	32,632.744	35.00000%	11,421.460	
				C3-IC	AB-MS-0001000	17,266.937	30.00000%	5,180.081	
				C4-IC	AB-MS-0001000	7,418.480	30.00000%	2,225.544	
				C5+-IC	AB-MS-0001000	1,669.413	45.82701%	765.042	
					260,078.000		89,973.777		

Note: The FARR "respective to the report" may be calculated as a result of ISC amendments at the meter station. However, if the volumetric information has not been amended and received from the facility, the recalculated FARR will not be applied.

Reference Number: 1234567



RAW GAS AVERAGE ROYALTY RATE SUPPORTING DETAILS (RARR)

Invoice #: 12345678901

Issue Date: 2003-03-31
Royalty Client: 1234
Name: Parent Company

Royalty Payer Code: 1234
Name: Parent Company
Address: XXXXXXXXXXXXXXXXXXXX
Calgary, AB
X9X 9X9

Sales Facility	Seller	Prod. Period	Reporting Facility	Stream	Delivery Facility	Vintage Type	Product	ISC Component Factor	Royalty Rate %	ISC Factor X Royalty Rate	Raw Gas Avg. Royalty Rate %
AB-GS-0001000	0987	2003-02	AB-GS-0002000	AB-WI-100011001000W00	BC-PL-0001000	NEW	C1-IC	0.802100000	30.00000%	24.06300%	
							C2-IC	0.055700000	30.00000%	1.67100%	
							C3-IC	0.026700000	30.00000%	0.80100%	
							C4-IC	0.019200000	30.00000%	0.57600%	
							C5+-IC	0.003700000	33.06254%	0.12233%	
								0.907400000		27.23333%	30.01249%
						OLD	C1-IC	0.802100000	35.00000%	28.07350%	
							C2-IC	0.055700000	35.00000%	1.94950%	
							C3-IC	0.026700000	30.00000%	0.80100%	
							C4-IC	0.019200000	30.00000%	0.57600%	
							C5+-IC	0.003700000	45.82701%	0.16956%	
								0.907400000		31.56956%	34.79123%

Reference Number: 1234567



FACILITY AVERAGE PRICE SUPPORTING DETAILS (FAP)

Invoice #: 12345678901

Issue Date: 2003-04-30
Royalty Client: 1234
Name: Parent Company

Royalty Payer Code: 1234
Name: Parent Company
Address: XXXXXXXXXXXXXXXXXXXX
Calgary, AB
X9X 9X9

Facility / Reproducing Facility	Productn Period	Product	Out of Bal?	From/To Location	(1) Heat (GJ)	(2) Referne Price	(3) = (2) x (1)	(4) Adj. IATD	(5) = (1) x (4)	(6) Meter Stat. Factor	(7) = (6) x (1)	(8) = sum (3) / sum (1) Facility Ref. Price	(9) = sum (5) / sum (1) Facility Adj. IATD	(10) = sum (7) / sum (1) Royalty Trig. Factor	(11) = [(10) -1] x (9) Gas Transp. Adjustment	(8) - (11) Valuation Price (FAP)
AB-GP-0001000	2003-02	C1-IC		AB-MS-0001000	201,090.426	\$6.78	\$1,363,393.09	0.337	\$67,767.47	1.09	219,188.564					
		C2-IC			32,632.744	\$7.23	\$235,934.74	0.192	\$6,265.49	1.09	35,569.691					
		C3-IC			17,266.937	\$7.35	\$126,911.99	0.135	\$2,331.04	1.09	18,820.961					
		C4-IC			7,418.480	\$7.36	\$54,600.01	0.105	\$778.94	1.09	8,086.143					
		C5+-IC			1,669.413	\$7.36	\$12,286.88	0.079	\$131.88	1.09	1,819.660					
					260,078.000		\$1,793,126.71		\$77,274.82		283,485.020	\$6.89	0.297	1.09	\$0.03	\$6.86

Note: The FAP "respective to the report" may be calculated as a result of ISC amendments at the meter station. However, if the volumetric information has not been amended and received from the facility, the recalculated FAP will not be applied.

Reference Number: 1234567



**CROWN ROYALTY DETAIL
VOLUMETRIC**

Part 1

1.1	ISSUE DATE:	2003-04-30
1.3	ROYALTY CLIENT:	1234
1.4	NAME:	PARENT COMPANY
1.5	FACILITY:	AB-GP-0001000
1.6	PRODUCTION PERIOD:	2003-02

1.2 Invoice #: 12345678901

Part 2

2.1	ROYALTY PAYER CODE:	1234
2.2	NAME:	PARENT COMPANY
2.3	ADDRESS:	XXXXXXXXXXXXXXXXXXXX CALGARY, AB X9X 9X9

Part 3

Volumetric Trigger Details

Allocation Details

Amend No.	Activity	Royalty Product	Reporting Facility	From / To Facility	Product	Volume	Energy	Amend No.	Owner Factor	Amend No.	Stream Factor	Response to Cascade	Allocator %	Client Volumetric Totals		
														Quantity	Heat	
3.1	3.2	3.3	3.4	3.5	3.6	3.7	3.8	3.9	3.10	3.11	3.12	3.13	3.14	3.15	3.15	
3.16	Charge Type: Crown Royalty			3.17	Stream ID: AB-WI-10000000000W000				3.18	Stream Owner: 1234				3.19	SAF / OAF Submitter: 1234	
0	PROC	C2-MX	AB-GP-0001000		C2-MX	236.7		0	0.5734225714	0	0.0030118442	AB-BT-00555555	100.0	0.4		
														0.4		
0	PROC	C3-MX	AB-GP-0001000		C3-MX	560.3		0	0.4915324615	0	0.0021015134	AB-BT-00555555	100.00	0.6		
														0.6		
0	PROC	C4-MX	AB-GP-0001000		C4-MX	461.7		0	0.5484519455	0	0.0024182561	AB-BT-00555555	100.00	0.6		
														0.6		
0	PROC	C5-MX	AB-GP-0001000		C5-MX	375.0		0	0.4899000010	0	0.0032143172	AB-BT-00555555	100.00	0.6		
														0.6		
0	DISP	GAS	AB-GP-0001000	AB-MS-0001000	GAS	6201.0	260562	0	0.4899000010	0	0.0054781787	AB-BT-00555555	100.00	17.9	699	
														17.9	699	

Reference Number: 1234567

1.6.5 Crown Royalty Detail Volumetric Statement

PART 1 & PART 2:

PART 1 and PART 2 are identical to the Crown royalty detail calculation statement (CRDC).

PART 3: SOURCE DOCUMENT DETAILS

- 3.1 AMENDMENT NO. – The amendment number of the source volumetric.
- 3.2 ACTIVITY - The term used to describe the action that triggered the calculation of Crown royalty. It corresponds to the term used on the source volumetric to which the volumes apply.
- 3.3 ROYALTY PRODUCT - This is identical to 3.1 under the Crown royalty detail calculation (CRDC).
- 3.4 REPORTING FACILITY - The facility for the charge type and the stream ID. The facility identified here is the one indicated in the header information of the OAF. (For raw gas sales it is the sales location).
- 3.5 FROM/TO FACILITY – The facility that is sending (DISP) or receiving (REC) volumetrics from the reporting facility.
- 3.6 PRODUCT - The product code indicated on the submission.
- 3.7 VOLUME - The quantity reported on the source document related to the activity and product. The unit of measurement is indicated in 3.1 of the CRDC description of entries.
- 3.8 ENERGY - The reported heat content in GJ for gas.
- 3.9 AMENDMENT NO. - The amendment number of the submitted OAF.
- 3.10 OWNER FACTOR – Percentage of the OAF allocated to the owner (royalty client).
- 3.11 AMENDMENT NO. - The amendment number of the submitted SAF.
- 3.12 STREAM FACTOR – Percentage of the SAF allocated to the Stream ID.
- 3.13 RESPONSE TO CASCADE – The facility ID that filed the final allocation resulting in royalty charges.
- 3.14 ALLOCATION % - The percentage of volumes allocated on the RMF2 to the royalty client, by the assignor, whose ID is identified in 3.18.

- 3.15 CLIENT VOLUMETRIC TOTALS - The royalty client's royalty liable quantity and applicable heat for the gas and gas products. These are carried forward to the CRDC statement and reported under the "Client Volumetric Totals" in column 4.2.
- 3.16 CHARGE TYPE – This is identical to 4.12 under the CRDC statement.
- 3.17 STREAM ID – This is identical to 4.13 under the CRDC statement.
- 3.18 STREAM OWNER – The royalty client who is allocated volumes on the source document.
- 3.19 SAF / OAF SUBMITTER – The operator of the reporting facility and is the same as the one indicated on the volumetric submissions to the department.

Information on Amendments

- 1) Since an SAF/OAF amendment is a full form replacement, the Crown royalty detail calculation statement will show a reversal of all previous charges resulting from the previous SAF/OAF, and creation of new charges resulting from the current amended SAF/OAF.
- 2) All other types of amendments will be communicated to the royalty client only if it results in changes to the volumes or dollars shown on the previous Crown royalty detail calculation or volumetric statement.

1.6.6 Other Supporting Schedules

The invoice and the Crown royalty detail statement are supplemented by a number of supporting schedules that provide detailed calculations and information on elements of Crown natural gas royalty that are not common to all royalty clients. Supporting schedules are provided for:

- Low productivity well allowances Crown royalty calculation. (Refer to *Ch. IV Sec 1.1.2*);
- Crown royalty exemption calculation.;
- Penalties ;
- Annual adjustments; and
- Other corporate items if required.

The information provided in the supporting schedules is referenced to the source calculation on the invoice and the Crown royalty detail statement. A schedule may be issued only for a month in which there is activity for the relevant element of Crown royalty.

1.6.6.1 Low Productivity

Purpose

The low productivity calculation is a monthly activity showing how the low productivity adjustment rate is derived. This information will accompany the Crown royalty detail statements for all royalty clients. Clients who do not want low productivity calculation detail must submit a written request to Client Services.

Low Productivity Application

Crown volumes will be subjected to base royalty rate (i.e., old facility average royalty rate). If applicable, an adjustment for low productivity and vintage will be made to the base royalty rate to arrive at the Crown royalty rate. This rate is shown in field 4.5 of the Crown royalty detail calculation statement. The low productivity calculation statement will show the low productivity adjustment rate to be deducted from the base royalty rate.

An example of low productivity calculation is included in this section for royalty clients' information.

Description of Entries

The items appearing on "Example of Low Productivity Calculation" statement are self-explanatory; however, Old low productivity and new low productivity royalty factors and adjustment volumes are calculated as follows:

Old Low Productivity Royalty Adjustment Factor % (R%) for Gas

Old methane royalty rate= 35.000000% (RC)

Average daily production of gas = 3.00606 10³m³ (ADP) (Rounded to 3.0 in the example)

Formula: (Refer to Ch. V Sec. 7.3)

$$\begin{aligned} R\% &= \frac{(RM - 5\%) \times (16.9 - ADP)^2}{16.9^2} \\ &= \frac{(35 - 5\%) \times (16.9 - 3.00606)^2}{285.61} \\ &= \frac{30\% \times 193.04155}{285.61} \\ &= \underline{\underline{20.27676\%}} \end{aligned}$$

Old Low Productivity Adjustment (10³m³)

Old Vintage = 55.97%
Production = 115.0 10³m³

Adjustment =

55.97% ...multiplied by... 115.0 10³m³ ...multiplied by... 4.31004% = 2.77418 10³m³

New Low Productivity Royalty Adjustment Factor % (R%) for Gas

New methane royalty rate = 30.00000% (RC)

Average daily production of gas = 3.00606 10³m³ (ADP)

Formula: (Refer to Ch. V, Sec. 7.3)

$$\begin{aligned} R\% &= \frac{(RM - 5\%) \times (16.9 - ADP)^2}{16.9^2} \\ &= \frac{(30 - 5\%) \times (16.9 - 3.00606)^2}{285.61} \\ &= \frac{25\% \times 193.04155}{285.61} \\ &= \underline{16.89730\%} \end{aligned}$$

New Low Productivity Adjustment (103m3)

New vintage = 100.00%
Production = 37.2 10³m³

New gas low productivity royalty factor = 16.89730%

Adjustment =

100.00% ...multiplied by... 37.2 10³m³ ...multiplied by... 16.89730% = 6.28590 10³m³

New Low Productivity Royalty Adjustment Factor % (R%) for Ethane

New methane = 30.00000% (RC)

Average daily production of gas = 3.00606 10³m³ (ADP)

Formula: (Refer to Ch. IV, Sec. 2.6)

$$R\% = \frac{(RM - 5\%) \times (16.9 - ADP)^2}{16.9^2}$$

$$\begin{aligned} &= \frac{(30 - 5\%) \times (16.9 - 3.00606)^2}{285.61} \\ &= \frac{25\% \times 193.04155}{285.61} \\ &= 16.89730 \end{aligned}$$

New Low Productivity Adjustment (103m3)

New vintage = 100.00%
Production = 37.2 10³m³

New gas low productivity royalty factor = 16.89730%

Adjustment =
100.00% ...multiplied by... 37.2 10³m³ ...multiplied by... 16.89730% = 6.28590 10³m³



LOW PRODUCTIVITY CALCULATION

Part 1

ISSUE DATE: 2003-04-30
ROYALTY CLIENT: 1234
NAME: PARENT COMPANY
FACILITY: AB-GP-0001000
PRODUCTION PERIOD: 2003-02

Invoice #: 12345678901

Part 2

ROYALTY PAYER CODE: 1234
NAME: PARENT COMPANY
ADDRESS: XXXXXXXXXXXXXXXXXXXX
CALGARY, AB
X9X 9X9

STREAM TYPE: WI
STREAM ID: 10000000000W000
GAS VINTAGE TYPE: NEW
GAS VINTAGE PERCENTAGE: 100.00
PRODUCTION PERIOD: 2003-02

Well ID	Hours	OIL Production	Daily Average	GAS Production	Daily Average	Allocation %	Allocated Production	OLD Low Productivity Royalty Factor	NEW Low Productivity Royalty Factor	Adjustment
10000000000W000	297			37.2	3.0	100.00000	37.2	20.27676	16.89730	6.28590
Sub-total				37.2			37.2			6.28590
Other Well Production										
Total Production				37.2			37.2			6.28590

Low Productivity Adjustment: 16.89730%

Reference Number: 1234567

1.6.6.2 Royalty Exemption Statement

Refer to *Ch. V, Sec. 1*

Purpose

This statement is to notify the royalty clients of the status of the exemption in regard to the royalty holiday well. This statement will be sent to each royalty exemption client monthly until the client reaches the dollar or period cap.

Description of Entries

Since the items appearing on this document are self-explanatory, no further description is necessary.



ROYALTY EXEMPTION STATEMENT

Invoice #:00000XXXXXX

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

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

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

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

1.6.7 Capital Cost Allowance Summary and Detail

Refer to *Ch. VI, Sec 3*

Purpose

The summary provides net capital cost allocation totals at a facility level for a royalty client and production year.

The detail provides:

- Capital cost allowance calculation details at a facility cost centre level
- Net capital cost allocation totals based on AC2 and AC3 forms at a facility cost centre level for a royalty client and production year
- Identifies AC2 form departmental recalculations.

Description of Entries

Since the items appearing on these reports are self-explanatory, no further description is necessary.



ANNUAL CAPITAL COST ALLOWANCE SUMMARY

Invoice #: 12345678901

Issue Date: 2002-10-31
Royalty Client: 1234
Name: Parent Company
Production Year: 2001

Royalty Payer Code: 1234
Name: Parent Company
Address: XXXXXXXXXXXXXXXXX
Calgary, AB
X9X 9X9

Supporting Details Reported	EUB Facility	Facility Name	Net CCA Allocation (\$)
1	2	3	4
Yes	AB-GP-0001000	Facility 1	242,119.87
Yes	AB-GP-0002000	Facility 2	864,054.08
Royalty Client Total			1,106,173.95

Legend:

- 1 "Yes" If detail report contains breakdown information, "No" If not
- 2 EUB facility
- 3 Facility name
- 4 Column 19 facility total from Annual Capital Cost Allowance Detail

Reference Number: 1234567



ANNUAL CAPITAL COST ALLOWANCE DETAIL

Invoice #: 12345678901

Issue Date: 2002-10-31
 Royalty Client: 1234
 Name: Parent Company
 Production Year: 2001

Royalty Payer Code: 1234
 Name: Parent Company
 Address: XXXXXXXXXXXXXXXXXXXX
 Calgary, AB
 X9X 9X9

AC2 Details												AC3 Reallocation					Net CCA Alloc (\$)
FCC	Opening Cap.Cost (\$)	Capital Additions (\$)	# of Months	RUL	Depreciation (\$)	Closing Cap Cost (\$)	Land (\$)	Avg Spare Parts Inv (\$)	Retirements (\$)	CCA (\$)	CCA Distrb %	% To Client	% From Client	AC2 Distrb %	From Client ID	Net Realloc (%)	Net CCA Alloc (\$)
1	2	3	4	5	6	7	8	9	10	11	12	13	15	16	17	18	19
EUB Facility: AB-GP-0001000												Facility 1					
00000001	200,000	0	12	10	20,000	180,000	0	40,000	0	54,000	20.0000					0.00000	10,900.00
*00000002	1,000,000	500,000	12	10	150,000	1,350,000	0	300,000	25,000	396,250	0.00000		100.00000	50.00000	PRQ	50.00000	198,125.00
00000003	80,000	20,000	12	5	20,000	80,000	0	20,000	0	35,000	30.00000	100.00000				-30.00000	0.00
*00000004	150,000	0	12	7	21,429	128,571	0	30,000	5,000	51,821	0.00000		50.00000	25.00000	DEF	12.50000	6,477.68
00000005	175,000	0	12	8	21,875	153,125	0	45,000	0	53,234	100.00000	50.00000	50.00000	100.00000	ABC	-50.00000	26,617.19
Facility Total																	242,119.87
EUB Facility: AB-GP-0002000												Facility 2					
*00000006	4,000,000	800,000	12	12	400,000	4,400,000	0	1,500,000	25,000	1,280,000	25.00000	20.00000	10.00000	75.00000	DEF	2.50000	352,000.00
*00000007	3,500,000	675,000	12	12	347,917	3,827,083	0	1,200,000	15,000	1,092,448	50.00000	25.00000	50.00000	50.00000	XYZ		
00000008	2,000,000	0	12	12	166,667	1,833,333	0	600,000	0	544,167	20.00000	25.00000				-25.00000	273,111.98
00000009	1,500,000	0	12	12	125,000	1,375,000	0	500,000	0	415,625	20.00000	50.00000				-15.00000	27,208.33
00000010	800,000	0	12	6	160,000	640,000	0	150,000	0	290,500	25.00000	100.00000				0.00000	83,125.00
00000011	500,000	(5,000)	12	7	70,714	424,286	0	24,286	5,000	148,679	25.00000	20.00000				-25.00000	0.00
00000012	675,000	0	12	8	71,875	503,125	0	128,125	0	171,953	50.00000		10.00000	25.00000	PQR	-5.00000	29,735.72
Facility Total																	98,873.05
Facility Total																	864,054.08

Legend:

- 1 Facility CC ID
- 2 AC2: Field 2.2
- 3 AC2: Field 2.3
- 4 AC2: number of months from Fields 2.6 and 2.14
- 5 Remaining Useful Life
- 6 AC2: Field 2.6; Calculated: ((2+3)/5)*(4/12' months)
- 7 AC2: Field 2.7; Calculated: (2+3)*6
- 8 AC2: Field 2.9
- 9 AC2: Field 2.10
- 10 AC2: Field 2.12
- 11 AC2: Field 2.15; Calculated: 10+6+((((((2+7)/2)+8+9)*0.15)*(4/12' months))
- 12 AC2: Field 4.3
- 13 AC3: Field 2.3
- 14 AC3: Field 2.1
- 15 AC3: Field 2.3
- 16 AC2: Field 4.3
- 17 AC3: Field 1.4
- 18 Calculated: -(13*12)+(15*16)
- 19 Calculated: (12+18)*11

* Capital costs have been recalculated

Reference Number: 1234567

1.6.7.1 Capital Cost Allowance Recapture for Enhanced Oil Recovery and Royalty Paid Bank Settlement Summary and Detail

Refer to *Ch. II, 5.1, Ch. V. 5.3, Ch. VI, Sec. 3.5, 3.3*

Purpose

The summary provides capital cost allowance enhanced oil recovery and royalty paid bank settlement recapture totals at a facility level for a royalty client and production year, and capital cost allowance totals after recaptures at a facility level for a royalty client and production year.

The detail provides:

- Capital cost allowance, enhanced oil recovery, and royalty paid bank settlement recapture calculation details at a product and facility level for a royalty client and production year.

Description of Entries

Since the items appearing on these reports are self-explanatory, no further description is necessary.



CAPITAL COST ALLOWANCE RECAPTURE FOR ENHANCED OIL RECOVERY AND ROYALTY PAID BANK SETTLEMENT SUMMARY

Invoice #: 12345678901

Issue Date: 2002-10-31
Royalty Client: 1234
Name: Parent Company
Production Year: 2001

Royalty Payer code: 1234
Name: Parent Company
Address: XXXXXXXXXXXXXXXXXXXX
Calgary, AB
X9X 9X9

Supporting Details Reported 1	EUB Facility 2	Facility Name 3	Client CCA (\$) 4	EOR Recapture (\$) 5	RPBS Recapture (\$) 6	Client CCA After EOR and RPBS Recapture (\$) 7
Yes	AB-GP-0001000	Facility 1	500,000.00	235,084.61	176,594.39	88,321.01
Yes	AB-GP-0002000	Facility 2	187,432.11	117,782.60	69,649.51	0.00
Royalty Client Total			687,432.11	352,867.21	246,243.90	88,321.01

Legend:

- 1 "Yes" if detail report contains breakdown information, "No" if not
- 2 EUB Facility
- 3 Facility name
- 4 Column 9 facility total from Capital Cost Allowance Recapture for Enhanced Oil Recovery and Royalty Paid Bank Settlement Detail
- 5 Column 10 facility total from Capital Cost Allowance Recapture for Enhanced Oil Recovery and Royalty Paid Bank Settlement Detail
- 6 Column 11 facility total from Capital Cost Allowance Recapture for Enhanced Oil Recovery and Royalty Paid Bank Settlement Detail
- 7 Column 12 facility total from Capital Cost Allowance Recapture for Enhanced Oil Recovery and Royalty Paid Bank Settlement Detail

Reference Number: 1234567



Capital Cost Allowance Recapture for Enhanced Oil Recovery and Royalty Paid Bank Settlement Detail

Invoice #: 12345678901

Issue Date: 2002-10-31
 Royalty Client: 1234
 Name: Parent Company
 Production Year: 2001

Royalty Payer code: 1234
 Name: Parent Company
 XXXXXXXXXXXXXXXXXXXX
 Calgary, AB
 X9X 9X9

Product Code	Client EOR Production	Client RPBS Quantities	Client Facility Production	Gas Equivalent Factor	Gas Equivalent Volumes			Client CCA (\$)	EOR Recapture (\$)	RPBS Recapture (\$)	Client CCA After EOR & RPBS Recapture (\$)
					EOR Production	RPBS Quantities	Facility Production				
1	2	3	4	5	6	7	8	9	10	11	12

EUB Facility: AB-GP-0001000 Facility 1

C2-SP	230000.0	0.0	500000.0	0.28132	64703.6	0.0	140660.0
C3-SP	170000.0	170000.0	500000.0	0.27201	46241.7	46241.7	136005.0
C4-SP	150000.0	150000.0	400000.0	0.23331	34996.5	34996.5	93324.0
C5-SP	100000.0	125.0	250000.0	0.20570	20570.0	25.7	51425.0
GAS	1000000.0	800000.0	2000000.0	1.00000	1000000.0	800000.0	2000000.0
S	9000.0	0.0	100000.0	0.73750	6637.5	0.0	73750.0

Facility Total					1173149.3	881263.9	2495164.0	500,000.00	235,084.61	176,594.39	88,321.01
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EUB Facility: AB-GP-0002000 Facility 2

C5-SP	18.5	8.9	88.4	0.20570	3.8	1.8	18.2
GAS	7890.1	6123.4	12543.7	1.00000	7890.1	6123.4	12543.7

Facility Total					7893.9	6125.2	12561.9	187,432.11	117,782.60	69,649.51	0.00
----------------	--	--	--	--	--------	--------	---------	------------	------------	-----------	------

Legend:

- | | |
|--|--|
| 1 Product code | 7 Calculated: 3*5 |
| 2 Annual enhanced oil recovery (EOR) production for royalty client from OAS (Indigenous model) | 8 Calculated: 4*5 |
| 3 Annual royalty paid bank settlement quantities (RPBS) for royalty client | 9 Capital cost allowance (CCA) at facility (after AC3, net of custom processing adjustment factor) |
| 4 Annual facility production for royalty client from OAS | 10 Calculated: (6/8)*9 |
| 5 Volumetric gas equivalent conversion factor | 11 Calculated: (7/8)*9(to a maximum of 9-10) |
| 6 Calculated: 2*5 | 12 Calculated: 9-10-11 |

Reference Number: 1234567

1.6.7.2 Annual Custom Processing (CP) Fees Net of Operating Costs Summary and Detail

Refer to *Ch. VI, Sec. 6.1.4.*

Purpose

The summary provides custom processing net of operating cost reduction totals at a facility level for a royalty client and production year.

The detail provides:

- Custom processing operating cost reduction calculation details based on the AC5 form at a product and facility level for a royalty client and production year and;
- Identifies AC5 form Part 3.5 departmental defaults.

Description of Entries

Since the items appearing on these reports are self-explanatory, no further description is necessary.



ANNUAL CUSTOM PROCESSING (CP) FEES NET OF OPERATING COSTS SUMMARY

Invoice #: 12345678901

Issue Date: 2002-10-31
Royalty Client: 1234
Name: Parent Company
Production Year: 2001

Royalty Payer code: 1234
Name: Parent Company
Address: XXXXXXXXXXXXXXXXXXXX
Calgary, AB
X9X 9X9

Supporting Details Reported	EUB Facility	Facility Name	AC5 Custom Fees Paid (\$)	Energy Adjusted Gas Equivalent Volumes	Operating Cost Reduction (\$)	CP Net of Operating Costs (\$)
1	2	3	4	5	6	7
Yes	AB-GP-0001000	Facility 1	1,000,000	35000.0	350,000.00	650,000.00
Yes	AB-GP-0002000	Facility 2	200,000	6383.5	95,752.05	104,247.95
Yes	AB-GP-0003000	Facility 3	475,000	14770.5	251,098.57	223,901.43
Yes	AB-GP-0004000	Facility 4	650,000	22888.3	107,068.05	542,931.95
Royalty Client Total:			2,325,000	79042.3	803,918.67	1,521,081.33

Legend:

- 1 "Yes" if detail report contains breakdown information, "No" if not
- 2 EUB facility
- 3 Facility name
- 4 Column 2 facility total from Annual Custom Processing (CP) Fees Net of Operating Costs Details
- 5 Column 6 facility total from Annual Custom Processing (CP) Fees Net of Operating Costs Details
- 6 Column 11 facility total from Annual Custom Processing (CP) Fees Net of Operating Costs Details
- 7 Column 12 facility total from Annual Custom Processing (CP) Fees Net of Operating Costs Details

Reference Number: 1234567



ANNUAL CUSTOM PROCESSING (CP) FEES NET OF OPERATING COSTS DETAIL

Invoice #: 12345678901

Issue Date: 2002-10-31
 Royalty Client: 1234
 Name: Parent Company
 Production Year: 2001

Royalty Payer Code: 1234
 Name: Parent Company
 Address: XXXXXXXXXXXXXXXXXXXX
 Calgary, AB
 X9X 9X9

Product Code	AC5 Custom Fees Paid (\$)	AC5 Processed Volume	Facility Production	Energy Adjusted Gas Equivalent Factor	Energy Adjusted Gas Equivalent Volume	UOCR (\$/10 ³ m ³)	Delayed Rates			Operating Cost Reduction (\$)	CP Net of Operating Cost (\$)
							Compr	Gather	Proc		
1	2	3	4	5	6	7	8	9	10	11	12
EUB Facility: AB-GP-0001000		Facility 1									
GAS			35000.0	1.0000	35000.0						
Facility Total	1,000,000		35000.0		35000.0	10.00				350,000.00	650,000.00
EUB Facility: AB-GP-0002000		Facility 2									
C3-MX			1000.0	0.65554	655.5						
C4-MX			1000.0	0.72793	727.9						
GAS			5000.0	1.00000	5000.0						
Facility Total	200,000		7000.0		6383.4	15.00				95,752.05	104,247.95
EUB Facility: AB-GP-0003000		Facility 3									
C3-MX	50,000	1,575.0		0.65554	1032.5	*	3.00	5.00	9.00	17,552.08	
C4-MX	100,000	2,700.0		0.72793	1965.4	*	3.00	5.00	9.00	33,411.99	
C5-MX	75,000	2,250.0		0.78783	1772.6	*	3.00	5.00	9.00	30,134.50	
GAS	250,000	10,000.0		1.00000	10000.0	*	3.00	5.00	9.00	170,000.00	
Facility Total	475,000				14770.5					251,098.57	223,901.43
EUB Facility: AB-GP-0004000		Facility 4									
C3-MX		2,000.0		0.65554	1311.1		4.00			5,244.32	
C4-MX		2,500.0		0.72793	1819.8		4.00			7,279.30	
C5-MX		3,500.0		0.78783	2757.4			6.00		16,544.43	
GAS	650,000	12,000.0		1.00000	12000.0		4.00			48,000.00	
GAS		5,000.0		1.00000	5000.0			6.00		30,000.00	
Facility Total	650,000				22888.3					107,068.05	542,931.95

Legend:

1 AC5: Field 3.3 or volumetric product code	7 Unit operating cost rate (UOCR), if * indicates no custom services identified in Field 3.5
2 AC5: Field 2.2 or Field 3.1	8 Gathering unit operating cost rate for EUB facility
3 AC5: Field 3.4	9 Compressing unit operating cost rate for EUB facility
4 Total annual volume submissions	10 Processing unit operating cost rate for EUB facility
5 Energy adjusted gas equivalent (EAGE) conversion factor	11 Calculated: 6*7 or 6*sum of delayed rates (8+9+10)
6 Calculated: 3*5 or 4*5	12 Calculated: 2-11

*AC5: Field 3.5 left blank

Reference Number: 1234567

1.6.7.3 Custom Processing Fee Recapture for Enhanced Oil Recovery and Royalty Paid Bank Settlement Summary and Detail

Refer to *Ch. II, Sec. 5.1* and *Ch. V, Sec. 5.3*

Purpose

The summary provides custom processing, enhanced oil recovery, and royalty paid bank settlement recapture totals at a facility level for a royalty client and production year. It also provides custom processing totals after recaptures at a facility level for a royalty client and production year.

The detail provides:

- Custom processing, enhanced oil recovery, and royalty paid bank settlement recapture calculation details at a product and facility level for a royalty client and production year.

Description of Entries

Since the items appearing on these reports are self-explanatory, no further description is necessary.



**CUSTOM PROCESSING FEE RECAPTURE FOR ENHANCED OIL RECOVERY AND ROYALTY PAID
BANK SETTLEMENT SUMMARY**

Invoice #: 12345678901

Issue Date: 2002-10-31
Royalty Client: 1234
Name: Parent Company
Production Year: 2001

Royalty Payer code: 1234
Name: Parent Company
Address: XXXXXXXXXXXXXXXXXXXX
Calgary, AB
X9X 9X9

Supporting Details Reported	EUB Facility	Facility Name	CP Net of Operating Costs (\$)	EOR Recapture (\$)	RPBS Recapture (\$)	Client CP After EOR and RPBS Recapture (\$)
1	2	3	4	5	6	7
Yes	AB-GP-0001000	Facility 1	650,000.00	92,857.14	46,428.57	510,714.29
Yes	AB-GP-0002000	Facility 2	104,247.95	20,223.54	0.00	84,024.41
Yes	AB-GP-0003000	Facility 3	223,901.43	14,886.71	7,443.35	201,571.37
Yes	AB-GP-0004000	Facility 4	542,931.95	431,206.81	111,725.14	0.00
Royalty Client Total:			1,521,081.33	559,174.20	165,597.06	796,310.07

Legend:

- 1 "Yes" if detail report contains breakdown information, "No" if not
- 2 EUB facility
- 3 Facility name
- 4 Column 9 facility total from Custom Processing Fee Recapture for Enhanced Oil Recovery and Royalty Paid Bank Settlement Detail
- 5 Column 10 facility total from Custom Processing Fee Recapture for Enhanced Oil Recovery and Royalty Paid Bank Settlement Detail
- 6 Column 11 facility total from Custom Processing Fee Recapture for Enhanced Oil Recovery and Royalty Paid Bank Settlement Detail
- 7 Column 12 facility total from Custom Processing Fee Recapture for Enhanced Oil Recovery and Royalty Paid Bank Settlement Detail

Reference Number: 1234567



**CUSTOM PROCESSING FEE RECAPTURE FOR ENHANCED OIL RECOVERY AND ROYALTY PAID
BANK SETTLEMENT DETAIL**

Invoice #: 12345678901

Issue Date: 2002-10-31
Royalty Client: 1234
Name: Parent Company
Production Year: 2001

Royalty Payer code: 1234
Name: Parent Company
Address: XXXXXXXXXXXXXXXXXXXX
Calgary, AB
X9X 9X9

Product Code	Client EOR Production	Client RPBS Quantities	Client Facility Production	Gas Equivalent Factor	Gas Equivalent Volumes			CP Net of Operating Cost (\$)	EOR Recapture (\$)	EOR Recapture (\$)	Client CP++ After EOR & RPBS Recapture (\$)	
					EOR Production	RPBS Quantities	Facility Production					
1	2	3	4	5	6	7	8	9	10	11	12	
EUB Facility: AB-GP-0001000												
GAS	5000.0		Facility 1 2500.0	35000.0	1.00000	5000.0	2500.0	35000.0				
Facility Total						5000.0	2500.0	35000.0	650,000.00	92,857.14	46,428.57	510,714.29
EUB Facility: AB-GP-0002000												
C3-MX	250.0		Facility 2	1000.0	0.27201	68.0		272.0				
C4-MX				1000.0	0.23331			233.3				
GAS	1000.0			5000.0	1.00000	1000.0		5000.0				
Facility Total						1068.0		5505.3	104,247.95	20,223.54	0.00	84,024.41
EUB Facility: AB-GP-0003000												
C3-MX	150.0		Facility 3	2000.0	0.27201	40.8	20.4	544.0				
C4-MX	200.0			3000.0	0.23331	46.7	23.3	699.9				
C5-MX	150.0			2800.0	0.20570	30.9	15.4	576.0				
GAS	1000.0	500.0		15000.0	1.00000	1000.0	500.0	15000.0				
Facility Total						1118.3	559.1	16819.9	223,901.43	14,886.71	7,443.35	201,571.37
EUB Facility: AB-GP-0004000												
C3-MX	2500.0		Facility 4	5000.0	0.27201	680.0		1360.1				
C4-MX	2500.0			4000.0	0.23331	583.3		933.2				
C5-MX	2500.0			3500.0	0.20570	514.3		720.0				
GAS	16500.0	5000.0		20000.0	1.00000	16500.0	5000.0	20000.0				
Facility Total						18277.6	5000.0	23073.2	542,931.95	431,207.56	111,724.39	0.00

Legend:

- | | | | |
|---|--|----|--|
| 1 | Product Code | 7 | Calculated: 3*5 |
| 2 | OAS: enhanced oil recovery (EOR) volumes | 8 | Calculated: 4*5 |
| 3 | Royalty paid bank settlement (RPBS) quantities | 9 | Custom processing fees net of operating costs |
| 4 | Total annual OAS volumes | 10 | Calculated: (6/8)*9 (if 9 is positive) |
| 5 | Gas equivalent (GE) conversion factor | 11 | Calculated (7/8)*9 (to a maximum of 9-109, if 9 is positive) |
| 6 | Calculated: 2*5 | 12 | Calculated: 9-10-11 |

Reference Number: 1234567

1.6.7.4 Corporate Effective Royalty Rate (CERR) Calculation Summary and Detail

Refer to *Ch. VI, Sec. 7*.

Purpose

The summary provides:

- The corporate effective royalty rate and the royalty client receiving the rate for a production year;
- The Crown royalty values and corporate values by facility before adjustments for the royalty client and production year;
- The proprietary waiver and annual co-generation adjustments for the royalty client and production year;
- The Crown royalty value and corporate value totals after adjustments for the royalty client and production year;
- The go-forward estimate corporate effective royalty rate and all of the royalty clients receiving the rate.

The detail provides:

- The Crown royalty value and corporate value calculation details by production period, product and facility for the royalty client and applicable production periods.

Description of Entries

Since the items appearing on this document are self-explanatory, no further description is necessary.



CORPORATE EFFECTIVE ROYALTY RATE (CERR) AMALGAMATION / CONSOLIDATION SUMMARY (SIMPLE)

Invoice #: 12345678901

Issue Date: 2002-10-31
Royalty Client: 1234
Name: Parent Company
Production Year: 2001

Royalty Payer code: 1234
Name: Parent Company
Address: XXXXXXXXXXXXXXXXXXXX
Calgary, AB
X9X 9X9

Royalty Clients Contributing to CERR for 1234		Numerator	Denominator
Royalty Client	Royalty Client Name	Crown Royalty Value After Adjustments (\$)	Corporate Value After Adjustments (\$)
1	2	3	4
1234	Parent Company	105,840,000.00	493,760,000.00
2345	Child Company	10,000,000.00	50,000,000.00
Total		115,840,000.00	543,760,000.00

Corporate Effective Royalty Rate $\frac{5}{6}$ 0.2130352

Royalty Clients Receiving CERR	
Royalty Client	Name

1234 Parent Company
2345 Child Company

Go-forward Estimate Corporate Effective Royalty Rate $\frac{6}{6}$ 0.2368849

Royalty Clients Receiving Go-forward Estimate CERR	
Royalty Client	Name

1234 Parent Company
2345 Child Company

- Simple A/C Legend:
- 1 Royalty client
 - 2 Royalty client name
 - 3 Column 4 total from summary report
 - 4 Column 5 total from summary report
 - 5 Calculated: 3 ÷ 4
 - 6 Go-forward CERR for current year

Reference Number: 1234567



CORPORATE EFFECTIVE ROYALTY RATE (CERR) CALCULATION SUMMARY (WITH CERR)

Invoice #: 12345678901

Issue Date: 2002-10-31
Royalty Client: 1234
Name: Parent Company
Production Year: 2001

Royalty Payer code: 1234
Name: Parent Company
Address: XXXXXXXXXXXXXXXXXXXX
Calgary, AB
X9X 9X9

Supporting Details Reported	EUB Facility	Facility Name	Numerator Crown Royalty Value (\$)	Denominator Corporate Value (\$)
1	2	3	4	5
Yes	AB-GP-0001000	Facility 1	98,690,000.00	470,760,000.00
Yes	AB-GP-0002000	Facility 2	7,500,000.00	24,000,000.00
Royalty Client Total Before Adjustments			106,190,000.00	494,760,000.00
Proprietary Waiver Adjustment			(100,000.00)	
Annual Co-generation Adjustment			(250,000.00)	(1,000,000.00)
Royalty Client Total After Adjustments			105,840,000.00	493,760,000.00
Corporate Effective Royalty Rate 6				0.2143552

Royalty Client Receiving CERR	
Royalty Client	Name
1234	Parent Company

Go-forward Estimate Corporate Effective Royalty Rate 7	0.2143552
---	-----------

Royalty Clients Receiving Go-forward Estimate CERR	
Royalty Client	Name
1234	Parent Company

With CERR Legend:

- 1 "Yes" if detail report contains breakdown information, "No" if not
- 2 EUB facility
- 3 Facility name
- 4 Column 8 facility total from Corporate Effective Royalty Rate (CERR) Calculation Detail
- 5 Column 14 facility total from Corporate Effective Royalty Rate (CERR) Calculation Detail
- 6 Calculated: royalty client total (Crown royalty value / corporate value)
- 7 Go-forward CERR for current year. Identified only in initial annual billing period

Reference Number: 1234567



CORPORATE EFFECTIVE ROYALTY RATE (CERR) CALCULATION SUMMARY (WITHOUT CERR)

Invoice #: 12345678901

Issue Date: 2002-10-31
Royalty Client: 1234
Name: Parent Company
Production Year: 2001

Royalty Payer code: 1234
Name: Parent Company
Address: XXXXXXXXXXXXXXXXXXXX
Calgary, AB
X9X 9X9

Supporting Details Reported 1	EUB Facility 2	Facility Name 3	Numerator Crown Royalty Value (\$) 4	Denominator Corporate Value (\$) 5
Yes	AB-GP-0001000	Facility 1	98,690,000.00	470,760,000.00
Yes	AB-GP-0002000	Facility 2	7,500,000.00	24,000,000.00
Royalty Client total Before Adjustments			106,190,000.00	494,760,000.00
Proprietary Waiver Adjustment			(100,000.00)	
Annual Co-generation Adjustment			(250,000.00)	(1,000,000.00)
Royalty Client Total After Adjustments			105,840,000.00	493,760,000.00

Without CERR Legend:

- 1 "Yes" if detail report contains breakdown information, "No" if not
- 2 EUB facility
- 3 Facility name
- 4 Column 8 facility total from Corporate Effective Royalty Rate (CERR) Calculation Detail
- 5 Column 14 facility total from Corporate Effective Royalty Rate (CERR) Calculation Detail

Reference Number: 1234567



CORPORATE EFFECTIVE ROYALTY RATE (CERR) AMALGAMATION / CONSOLIDATION SUMMARY (COMPLEX)

Invoice #: 12345678901

Issue Date: 200210-31
Royalty Client: 1234
Name: Parent Company
Production Year: 2001

Royalty Payer code: 1234
Name: Parent Company
Address: XXXXXXXXXXXXXXXXXXXX
Calgary, AB
X9X 9X9

Royalty Clients Contributing to Actual CERR for 1234				
Royalty Client	Royalty Client Name	Weighting Factor	Individual CERR	Weighted CERR
1	2	3	4	5
1234	Parent Company	6/12	0.2130352	0.1065176
3456	Other Company	6/12	0.2500000	0.1250000
Actual Corporate Effective Royalty Rate 6				0.2315176

Royalty Clients Receiving CERR	
Royalty Client	Name
1234	Parent Company

Royalty Clients Contributing to Individual CERR for 1234		Numerator	Denominator
Royalty Client	Royalty Client Name	Crown Royalty Value After Adjustments (\$)	Corporate Value After Adjustments (\$)
7	8	9	10
1234	Parent Company	105,840,000.00	493,760,000.00
2345	Child Company	10,000,000.00	50,000,000.00
Total		115,840,000.00	543,760,000.00

Individual Corporate Effective Royalty Rate for 1234 11	0.2130352
Go-forward Estimate Corporate Effective Royalty Rate 12	0.2368849

In the year an amalgamation or consolidation becomes effective or terminated, the go-forward CERR will not match the CERR.

Royalty Clients Contributing to Individual CERR for 1234	
Royalty Client	Name
1234	Parent Company
2345	Child Company
3456	Other Company

Complex A/C Legend

- 1 Royalty client
- 2 Royalty client name
- 3 The weighting the individual CERR received based on amalgamation and consolidation effective and/or termination dates
- 4 The individual CERR for the royalty client
- 5 Calculated: 8*9
- 6 Sum of the weighted CERR

- 7 Royalty Client
- 8 Royalty client name
- 9 Column 3 total from Corporate Effective Royalty Rate (CERR) Calculation Summary (Without CERR) report
- 10 Column 4 total from Corporate Effective Royalty Rate (CERR) Calculation Summary (Without CERR) report
- 11 Calculated: Corporate Effective Royalty Rate (CERR) Calculation Summary (Without CERR) report
- 12 Go-forward CERR for current year. Identified only in initial annual billing period

Reference Number: 1234567



CORPORATE EFFECTIVE ROYALTY RATE (CERR) CALCULATION DETAIL

Issue Date: 2002-10-31
Royalty Client: 1234
Name: Parent Company
Production Year: 2001

Invoice #: 12345678901

Royalty Payer code: 1234
Name: Parent Company
Address: XXXXXXXXXXXXXXXXXXXX
Calgary, AB
X9X 9X9

Production Period	Product Code	Product Unit Value(\$/Unit)	Numerator					Denominator						
			CRQ	Royalty Exemption	Cycling CRQ	Net CRQ	Crown Royalty Value (\$)	Client Vol Quantity	Ex-Alta Production	Purchased Quantity	Corporate Cycling	Net Corp Production	Corporate Value (\$)	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
EUB Facility: AB-GP-0001000 Facility 1														
2001-01	C2-SP	1.50	500000.0	0.0	0.0	500000.0	750,000.00	2000000.0	0.0	0.0	0.0	2000000.0	3,000,000.00	
	C3-SP	50.00	500000.0	150000.0	0.0	350000.0	17,500,000.00	1500000.0	0.0	0.0	0.0	1500000.0	75,000,000.00	
	C4-SP	60.00	400000.0	125000.0	0.0	275000.0	16,500,000.00	1200000.0	0.0	0.0	0.0	1200000.0	72,000,000.00	
	C5-SP	80.00	250000.0	75000.0	0.0	175000.0	14,000,000.00	900000.0	0.0	0.0	0.0	900000.0	72,000,000.00	
	GAS	1.50	2000000.0	300000.0	400000.0	1300000.0	1,950,000.00	8000000.0	1000000.0	1600000.0	2000000.0	8600000.0	12,900,000.00	
	GAS(Raw)	1.20	100000.0	0.0	0.0	100000.0	120,000.00	400000.0	0.0	0.0	0.0	400000.0	480,000.00	
	S	10.00	100000.0	50000.0	0.0	50000.0	500,000.00	600000.0	0.0	0.0	0.0	600000.0	6,000,000.00	
2001-02	C2-SP	1.50	2000000.0	0.0	0.0	1700000.0	2,550,000.00	8000000.0	0.0	0.0	0.0	8000000.0	12,000,000.00	
	C3-SP	55.00	400000.0	125000.0	0.0	275000.0	15,125,000.00	1200000.0	0.0	0.0	0.0	1200000.0	66,000,000.00	
	C4-SP	65.00	300000.0	125000.0	0.0	175000.0	11,375,000.00	1200000.0	0.0	0.0	0.0	1200000.0	78,000,000.00	
	C5-SP	70.00	150000.0	75000.0	0.0	75000.0	5,250,000.00	900000.0	0.0	0.0	0.0	900000.0	63,000,000.00	
	GAS	1.50	9000000.0	300000.0	400000.0	8300000.0	12,450,000.00	2000000.0	1000000.0	1600000.0	2000000.0	2600000.0	3,900,000.00	
	GAS(Raw)	1.20	100000.0	0.0	0.0	100000.0	120,000.00	400000.0	0.0	0.0	0.0	400000.0	480,000.00	
	S	10.00	100000.0	50000.0	0.0	50000.0	500,000.00	600000.0	0.0	0.0	0.0	600000.0	6,000,000.00	
Facility Total							98,690,000.00							470,760,000.00
EUB Facility: AB-GP-0002000 Facility 2														
2001-01	GAS	1.50	2500000.0	0.0	0.0	2500000.0	3,750,000.00	8000000.0	0.0	0.0	0.0	8000000.0	12,000,000.00	
2001-02	GAS	1.50	2500000.0	0.0	0.0	2500000.0	3,750,000.00	8000000.0	0.0	0.0	0.0	8000000.0	12,000,000.00	
Facility Total							7,500,000.00							24,000,000.00

Legend:

- 1. Production period
- 2. Product code
- 3. Product unit value

Gas: Residue gas – monthly reference or gas CAP
Ethane – monthly gas reference or gas CAP
Raw gas – 80% of monthly reference

Propane and butane mix: monthly reference price net of transportation and storage and fractionation (EPSTA)
Propane and butane spec: monthly reference price net of transportation and storage
Pentanes mix: monthly reference price net of transportation and storage and fractionation (EPSTA)
Pentanes spec: monthly reference price net of transportation
Sulphur: annual reference price or S-CAP

Reference Number: 1234567

- 4. Crown royalty quantities (CRQ)/heat
- 5. Crown royalty share of royalty exemption volumes
- 6. Crown royalty share of production delivered to EUB approved cycling schemes
- 7. Calculated: 4-5-6
- 8. Calculated: annual sum of monthly 7*3
- 9. Volumetric quantity/heat identified on the crown royalty detail statement
- 10. Non-Alberta production processed in Alberta identified on volumetric submissions
- 11. Purchased volumes from volumetric submissions included in the purchaser's CERR
- 12. Corporate production delivered to EUB approved cycling schemes
- 13. Calculated: 9+10+11-12
- 14. Calculated 13*3

1.6.7.5 Annual Capital Cost and Custom Processing Fee Adjustment

Refer to *Ch. VI, Sec. 1, 3 and 6*

Purpose

This summary provides:

- Annual capital cost and custom processing fee adjustment calculation details for a royalty and production year.
- The Crown share of capital cost allowance and custom processing fees.
- A comparison between the monthly estimates and the actual values for capital cost allowance and custom processing fees for a royalty client and production year.
- Capital cost allowance and custom processing fee March adjustments for a royalty client and production year.

Description of Entries

Since the items appearing on these reports are self-explanatory, no further description is necessary.



ANNUAL CAPITAL COST ADJUSTMENT AND CUSTOM PROCESSING FEE ADJUSTMENT

Invoice #: 12345678901

Issue Date: 2002-10-31
Royalty Client: 1234
Name: Parent Company
Production Year: 2001

Royalty Payer code: 1234
Name: Parent Company
Address: XXXXXXXXXXXXXXXXXXXX
Calgary, AB
X9X 9X9

	Capital Cost	Interest	Custom Processing Fee	Interest
1 Capital Cost / Custom Processing Fee Allowance	\$1,000,000.00		\$550,000.00	
Operating Reduction			\$10,000.00	
EOR Recapture	\$0.00		\$0.00	
RPBS Recapture	\$0.00		\$0.00	
Net Capital Cost / CP Fee Allowance	<u>\$1,000,000.00</u>		<u>\$540,000.00</u>	
2 Corporate Effective Royalty Rate	0.2500000		0.2500000	
3 Crown Share	\$250,000.00	\$5,000.00	\$135,000.00	\$2,700.00
4 Previous Crown Share of Capital Cost / CP Fee Deduction	\$300,000.00	\$6,000.00	\$122,500.00	\$2,450.00
5 Annual Capital Cost / CP Fee Adjustment	(\$50,000.00)	(\$1,000.00)	\$12,500.00	\$250.00

Amendments Legend:

- 1 Annual capital cost allowance after recapture or annual custom processing free allowance after recaptures and operating cost reduction
- 2 Annual corporate effective royalty rate
- 3 Calculated: 1*2
- 4 Previous Crown share capital cost deduction or custom processing (CP) fee deduction obtained from previous calculation
- 5 Calculated: 3-4

Reference Number: 1234567



ANNUAL CAPITAL COST ADJUSTMENT AND CUSTOM PROCESSING FEE ADJUSTMENT

Invoice #: 12345678901

Issue Date: 2002-10-31
Royalty Client: 1234
Name: Parent Company
Production Year: 2001

Royalty Payer code: 1234
Name: Parent Company
Address: XXXXXXXXXXXXXXXXXXXX
Calgary, AB
X9X 9X9

	<u>Capital Cost</u>	<u>Custom Processing Fee</u>
1 Capital Cost / Custom Processing Fee Allowance	\$1,000,000.00	\$500,000.00
Operating Reduction		-\$10,000.00
EOR Recapture	\$0.00	\$0.00
RPBS Recapture	\$0.00	\$0.00
Net Capital Cost / CP Fee Allowance	\$1,000,000.00	\$490,000.00
2 Corporate Effective Royalty Rate	0.3000000	0.3000000
3 Crown Share	\$300,000.00	\$147,000.00
4 Monthly Capital Cost / CP Fee Deduction		
2001-01	\$24,166.67	\$15,000.00
2001-02	\$24,166.67	\$15,000.00
2001-03	\$24,166.67	\$15,000.00
2001-04	\$24,166.67	\$15,000.00
2001-05	\$24,166.67	\$15,000.00
2001-06	\$24,166.66	\$15,000.00
2001-07	\$24,166.67	\$15,000.00
2001-08	\$24,166.66	\$15,000.00
2001-09	\$24,166.67	\$15,000.00
2001-10	\$24,166.66	\$15,000.00
2001-11	\$24,166.67	\$15,000.00
2001-12	\$24,166.66	\$15,000.00
Total	\$290,000.00	\$180,000.00
5 Annual Capital Cost / CP Fee Adjustment	\$10,000.00	(\$33,000.00)
6 Go-forward Capital Cost / CP Fee Estimate for 2002	\$1,000,000.00	\$490,000.00
7 March Adjustment for Capital Cost / CP Fee for 2002	\$26,000.00	\$16,000.00

- Initial Annual Billing Period Legend
- 1 Annual capital cost allowance after recaptures or annual custom processing fee allowance after recaptures and operating reduction
 - 2 Annual corporate effective royalty rate
 - 3 Calculated: 1*2
 - 4 Monthly capital cost deduction or monthly custom processing (CP) fee deduction obtained from the invoice
 - 5 Calculated: 3-4
 - 6 Go-forward capital cost allowance or custom processing fee allowance for the current year
 - 7 March adjustments for capital cost allowance or custom processing fee allowance estimates

Reference Number: 1234567

1.6.7.6 Annual Operating Cost Adjustment Summary

Refer to *Ch. VI, Sec. 5*.

Purpose

This summary includes the following information at a facility level for a royalty client for a production year:

- Monthly operating cost deductions.
- Actual operating cost deductions.
- Cumulative operating cost deductions.
- Annual operating cost adjustment.

Description of Entries

Since the items appearing on these reports are self-explanatory, no further description is necessary.



ANNUAL OPERATING COST ADJUSTMENT SUMMARY

Royalty Client: 0XXX
Billing Period: 2005-02
Production Year: 2004

EUB Facility	Sum of Monthly Operating Cost Deductions	Actual UOCR	Actual Op Cost Deduction	Prior Adjustments	Cumulative Op Cost	Annual Adjustment	Interest
AB-GP-000XXXX	\$117,155.00	10.25	\$120,335.00	\$0.00	\$117,155.00	\$3,180.00	\$0.00
AB-GP-000YYYY	\$18,000.00	10.25	\$18,450.00	\$0.00	\$18,000.00	\$450.00	\$0.00
AB-GP-000ZZZZ	\$50,000.00	10.25	\$51,250.00	\$0.00	\$50,000.00	\$1,250.00	\$0.00
TOTAL	\$185,155.00		\$190,035.00	\$0.00	\$185,155.00	\$4,880.00	\$0.00

1.6.7.7 Annual Operating Cost Adjustment Detail

Refer to *Ch. VI, Sec. 5*.

Purpose

This detail includes the following information at a product level for each charge type within a facility.

- Energy Adjusted Gas Equivalent Volumes (EAGEV).
- Monthly operating cost deductions.
- Actual operating cost deductions.
- Cumulative operating cost deductions.
- Annual operating cost adjustment.

Description of Entries

Since the items appearing on these reports are self-explanatory, no further description is necessary.



ANNUAL OPERATING COST ADJUSTMENT DETAIL

Royalty Client: 0XXX
Billing Period: 2005-02
EUB Facility: AB-GP-000XXXX
Production Year: 2004

Charge Type	Product	Estimated UOCR	EAGEVs	Sum of Monthly Operating Cost Deductions	Actual UOCR	Actual Op Cost Deduction	Prior Adjustments		Cumulative Op Cost	Annual Adjustment	Interest
							Billing Period	Adjustments Prior (H)			
CR	C2-MX	9.75	200	\$1,950.00	10.25	\$2,050.00		\$0.00	\$1,950.00	\$100.00	\$0.00
		10.00	2,000	\$20,000.00	10.25	\$20,500.00		\$0.00	\$20,000.00	\$500.00	\$0.00
	C4-MX	9.75	300	\$2,925.00	10.25	\$3,075.00		\$0.00	\$2,925.00	\$150.00	\$0.00
		10.00	3,000	\$30,000.00	10.25	\$30,750.00		\$0.00	\$30,000.00	\$750.00	\$0.00
	GAS	9.75	500	\$4,875.00	10.25	\$5,125.00		\$0.00	\$4,875.00	\$250.00	\$0.00
		10.00	6,000	\$60,000.00	10.25	\$61,500.00		\$0.00	\$60,000.00	\$1,500.00	\$0.00
TOTAL			12,000	\$119,750.00	10.25	\$123,000.00		\$0.00	\$119,750.00	\$3,250.00	\$0.00
PW	GAS	9.75	20	-\$195.00	10.25	-\$205.00		\$0.00	-\$195.00	-\$10.00	\$0.00
		10.00	240	-\$2,400.00	10.25	-\$2,460.00		\$0.00	-\$2,400.00	-\$60.00	\$0.00
	TOTAL		260	-\$2,595.00	10.25	-\$2,665.00		\$0.00	-\$2,595.00	-\$70.00	\$0.00
TOTAL				\$117,155.00	10.25	\$120,335.00		\$0.00	\$117,155.00	\$3,180.00	\$0.00

1.6.7.8 Annual Allowable Cost Restriction Adjustment

Refer to *Ch. VI, Sec. 1.2*

Purpose

This summary provides:

- Annual allowable cost restriction adjustment calculation details for a royalty payer and production year
- A comparison between the monthly estimates and the actual values for the allowable cost restriction for a royalty payer and production year
- Calculation details for each royalty client contributing to the royalty payer's annual allowable cost restriction adjustment.

Description of Entries

Since the items appearing on these reports are self-explanatory, no further description is necessary.



ANNUAL ALLOWABLE COST RESTRICTION ADJUSTMENT

Invoice #: 12345678901

Issue Date: 2005-04-30
Royalty Client: 1234
Name: Parent Company
Production Year: 2003

Royalty Payer code: 1234
Name: Parent Company
Address: XXXXXXXXXXXXXXXXXXXX
Calgary, AB
X9X 9X9

Natural Gas Royalty (\$)				Costs (\$)		Net Royalty Before Cost Restriction (\$)	Total Costs (\$)	Annual Allowable Cost Restriction (\$)
Crown Royalty	Monthly Proprietary Waiver	Annual Co-gen Contract Adjustment	Annual Operating Cost Adjustment	Annual CC	Annual CP Fee			
280,000.00	25,000.00	10,000.00	2,500.00	65,000.00	200,000.00	245,500.00	265,000.00	22,500.00

Annual Allowable Cost Restriction Adjustment	Interest
--	----------

Annual Allowable Cost Restriction	\$22,500.00	\$1,237.50
Previous Annual Allowable Cost Restriction	\$19,800.00	-\$1,089.00
Annual Allowable Cost Restriction Adjustment	\$2,700.00	\$148.50

Reference Number: 1234567



ANNUAL ALLOWABLE COST RESTRICTION ADJUSTMENT (@ IABP)

Invoice #: 12345678901

Issue Date: 2005-06-30
Royalty Client: 1234
Name: Parent Company
Production Year: 2003

Royalty Payer code: 1234
Name: Parent Company
Address: XXXXXXXXXXXXXXXXXXXX
Calgary, AB
X9X 9X9

Natural Gas Royalty (\$)				Costs (\$)		Net Royalty Before Cost Restriction (\$)	Total Costs (\$)	Annual Allowable Cost Restriction (\$)
Crown Royalty	Monthly Proprietary Waiver	Annual Co-gen Contract Adjustment	Annual Operating Cost Adjustment	Annual CC	Annual CP Fee			
1	2	3	4	5	6	7	8	9
280,000.00	25,000.00	10,000.00	2,500.00	65,000.00	200,000.00	242,500.00	265,000.00	22,500.00

Annual Allowable Cost Restriction Adjustment
--

10	Annual Allowable Cost Restriction	\$22,500.00
11	Annual Sum of Monthly Cost Restriction	\$200.00
12	Annual Allowable Cost Restriction Adjustment	\$22,300.00

Initial Annual Billing Period (IABP) Legend:

- 1 Crown royalty net of operating costs, transportation, storage and fractionation
- 2 Actual monthly proprietary waiver
- 3 Annual co-generation contract adjustment
- 4 Annual operating cost adjustment
- 5 Annual capital cost
- 6 Annual custom processing fee
- 7 Calculated: 1-2-3-4
- 8 Calculated: 5+6
- 9 Calculated: 8-7 (If number is negative, set the annual allowable cost restriction to zero.)
- 10 Annual Allowable Cost Restriction: 9
- 11 Sum of monthly allowable cost restrictions
- 12 Calculated: 10-11

Reference Number: 1234567



ANNUAL ALLOWABLE COST RESTRICTION ADJUSTMENT (Amendments)

Invoice #: 12345678902

Issue Date: 2005-10-31
Royalty Client: 1234
Name: Parent Company
Production Year: 2003

Royalty Payer code: 1234
Name: Parent Company
Address: XXXXXXXXXXXXXXXXXXXX
Calgary, AB
X9X 9X9

Natural Gas Royalty (\$)				Costs (\$)		Net Royalty Before Cost Restriction (\$)	Total Costs (\$)	Annual Allowable Cost Restriction (\$)
Crown Royalty	Monthly Proprietary Waiver	Annual Co-gen Contract Adjustment	Annual Operating Cost Adjustment	Annual CC	Annual CP Fee			
1	2	3	4	5	6	7	8	9
280,000.00	25,000.00	10,000.00	2,500.00	225,000.00	35,000.00	242,500.00	260,000.00	17,500.00

Annual Allowable Cost Restriction Adjustment	Interest
--	----------

10	Annual Allowable Cost Restriction	\$17,500.00	\$350.00
11	Previous Annual Allowable Cost Restriction	\$22,500.00	\$450.00
12	Annual Allowable Cost Restriction Adjustment	(\$5,000.00)	(\$100.00)

Amendments Legend:

- 1 Crown royalty net of operating costs, transportation, storage and fractionation
- 2 Actual monthly proprietary waiver
- 3 Annual co-generation contract adjustment
- 4 Annual operating cost adjustment
- 5 Annual capital cost
- 6 Annual custom processing fee
- 7 Calculated: 1-2-3-4
- 8 Calculated: 5+6
- 9 Calculated: 8-7 (If number is negative, set the annual allowable cost restriction to zero.)
- 10 Annual Allowable Cost Restriction: 9
- 11 Sum of monthly allowable cost restrictions
- 12 Calculated: 10-11

Reference Number: 1234567



ANNUAL ALLOWABLE COST RESTRICTION ADJUSTMENT (Consolidated @ IABP)

Invoice #: 12345678901

Issue Date: 2005-06-30
Royalty Client: 1234
Name: Parent Company
Production Year: 2003

Royalty Payer code: 1234
Name: Parent Company
Address: XXXXXXXXXXXXXXXXXXXX
Calgary, AB
X9X 9X9

Natural Gas Royalty (\$)				Costs (\$)		Net Royalty Before Cost Restriction (\$)	Total Costs (\$)	Annual Allowable Cost Restriction (\$)
Crown Royalty	Monthly Proprietary Waiver	Annual Co-gen Contract Adjustment	Annual Operating Cost Adjustment	Annual CC	Annual CP Fee			
1	2	3	4	5	6	7	8	9
Royalty Client: 1234		Parent Company						
280,000.00	25,000.00	10,000.00	2,500.00	65,000.00	200,000.00	242,500.00	265,000.00	
Royalty Client: 2345		Child Company						
59,000.00	0.00	0.00	1,000.00	0.00	15,000.00	58,000.00	15,000.00	
Royalty Payer Total						300,500.00	280,000.00	0.00

Annual Allowable Cost Restriction Adjustment
--

10	Annual Allowable Cost Restriction	\$0.00
11	Annual Sum of Monthly Cost Restriction	\$200.00
12	Annual Allowable Cost Restriction Adjustment	(\$200.00)

Consolidation – Initial Annual Billing Period (IABP) Legend:

- 1 Crown royalty net of operating costs, transportation, storage and fractionation
- 2 Actual monthly proprietary waiver
- 3 Annual co-generation contract adjustment
- 4 Annual operating cost adjustment
- 5 Annual capital cost
- 6 Annual custom processing fee
- 7 Calculated: 1-2-3-4
- 8 Calculated: 5+6
- 9 Calculated: 8-7 (If number is negative, set the annual allowable cost restriction to zero.)
- 10 Annual Allowable Cost Restriction: 9
- 11 Sum of monthly allowable cost restrictions
- 12 Calculated: 10-11

Reference Number: 1234567



ANNUAL ALLOWABLE COST RESTRICTION ADJUSTMENT (Consolidated - Amendments)

Invoice #: 12345678902

Issue Date: 2005-10-31
Royalty Client: 1234
Name: Parent Company
Production Year: 2003

Royalty Payer code: 1234
Name: Parent Company
Address: XXXXXXXXXXXXXXXXXXXX
Calgary, AB
X9X 9X9

Natural Gas Royalty (\$)				Costs (\$)		Net Royalty Before Cost Restriction (\$)	Total Costs (\$)	Annual Allowable Cost Restriction (\$)
Crown Royalty	Monthly Proprietary Waiver	Annual Co-gen Contract Adjustment	Annual Operating Cost Adjustment	Annual CC	Annual CP Fee			
1	2	3	4	5	6	7	8	9
Royalty Client: 1234		Parent Company						
280,000.00	25,000.00	10,000.00	2,500.00	65,000.00	200,000.00	242,500.00	265,000.00	
Royalty Client: 2345		Child Company						
59,000.00	0.00	0.00	1,000.00	0.00	45,000.00	58,000.00	45,000.00	
Royalty Payer Total						300,500.00	310,000.00	9,500.00

Annual Allowable Cost Restriction Adjustment	Prior Period Interest
--	-----------------------

10	Annual Allowable Cost Restriction	\$9,500.00	\$190.00
11	Previous Annual Allowable Cost Restriction	\$0.00	\$0.00
12	Annual Allowable Cost Restriction Adjustment	\$9,500.00	\$190.00

Consolidation – Amendments Legend:

- 1 Crown royalty net of operating costs, transportation, storage and fractionation
- 2 Actual monthly proprietary waiver
- 3 Annual co-generation contract adjustment
- 4 Annual operating cost adjustment
- 5 Annual capital cost
- 6 Annual custom processing fee
- 7 Calculated: 1-2-3-4
- 8 Calculated: 5+6
- 9 Calculated: 8-7 (If number is negative, set the annual allowable cost restriction to zero.)
- 10 Annual Allowable Cost Restriction: 9
- 11 Sum of monthly allowable cost restrictions
- 12 Calculated: 10-11

Reference Number: 1234567

1.7 Royalty Deposit Adjustment

Refer to *Ch. VII, Sec. 1.5*.

Purpose

Issued annually, this summary provides the royalty deposit adjustment calculation details for a royalty payer and will include calculation details for each royalty client contributing to the royalty payer's royalty deposit adjustment where applicable.

Description of Entries

Since the items appearing on this report are self-explanatory, no further description is necessary.



ROYALTY DEPOSIT ADJUSTMENT

Invoice #: 1234567

Issue Date: 2005-04-30
 Royalty Client: XXXX
 Name: My Company

Royalty Payer code: 1234
 Name: My Company
 Address: XXXXXXXXXXXXXXXXXXXX
 Calgary, AB
 X9X 9X9

DEPOSIT ADJUSTMENT		
New Deposit (\$)	Prior Year Deposit	Deposit Adjustment (\$)
G	D	H
3,045.50	3,000.00	45.50

ROYALTY DEPOSIT USING 1/6 CALCULATION		
PRIOR YEAR		New Deposit (\$)
Annual Net Royalty (\$)	Months Invoiced	
A	B	C
18,273.00	12	3,045.50

ROYALTY DEPOSIT USING FACTOR CALCULATION		
Prior Year Deposit (\$)	Factor	Calculated Deposit (\$)
D	E	F
3,000.00	1.70	5,100.00

Net Royalty Calculation (\$)													
Crown Royalty	Condensate Royalty	Monthly Proprietary Waiver	Annual Co-gen Contract Adjustment	Annual Operating Cost Adjustment	Injection Credit	Monthly CC Deduction	Monthly CP Fee Deduction	Annual CC Adjustment	Annual CP Fee Adjustment	Royalty Paid Bank Settlement	Monthly Allowable Cost Restriction	Annual Allowable Cost Restriction Adjustment	
1	2	3	4	5	6	7	8	9	10	11	12	13	
20,000.00	0.00	0.00	0.00	27.00	0.00	1,000.00	2,400.00	500.00	-1,100.00	0.00	285.38	-285.38	
											14	Annual Net Royalty	18,273.00

Legend:

- | | | | |
|---|---|----|---|
| A | Annual net royalty (see #12) | 1 | Crown royalty net of operating costs, transportation, storage and fractionation |
| B | Number of months invoiced | 2 | Condensate royalty net of transportation adjustment and any exemption amounts given |
| C | Calculated deposit (1/6 calculation) | 3 | Actual monthly proprietary waiver |
| D | Prior year's royalty deposit amount | 4 | Annual co-generation contract adjustment |
| E | Factor (based on long term Gas Reference Price) | 5 | Annual operating cost adjustment |
| F | Calculated deposit (factor calculation) | 6 | Injection credit |
| G | Calculated new deposit (lessor of C or F) | 7 | Monthly capital cost deductions |
| H | Deposit adjustment | 8 | Monthly custom processing fee deductions |
| | | 9 | Annual capital cost adjustment |
| | | 10 | Annual custom processing fee adjustment |
| | | 11 | Royalty paid bank settlement |
| | | 12 | Monthly allowable cost restrictions |
| | | 13 | Annual allowable cost restriction adjustment |
| | | 14 | Annual Net Royalty (Sum of 1-2-3-4-5-6-7-8-9-10+11+12) |

Reference: 1234567



ROYALTY DEPOSIT ADJUSTMENT (Consolidated @ IABP)

Issue Date: 2005-04-30

Invoice #: 1234567

Royalty Payer code: 1234
 Name: My Company
 Address: XXXXXXXXXXXXXXXXXXXX
 Calgary, AB
 X9X 9X9

DEPOSIT ADJUSTMENT		
New Deposit (\$)	Prior Year Deposit	Deposit Adjustment (\$)
G	D	H
4,331.50	3,000.00	1,331.50

ROYALTY DEPOSIT USING 1/6 CALCULATION		
PRIOR YEAR		New
Annual Net Royalty (\$)	Months Invoiced	Deposit (\$)
A	B	C
25,989.00	12	4,331.50

ROYALTY DEPOSIT USING FACTOR CALCULATION		
Prior Year Deposit (\$)	Factor	Calculated Deposit (\$)
D	E	F
3,000.00	1.70	5,100.00

Net Royalty Calculation (\$)												
Crown Royalty	Condensate Royalty	Monthly Proprietary Waiver	Annual Co-gen Contract Adjustment	Annual Operating Cost Adjustment	Injection Credit	Monthly CC Deduction	Monthly CP Fee Deduction	Annual CC Adjustment	Annual CP Fee Adjustment	Royalty Paid Bank Settlement	Monthly Allowable Cost Restriction	Annual Allowable Cost Restriction Adjustment
1	2	3	4	5	6	7	8	9	10	11	12	13
Royalty Client: 10,000.00	1234 0.00	Parent Company 0.00	0.00	25.00	0.00	1,259.00	2,300.00	7,000.00	-1,000.00	0.00	285.38	-285.38
Royalty Client: 20,000.00	5678 0.00	Child Company 0.00	0.00	27.00	0.00	1,000.00	2,400.00	500.00	-1,100.00	0.00	285.38	-285.38
Royalty Payer Total 30,000	0.00	0.00	0.00	52.00	0.00	2,259.00	4,700.00	1,200.00	-2,100.00	0.00	570.76	-570.76
										14	Annual Net Royalty	25,989.00

Legend:

- | | |
|---|---|
| A Annual net royalty (see #12) | 1 Crown royalty net of operating costs, transportation, storage and fractionation |
| B Number of months invoiced | 2 Condensate royalty net of transportation adjustment and any exemption amounts given |
| C Calculated deposit (1/6 calculation) | 3 Actual monthly proprietary waiver |
| D Prior year's royalty deposit amount | 4 Annual co-generation contract adjustment |
| E Factor (based on long term Gas Reference Price) | 5 Annual operating cost adjustment |
| F Calculated deposit (factor calculation) | 6 Injection credit |
| G Calculated new deposit (lessor of C or F) | 7 Monthly capital cost deductions |
| H Deposit adjustment | 8 Monthly custom processing fee deductions |
| | 9 Annual capital cost adjustment |
| | 10 Annual custom processing fee adjustment |
| | 11 Royalty paid bank settlement |
| | 12 Monthly allowable cost restrictions |
| | 13 Annual allowable cost restriction adjustment |
| | 14 Annual Net Royalty (Sum of 1-2-3-4-5-6-7-8-9-10+11+12) |

Reference: 1234567

1.8 Condensate Royalty Statement

Refer to *Ch. IV, Sec. 5*

Purpose

This statement is produced and included with the monthly invoice. The Condensate Royalty Statement provides a breakdown of condensate well production at each battery listing, the current period royalty condensate volumes, as well as any reduction to royalty condensate volumes. This report is available to clients on the Petroleum Registry of Alberta (PRA) in two formats: TXT and PDF

Description of Entries

Since the items appearing on this document are self-explanatory, no further description is necessary.



CONDENSATE ROYALTY STATEMENT

Invoice #12345678901

Issue Date: 2006-04-30
Operator: 0XXX
Name: MY COMPANY

Royalty Payer Code: 0XXX
Name: MY COMPANY
Address: 100 1 AVE SW SUITE 999
CALGARY, AB
T2P 2R9

Well	Total Prod.	Crown Percent	Crown Prod.	Vintage Percent	Density	Gross Crown Royalty			Crown Royalty Reduction			Code	Net Crown Royalty		
						Old Oil	New Oil	Total	Old Oil	New Oil	Total		Old Oil	New Oil	Total
Battery: AB BT 0999999 Production Period: 2005-12															
AB WI 100010605713W500	1.1	100.0000000	1.1	100.00	Light	0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	0.0
AB WI 100013205613W500	15.8	100.0000000	15.8	100.00	Light	0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	0.0
AB WI 100043305613W500	3.0	100.0000000	3.0	100.00	Light	0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	0.0
AB WI 100060405713W500	3.2	100.0000000	3.2	100.00	Light	0.0	0.3	0.3	0.0	0.0	0.0		0.0	0.3	0.3
AB WI 100060505713W500	1.0	100.0000000	1.0	100.00	Light	0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	0.0
AB WI 100073005613W500	4.5	100.0000000	4.5	100.00	Light	0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	0.0
AB WI 100103105613W500	5.6	100.0000000	5.6	100.00	Light	0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	0.0
AB WI 100142905613W500	3.9	100.0000000	3.9	100.00	Light	0.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0	0.0
	-----		-----			-----	-----	-----	-----	-----	-----		-----	-----	-----
	38.1		38.1			0.0	0.3	0.3	0.0	0.0	0.0		0.0	0.3	0.3
	=====		=====			=====	=====	=====	=====	=====	=====		=====	=====	=====

Reference Number: 42341234

1.8.1 Condensate Royalty Calculation Detail

Refer to *Ch. IV, Sec. 5*

Purpose

For each business associate who receives a condensate royalty charge, a Condensate Royalty Calculation Detail report is produced and included with the monthly invoice.

Description of Entries

Since the items appearing on this document are self-explanatory, no further description is necessary.



CONDENSATE ROYALTY CALCULATION DETAIL

Issue Date: 30/06/2005
Royalty Client: 0XXX
Name: MY COMPANY

Invoice #149011

ROYALTY PAYER CODE: 0XXX
NAME: MY COMPANY
Address: 100 1 AVE SW SUITE 910
CALGARY, AB
T2P 2R9

Battery	Well ID	Production Period	Condensate Volume M3	Reference Price	Region	Transport Allowance	Net Condns Price	Gross Condensate Amount \$	Exemption Amount \$	Net Condensate Amount \$	Interest Charge \$	
AB BT 0001234	AB WI 100143603604W502	2005-01	-3.2	420.54	4	12.67	407.87	-1,305.18	0.00	-1,305.18	-0.26	
			3.3	420.54	4	12.67	407.87	1,345.97	0.00	1,345.97	0.27	
	-----										40.79	0.01
	2005-04	4.0	450.62	4	12.67	437.95	1,751.80	1,751.80	0.00	0.00	0.00	
	-----										0.00	0.00
	AB WI 100143603605W502	2005-01	-3.2	420.54	4	12.67	407.87	-1,305.18	0.00	-1,305.18	-0.26	
3.0			420.54	4	12.67	407.87	1,223.61	0.00	1,223.61	0.24		
-----										-81.57	-0.02	
-----										-40.79	-0.01	
=====												

AB BT 0005678	AB WI 100143603804W500	2005-03	-2.2	466.81	4	12.67	454.14	-999.11	0.00	-999.11	-0.20	
			2.9	466.81	4	12.67	454.14	1,317.01	0.00	1,317.01	0.26	
	-----										317.90	0.06
	AB WI 100143603605W502	2005-04	-10.2	450.62	4	12.67	437.95	-4,467.09	0.00	-4,467.09	-0.89	
			11.3	450.62	4	12.67	437.95	4,948.84	0.00	4,948.84	0.99	
	-----										481.75	0.10
-----										799.64	0.16	
=====												

-----										758.86	0.15	
=====												

-----										758.86	0.15	
=====												

Reference Number: 42341234