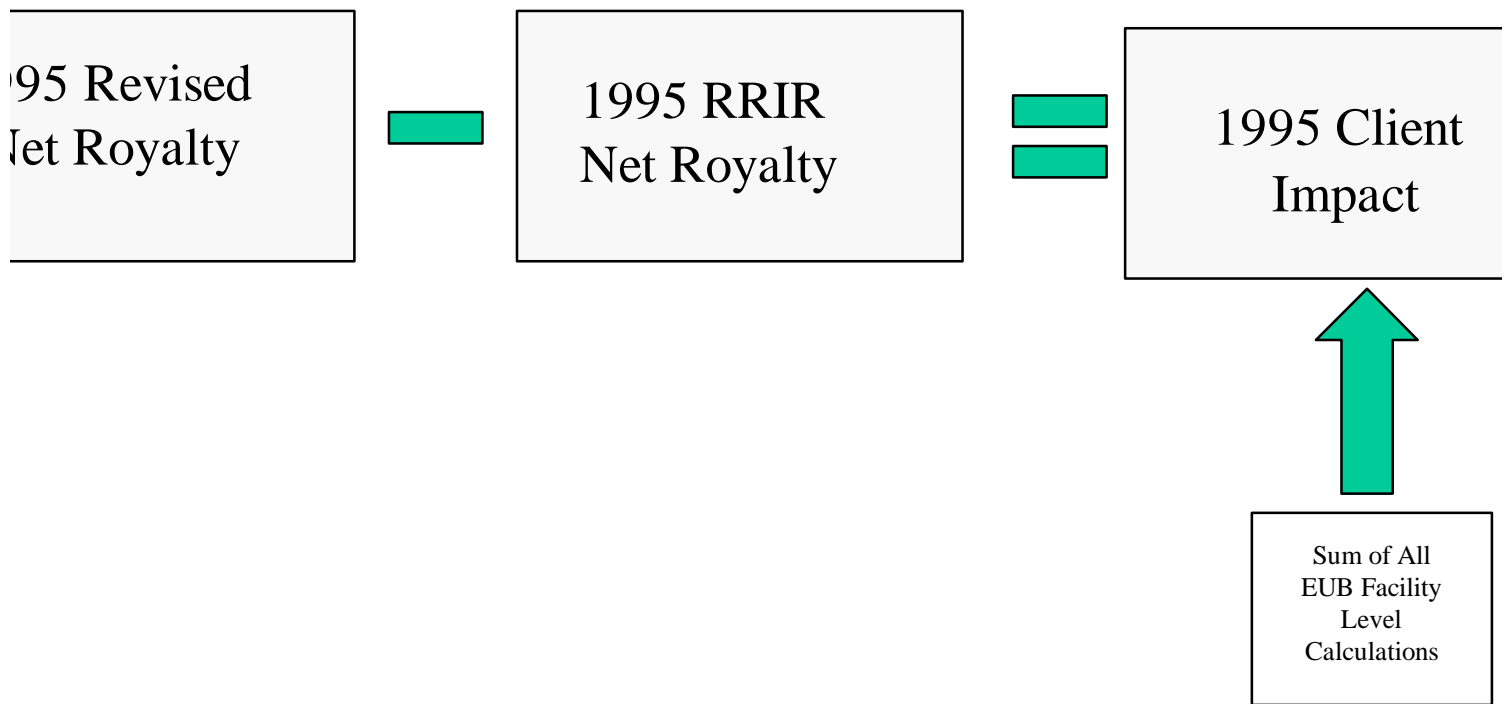


RRIR Worksheet: Client Impact



RRIR Long Term Impact
March 18, 1998

Part A: Step 1

Recalculate CERR

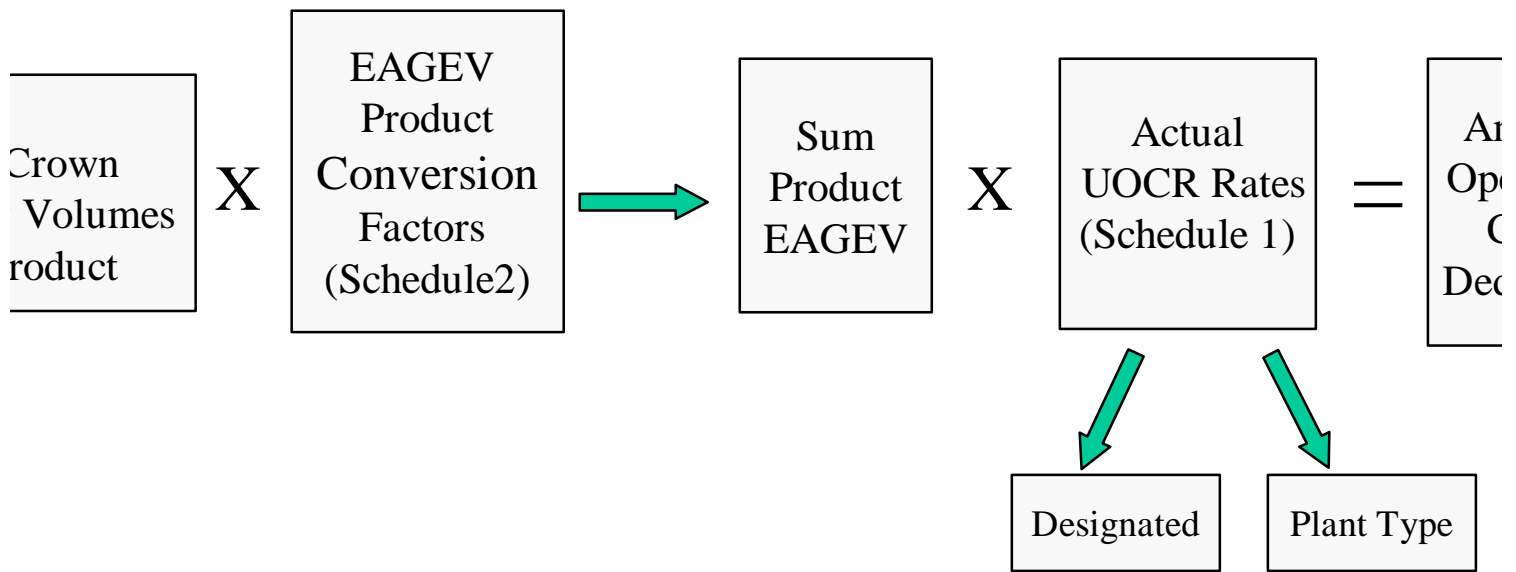
$$\left(\begin{array}{|c|} \hline \text{Net Crown} \\ \text{Royalty Quantity} \\ \hline \end{array} \right) + \left(\begin{array}{|c|} \hline \text{Crown Royalty} \\ \text{Holiday Volumes} \\ \hline \end{array} \right) \times \left(\begin{array}{|c|} \hline \text{Product} \\ \text{Unit Value} \\ \hline \end{array} \right) = \left(\begin{array}{|c|} \hline \text{Crown R} \\ \text{Value} \\ \text{1995 Pro} \\ \hline \end{array} \right)$$

$$\left(\begin{array}{|c|} \hline \text{Crown Royalty} \\ \text{Value of} \\ \text{Production} \\ \hline \end{array} \right) / \left(\begin{array}{|c|} \hline \text{Corporate Value} \\ \text{of Production} \\ \hline \end{array} \right) = \left(\begin{array}{|c|} \hline \text{CERR} \\ \hline \end{array} \right)$$

IR Long Term Impact
March 18, 1998

Part A: Step 3

Recalculate Allowable Operating Costs



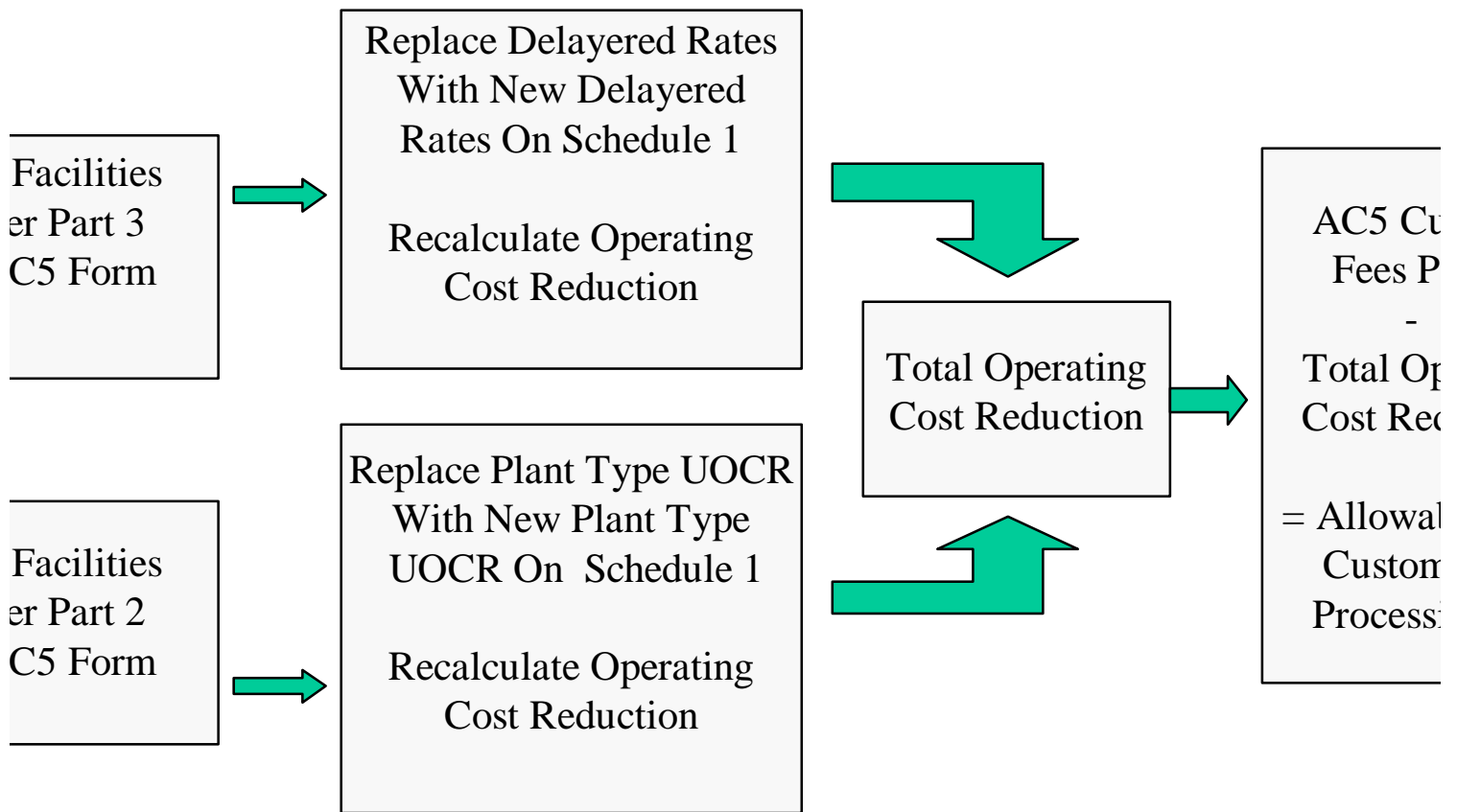
Part A: Step 4

Recalculate Allowable Capital Cost Deduction

$$\begin{array}{|c|} \hline \text{Total EOR} \\ \text{Recapture} \\ \hline \end{array} + \begin{array}{|c|} \hline \text{Annual Royalty} \\ \text{Paid Bank} \\ \text{Recapture} \\ \hline \end{array} + \begin{array}{|c|} \hline \text{Total Allowable} \\ \text{Capital Cost} \\ \text{After Recaptures} \\ \hline \end{array} = \begin{array}{|c|} \hline \text{Total Allowable} \\ \text{Capital Cost} \\ \hline \end{array}$$

Part A: Step 5

Recalculate Allowable Custom Processing Fees Deduction



IR Long Term Impact
March 18, 1998

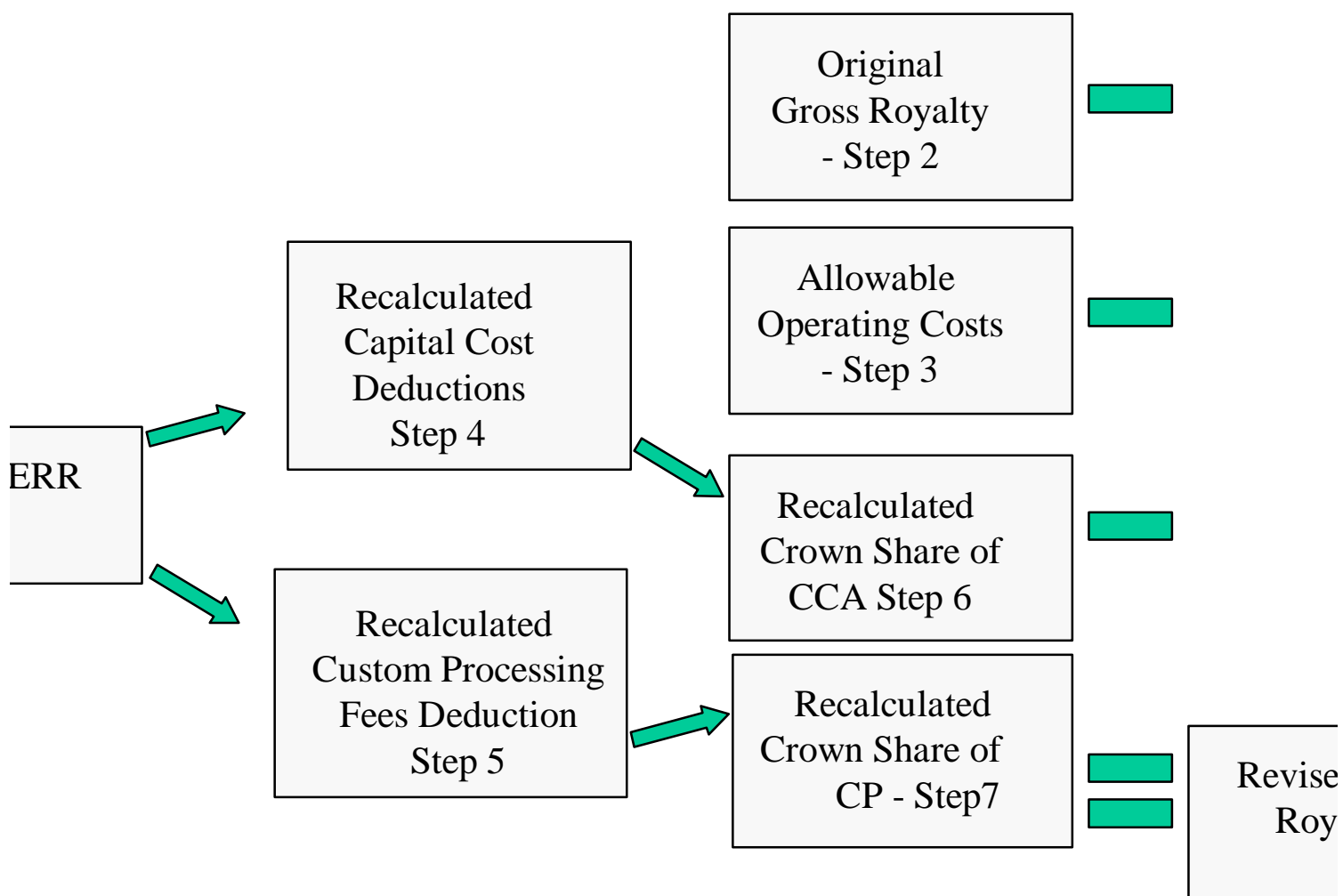
Steps 6 and 7

Recalculate Crown Share

$$\begin{array}{|c|} \hline \text{Allowable Capital} \\ \text{From Step 4} \\ \hline \end{array} \times \begin{array}{|c|} \hline \text{CERR} \\ \text{From Step 1} \\ \hline \end{array} = \begin{array}{|c|} \hline \text{Crown Share} \\ \text{Of Capital Costs} \\ \hline \end{array}$$

$$\begin{array}{|c|} \hline \text{Allowable Custom} \\ \text{Processing fees} \\ \text{From Step 5} \\ \hline \end{array} \times \begin{array}{|c|} \hline \text{CERR} \\ \text{From Step 1} \\ \hline \end{array} = \begin{array}{|c|} \hline \text{Crown Share} \\ \text{Of Custom} \\ \text{Processing Fees} \\ \hline \end{array}$$

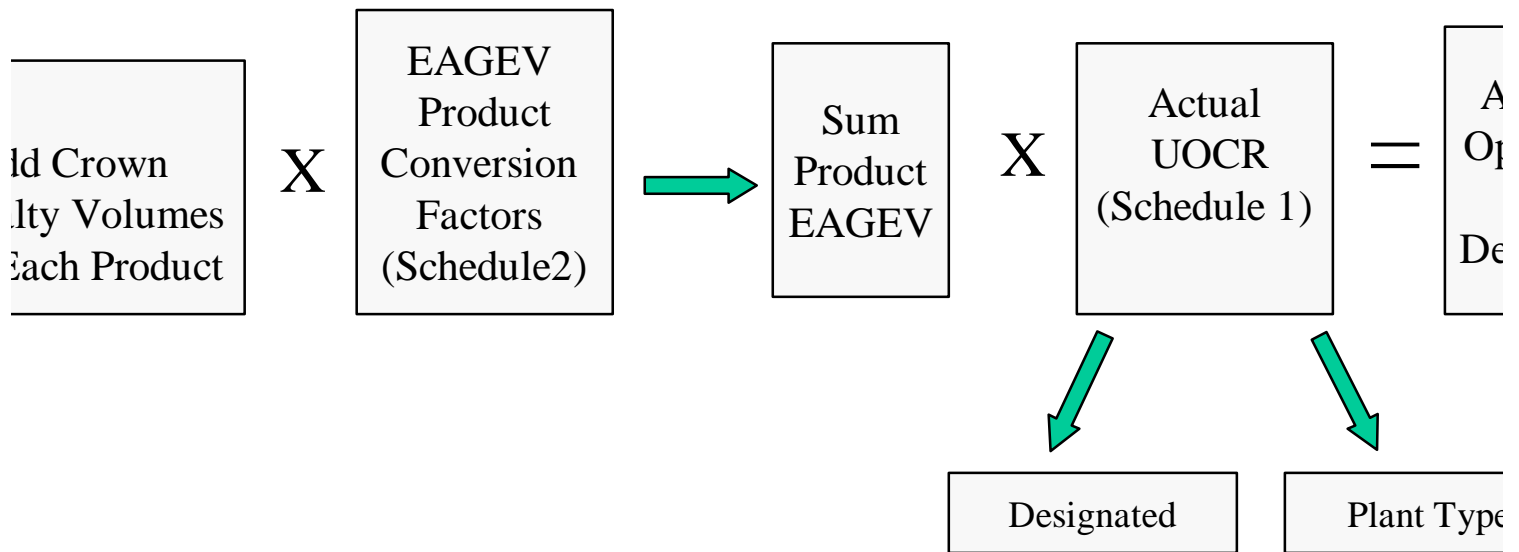
Part A: 1995 Revised Net Royalty



*IR Long Term Impact
March 18, 1998*

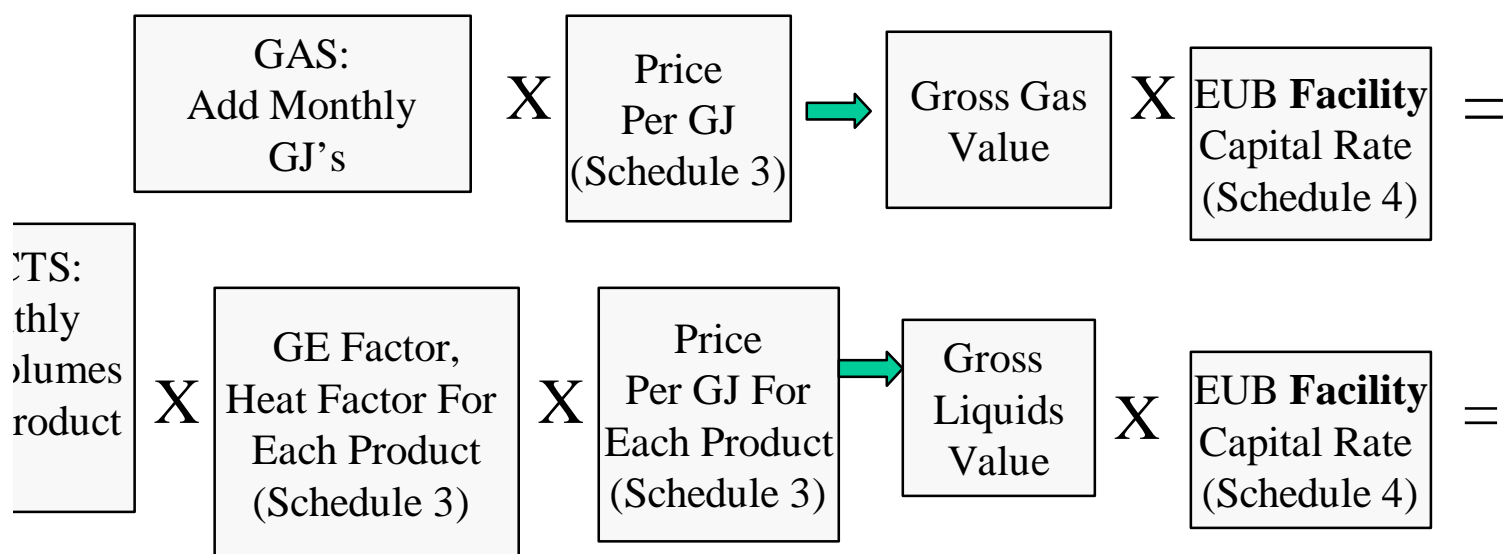
Part B: Step 2

Calculate Allowable Operating Costs- Owner in Processing



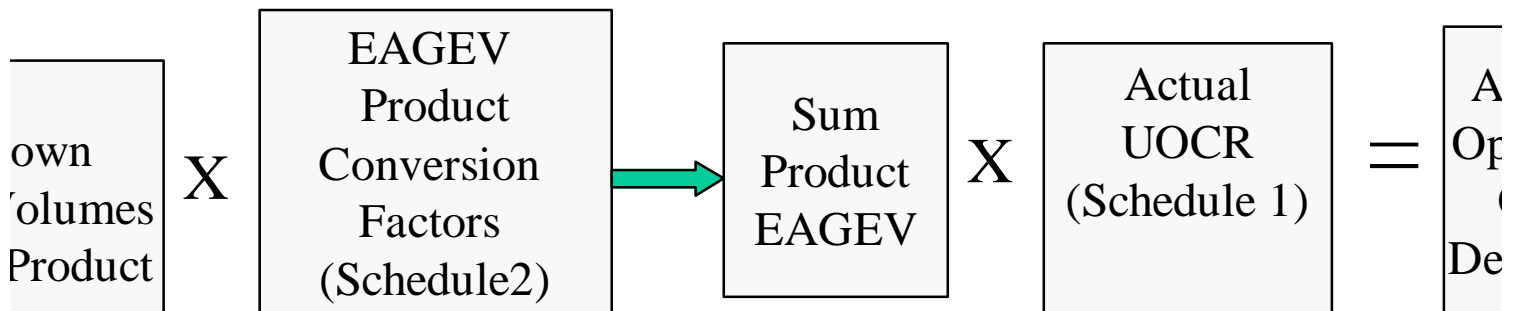
Part B: Step 3

Calculate Allowable Capital Costs- Owner in Processing



Part B: Step 4

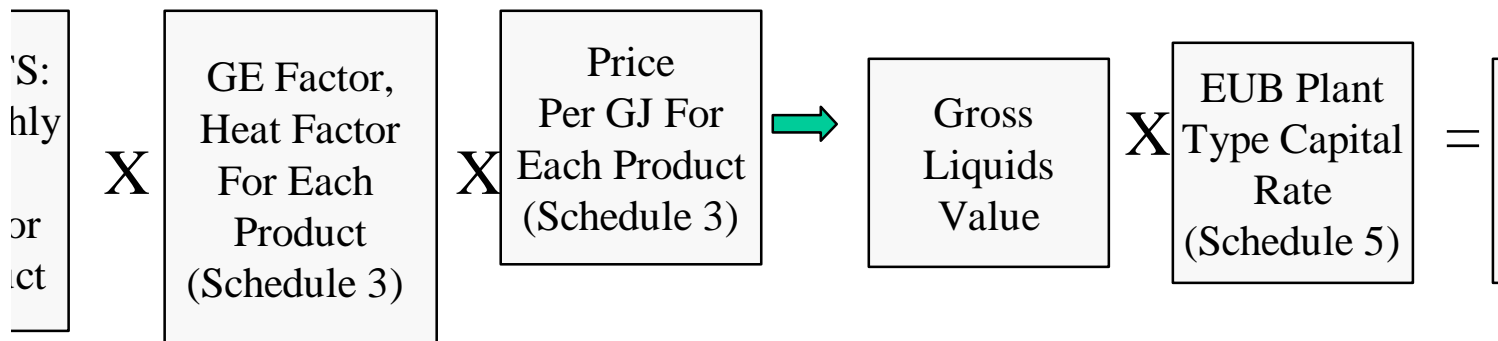
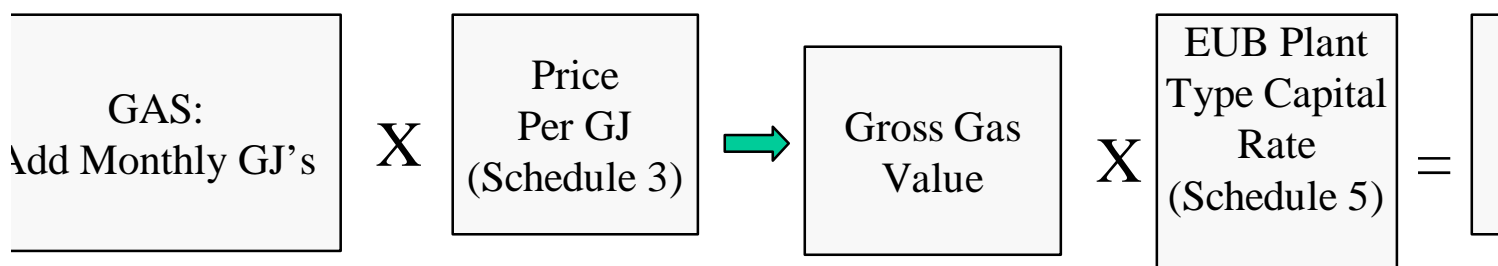
Calculate Allowable Operating Costs- Non-Owner in Processing



Note: If Volumes are processed at Plant Type 2 facilities with no liquids extraction, use Plant Type 1 Rate

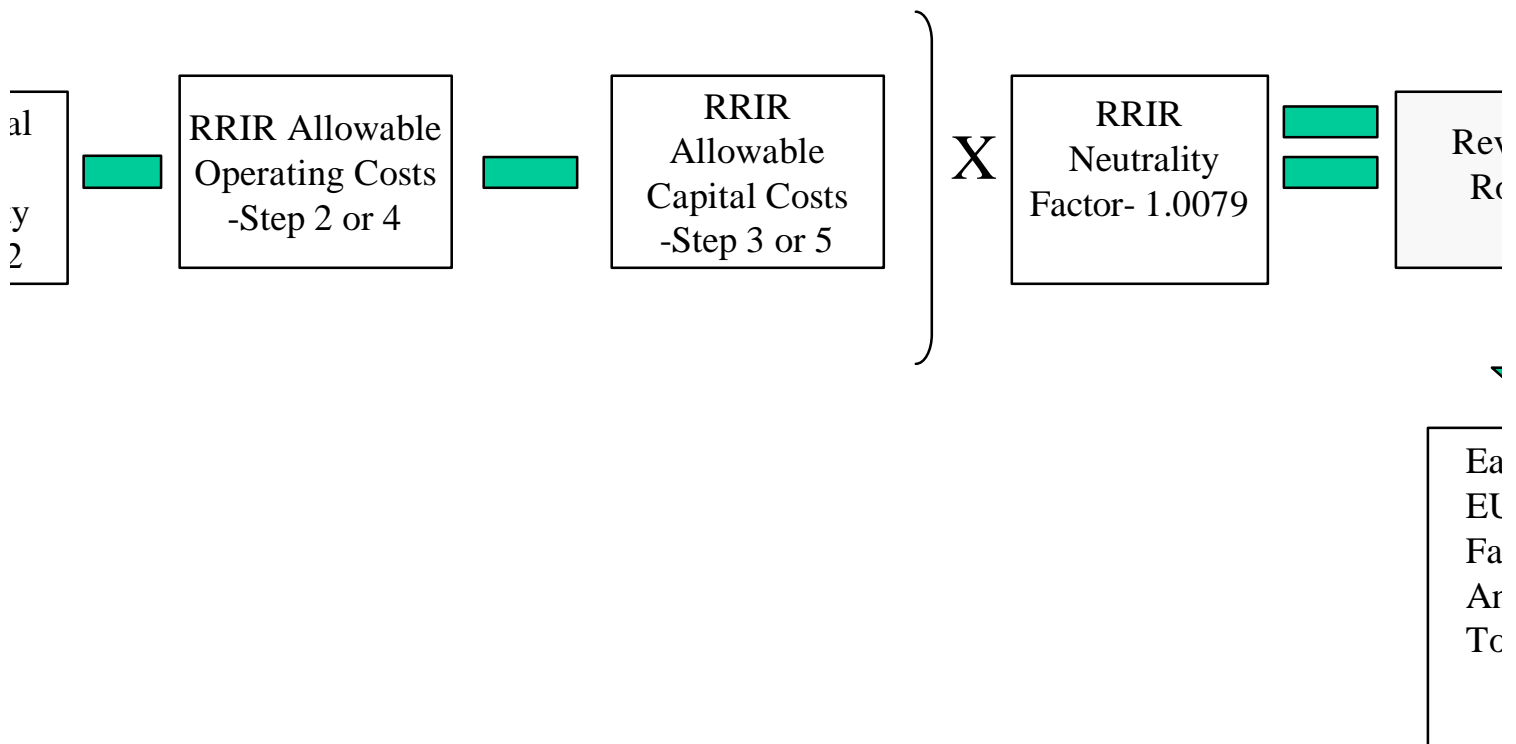
Part B: Step 5

Calculate Allowable Capital Costs- Non-Owner in Processing



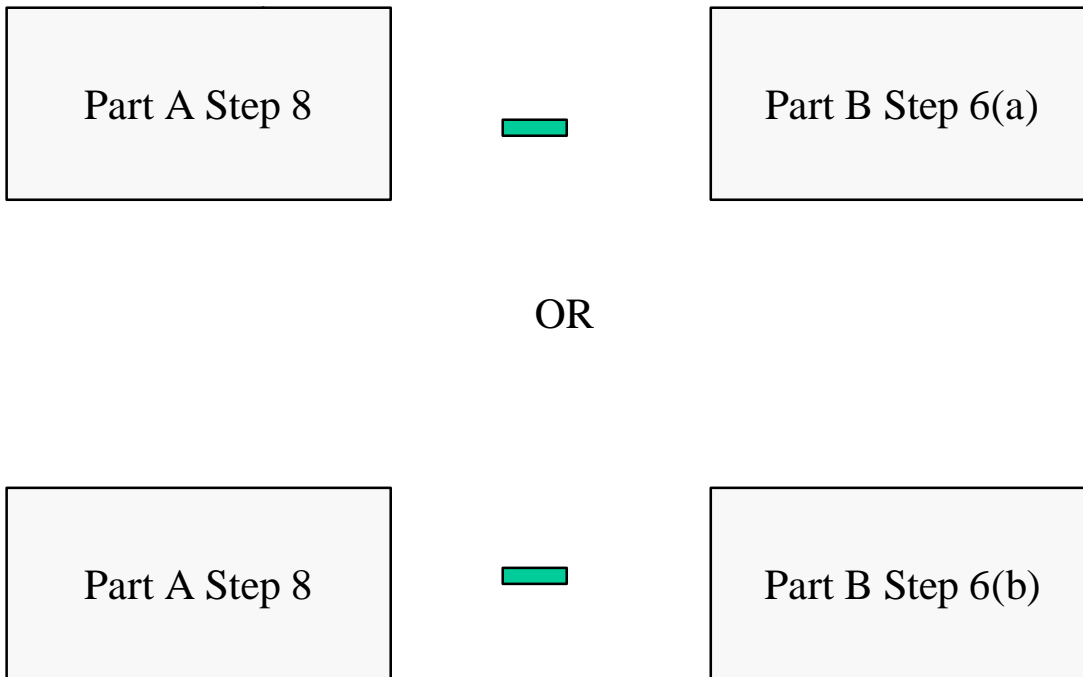
Note: If Volumes are processed at Plant Type 2 facilities with no liquids extraction, use Plant Type 1 Rate

Part B: 1995 RRIR Net Royalty



*RRIR Long Term Impact
March 18, 1998*

Part C - RRIR Net Royalty Impact



RRIR Long Term Impact
March 18, 1998