

Information Bulletin POR 97-03

October 9, 1997

TO: Oil Royalty Clients

RE: Implementation of New Oil Royalty Benefits/Incentives System

The Petroleum and Other Royalties Branch have designed a new system to evaluate and calculate oil royalty exemptions/reductions. This system will ensure benefits have been allocated correctly to all eligible wells. **The enhanced Oil Royalty Benefits/Incentives system will be implemented November 1997 for the production month of September 1997.**

A retroactive well-by-well reevaluation will be completed by December 31, 1997 to determine and confirm benefit eligibility. This reevaluation may require the revocation of incorrectly approved exemptions, or the granting of exemptions to wells that should have been receiving benefits. The reevaluation and recalculation will be **retroactive to January 1, 1993.**

Any changes to a well's royalty status will appear on your Crude Oil Crown Royalty Operator Statements. **Please review these statements carefully over the next few months and note any changes/adjustments.** Compare these changes/adjustments to your company records, and report any discrepancies to the Department as soon as possible.

The following programs will be reevaluated:

- Oil Royalty Incentive Regulation (AR 403/91)
- Reactivated Well Incentive Regulation (AR 404/91)
- Horizontal Well Petroleum Royalty Regulation (AR 405/91)
- Horizontal Reentry Well Royalty Reduction Regulation (AR 348/92)
- Low Productivity Well Royalty Reduction Regulation (AR 350/92)
- Reactivated Well Royalty Exemption Regulation (AR 352/92)
- Third Tier Exploratory Exemption Regulation (AR 16/93)

Below is a list of the royalty adjustment codes that will appear on your statement should your well be eligible for an exemption or reduction.

- 36 - Horizontal Well Petroleum Royalty Regulation (24 months)
- 37 - Reactivated Well Incentive Regulation (4,000 m³ production/60 calendar months)
- 38 - Oil Royalty Incentive Regulation (12 months/\$400,000.00)
- 39 - Oil Royalty Incentive Regulation (12/24 months/\$1 million)
- 46 - Horizontal Reentry Well Royalty Reduction Regulation (no cap)
- 47 - Reactivated Well Royalty Exemption Regulation (8,000 m³ production royalty exemption)
- 49 - Third Tier Exploratory Exemption Regulation (12 month/\$1 million)
- 55 - Low Productivity Well Royalty Reduction Regulation (16,000 m³ prod royalty reduction)

The Department is committed to ensure that all clients pay royalty at the correct level, and obtain any exemptions or reductions to which they are entitled within the relevant legislation. If you have any questions or concerns regarding your royalty exemptions/reductions, please contact Laurie Schneider at (403) 422-9039 or Linda White at (403) 422-9119.

Yours truly,

L. White
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