

February 23, 2011

OIL SANDS INFORMATION BULLETIN 2011-02

Subject: New Conventional Oil Sands Royalty Reporting Form (PSR) Effective January 1, 2011 Production

On [March 11, 2010](#) the Government of Alberta announced changes to Alberta's Royalty Framework (ARF) as a result of the Competitiveness Review Project (CRP). Non-project oil sands wells, which are subject to payment of royalty under section 27 of the *Oil Sands Royalty Regulation, 2009* are impacted by this change.

The changes to the ARF include the following:

- The maximum royalty rate for conventional oil is reduced to 40 per cent, down from the current level of 50 per cent.
- The price component of the oil royalty curve is changed to reduce the conventional oil price component royalty rate at prices that exceed \$535/m³.
 - [New Royalty Formula](#) for the Royalty Price Component (r_p) when the Par Price is greater than \$535/m³.

Note: there are no changes to the Royalty Quantity Component (r_q).

Additional information on the CRP changes can be found on the Alberta Energy's website <http://www.energy.alberta.ca/Oil/771.asp>.

The Conventional Oil Sands Royalty Reporting Form (PSR) has been updated to include these changes. Please ensure [this form](#) is used effective January 1, 2011 production and onwards to submit Conventional Oil Sands (non-project) Royalty Calculations. The form is located on [Alberta Energy's website](#). For prior period adjustments, ensure the corresponding forms are used:

- [Conventional Oil Sands Royalty Calculation Form \(use for periods prior to 2009-01\)](#)
- [Conventional Oil Sands Royalty Calculation Form \(use for periods after and including 2009-01\)](#)

PSR reports are due the last day of the month following the production month. [Information Bulletin 2010-07](#) describes the late filing penalties that may be assessed to operators who fail to provide royalty reports with complete information, in the proper format, by the prescribed due dates. This includes operators who file monthly Conventional Oil Sands Royalty Reporting Forms. As identified in Section 44 of the *Oil Sands Royalty Regulation, 2009* the penalty is \$5,000 for each month or partial month a report is late or incomplete.

Royalty submissions must be made using the Department's Electronic Transfer System (ETS). Please refer to [Information Bulletin 2009-18](#) to ensure the proper naming convention is used when submitting royalty reports through ETS.

Questions regarding this Information Bulletin may be directed to:

Tracy Wadson
Manager, Oil Sands Royalty
Oil Sands Strategy and Operations
Phone: (780) 427-9266
Tracy.Wadson@gov.ab.ca

Jennifer Cote
Team Lead, Oil Sands Royalty
Oil Sands Strategy and Operations
Phone: (780) 422-9078
Jennifer.Cote@gov.ab.ca

Authorized by: Steve Tkalcic
Branch Head, Operations
Oil Sands Strategy and Operations