

6. Analysis of Gas Wells by Depth, Production and Gross Royalty

Note:

Well depth is an important factor in determining gas royalty rates under the Alberta Royalty Framework (ARF 2009) and the subsequent changes to ARF regime (due to transition royalty rate 2009 and the Competitiveness Review 2010). There are several well depth ranges; however, under the ARF regime and the subsequent changes, there is a special focus on wells in the following categories:

Wells greater than 2000 metres depth, wells greater than 2500 metres, wells greater than 1000 metres and less than or equal to 3500 metres and wells greater than 4000 metres depth.

- Wells greater than 2000 metres depth receive a royalty adjustment through the depth factor (ARF 2009); also wells greater than 2000 metres true vertical depth (TVD) receive Natural Gas Deep Drilling Program (NGDDP) benefits (Competitiveness Review 2010);
- Wells greater than 2500 metres (TVD) received a deep drilling program royalty adjustment (NGDDP 2009) and wells greater than or equal to 4000 metres received a supplemental benefit of \$875,000 per well (ARF 2009);
- Wells greater than or equal to 1000 metres and less than or equal to 3500 metres receive ARF – Transition royalty rate (ARF-T).

Gross royalties are based on:

- Alberta par and reference prices
- Depth Factor (based on total depth of a well event)
- Average Daily Production (ADP), and
- Acid gas factor.

The depth analysis presented here is based on the total drilled depth of the producing well events which are paying royalties, including wells produced to 2009 and 2010 (finish drill date).

2010 Data

Table 25

Number of Well Events Producing Natural Gas¹ by Depth Range-2010							
Depth Range	CBM Well Events	Gas Well Events	Solution Gas (Oil) Well Events	Others ² Well Events	Grand Total Well Events	Cumulative Number of Well Events	Cum % of Total Well Events%
0<Depth<=500	1,428	15,544	0	147	17,119	17,119	11%
500<Depth<=1000	11,148	61,945	5,942	1,042	80,077	97,196	60%
1000<Depth<=1500	2,207	13,693	7,376	158	23,434	120,630	75%
1500<Depth<=2000	324	6,089	8,023	212	14,648	135,278	84%
2000<Depth<=2500	141	7,196	3,871	521	11,729	147,007	91%
2500<Depth<=3000	168	5,601	2,172	666	8,607	155,614	96%
3000<Depth<=3500	19	3,448	653	141	4,261	159,875	99%
3500<Depth<=4000	4	1,052	138	5	1,199	161,074	100%
4000<Depth<=4500		515	14		529	161,603	100%
4500<Depth<=5000		179	3		182	161,785	100%
5000<Depth<=5500		49			49	161,834	100%
5500<Depth<=6000		5			5	161,839	100%
6000<Depth<=6500		9			9	161,848	100%
6500<Depth<=7000		8			8	161,856	100%
Total	15,439	115,333	28,192	2,892	161,856		

Source: Alberta Energy

1. Number of well events are those well Events which paid royalties during the year
1. Include crude bitumen, shale gas only, CBM & shale gas combined etc.
3. Well events include both vertical and horizontal well events.

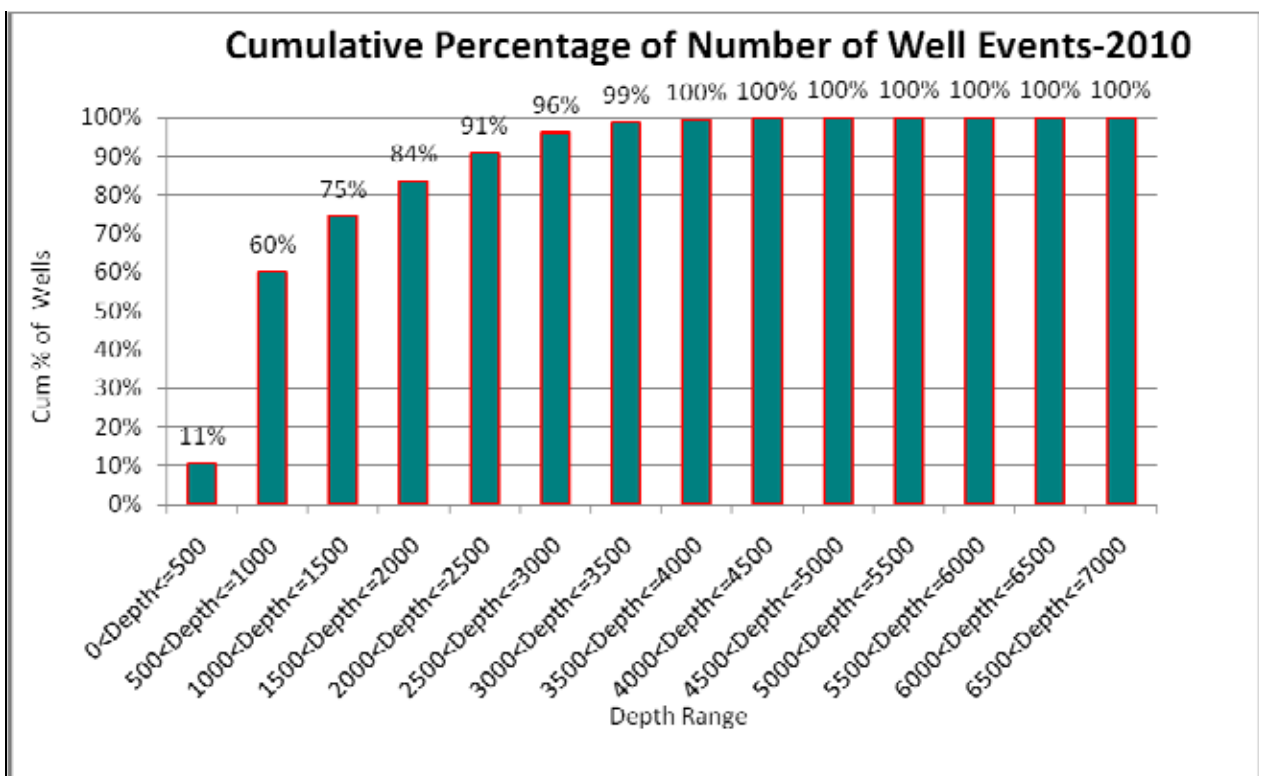
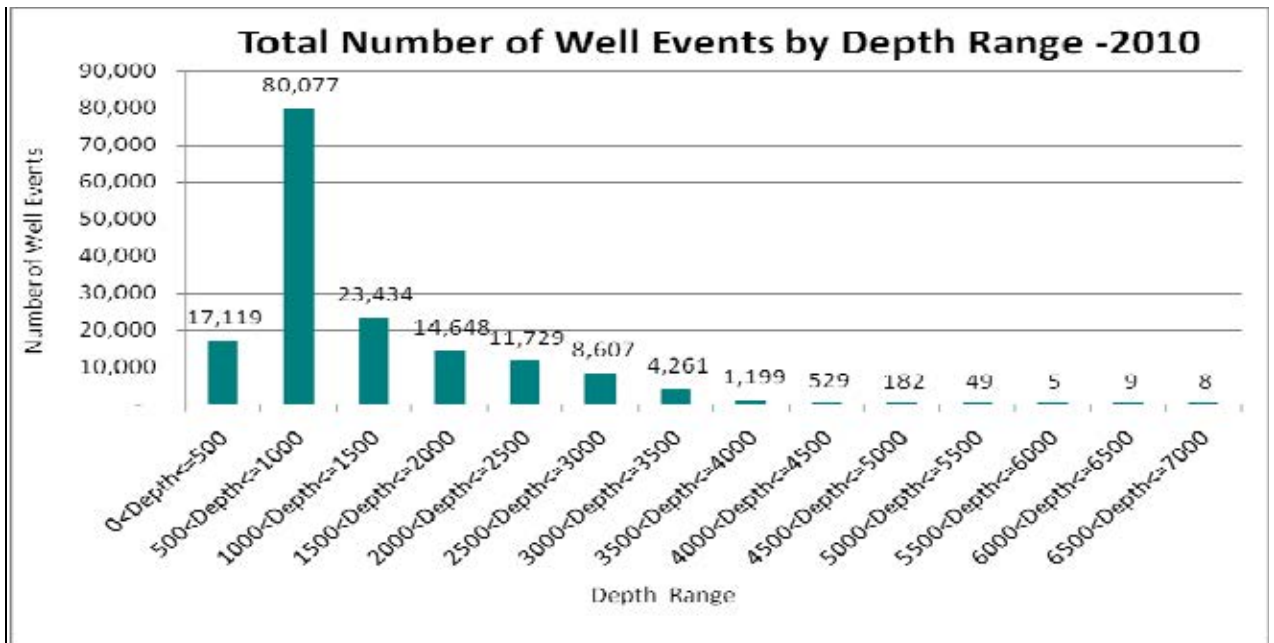


Table 26

Natural Gas Production by Depth Range - 2010							
Depth Range Meters	Gas Bcf	Solution gas Bcf	CBM Bcf	Others ¹ Bcf	Total Bcf	Cum Total (Bcf)	Cum %
0<Depth<=500	191.89	-	27.69	1.09	221	221	5%
500<Depth<=1000	750.33	13.88	189.02	6.88	960	1,181	25%
1000<Depth<=1500	340.26	51.40	33.44	0.40	426	1,606	34%
1500<Depth<=2000	320.22	124.81	5.27	0.97	451	2,058	44%
2000<Depth<=2500	546.88	94.06	14.66	4.16	660	2,717	58%
2500<Depth<=3000	570.66	88.63	21.25	3.88	684	3,402	73%
3000<Depth<=3500	511.72	35.09	3.14	1.43	551	3,953	85%
3500<Depth<=4000	313.07	7.14	0.87	0.02	321	4,274	92%
4000<Depth<=4500	200.45	2.40			203	4,477	96%
4500<Depth<=5000	126.12	0.23			126	4,603	99%
5000<Depth<=5500	40.41				40	4,644	100%
5500<Depth<=6000	5.34				5	4,649	100%
6000<Depth<=6500	9.89				10	4,659	100%
6500<Depth<=7000	7.65				8	4,667	100%
Total	3,935	418	295	19	4,667		

Source: Alberta Energy

Note:

1. Others include crude bitumen, shale gas, and CBM & shale gas combined etc.

Chart 26A

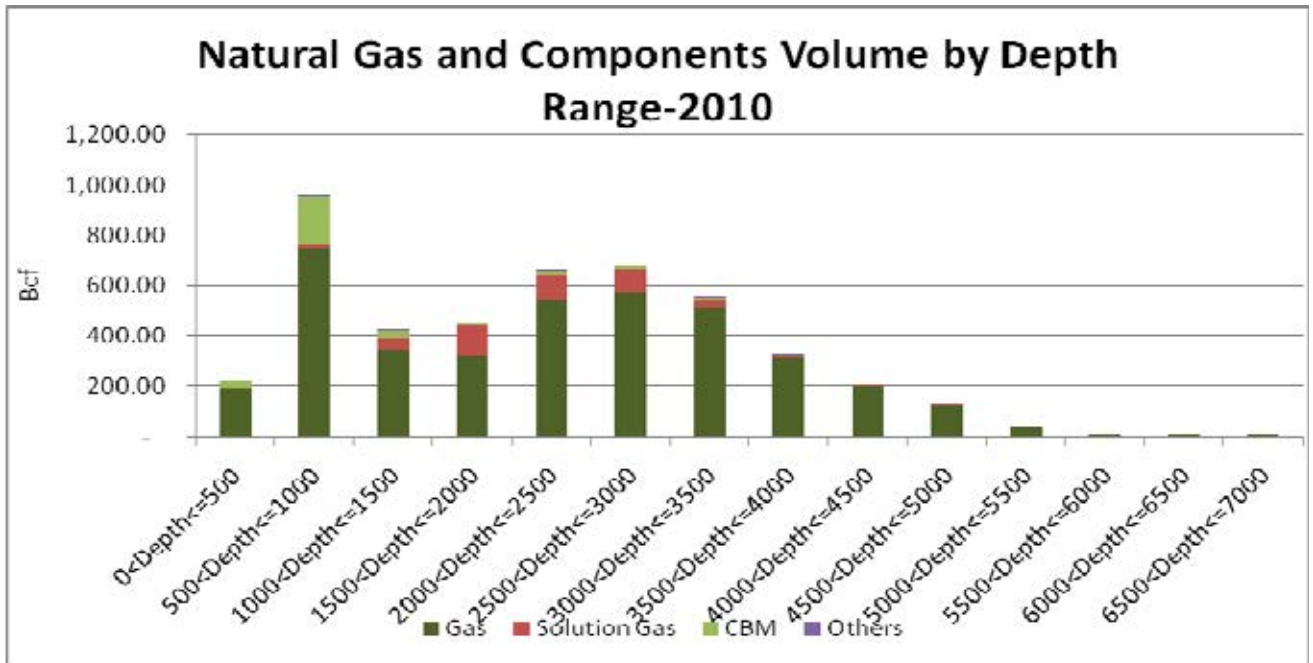


Chart 26B

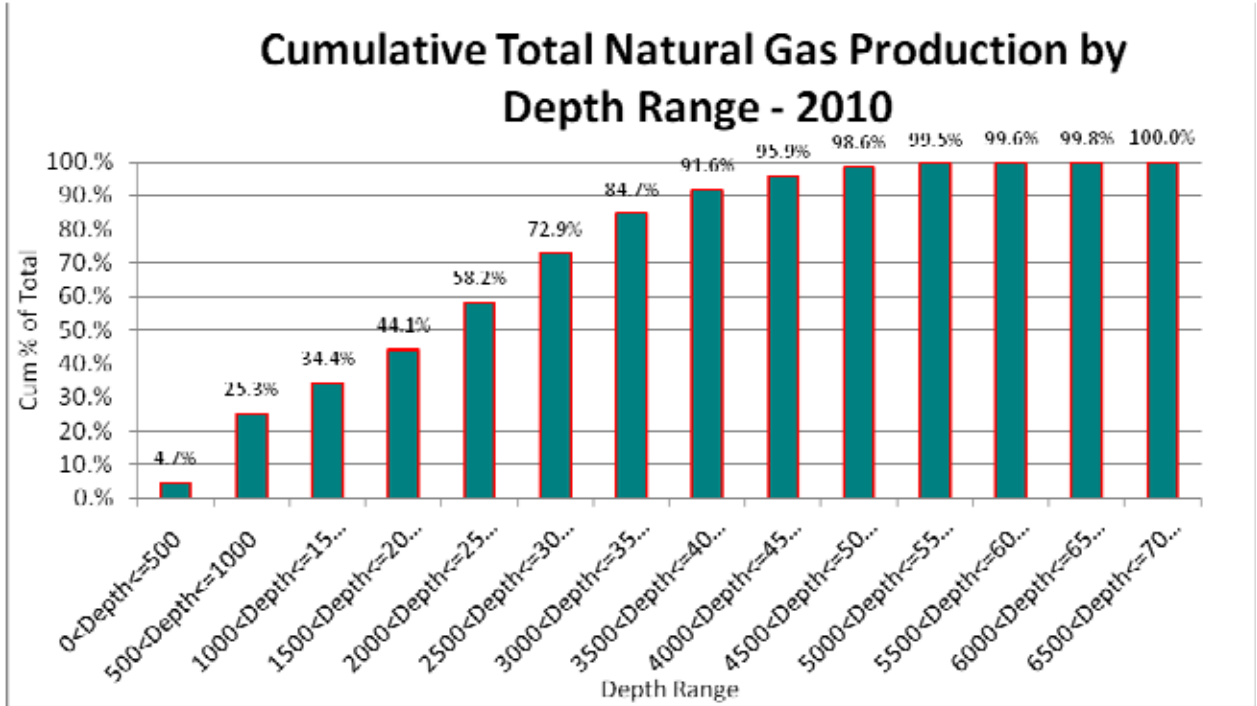


Table 27

Crown Production (Bcf) – 2010			
Depth Range	Total	Cum	Cum
D = Depth	Production	Production	Production %
0<D<=500	178	178	5%
500<D<=1000	588	766	22%
1000<D<=1500	217	984	28%
1500<D<=2000	320	1,304	37%
2000<D<=2500	548	1,852	53%
2500<D<=3000	563	2,414	69%
3000<D<=3500	492	2,907	83%
3500<D<=4000	264	3,170	90%
4000<D<=4500	178	3,349	96%
4500<D<=5000	102	3,451	98%
5000<D<=5500	34	3,485	99%
5500<D<=6000	4	3,489	100%
6000<D<=6500	8	3,497	100%
6500<D<=7000	7	3,504	100%
Total (Bcf)	3,504		

Chart 27A

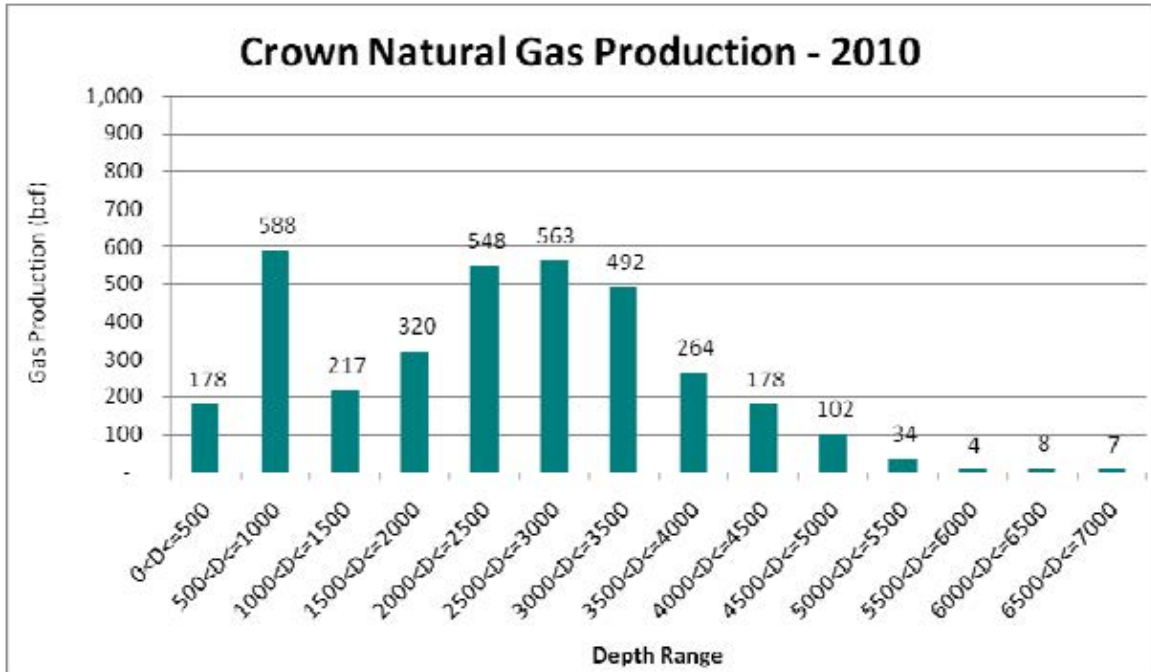


Chart 27B

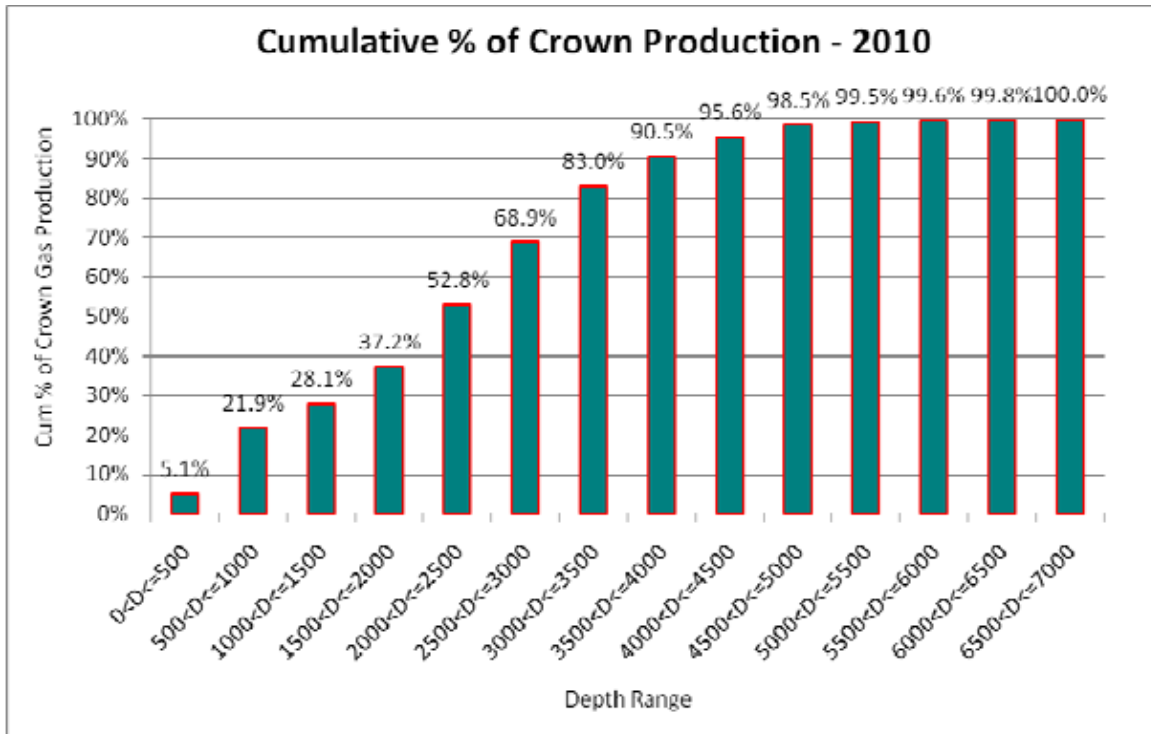


Table 28

Gross Royalty in 2010 (\$Million)			
Depth Range D = Depth	Gross Royalty	Cum Gross Royalty	Cum Gross Royalty %
0<D<=500	\$55	\$55	2%
500<D<=1000	\$198	\$254	8%
1000<D<=1500	\$152	\$406	12%
1500<D<=2000	\$386	\$792	24%
2000<D<=2500	\$704	\$1,496	45%
2500<D<=3000	\$667	\$2,163	65%
3000<D<=3500	\$535	\$2,698	82%
3500<D<=4000	\$287	\$2,985	90%
4000<D<=4500	\$182	\$3,167	96%
4500<D<=5000	\$95	\$3,263	99%
5000<D<=5500	\$28	\$3,291	99%
5500<D<=6000	\$5	\$3,295	100%
6000<D<=6500	\$7	\$3,302	100%
6500<D<=7000	\$6	\$3,308	100%
Total	3,308		

Chart 28A

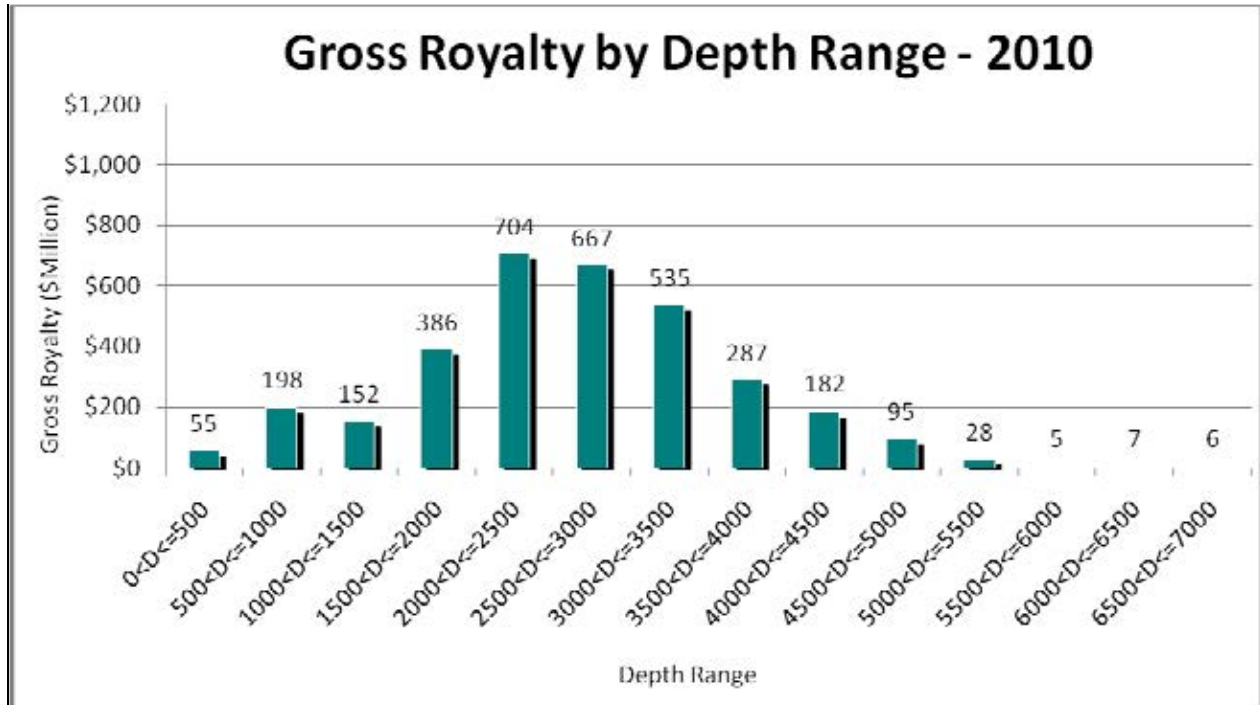
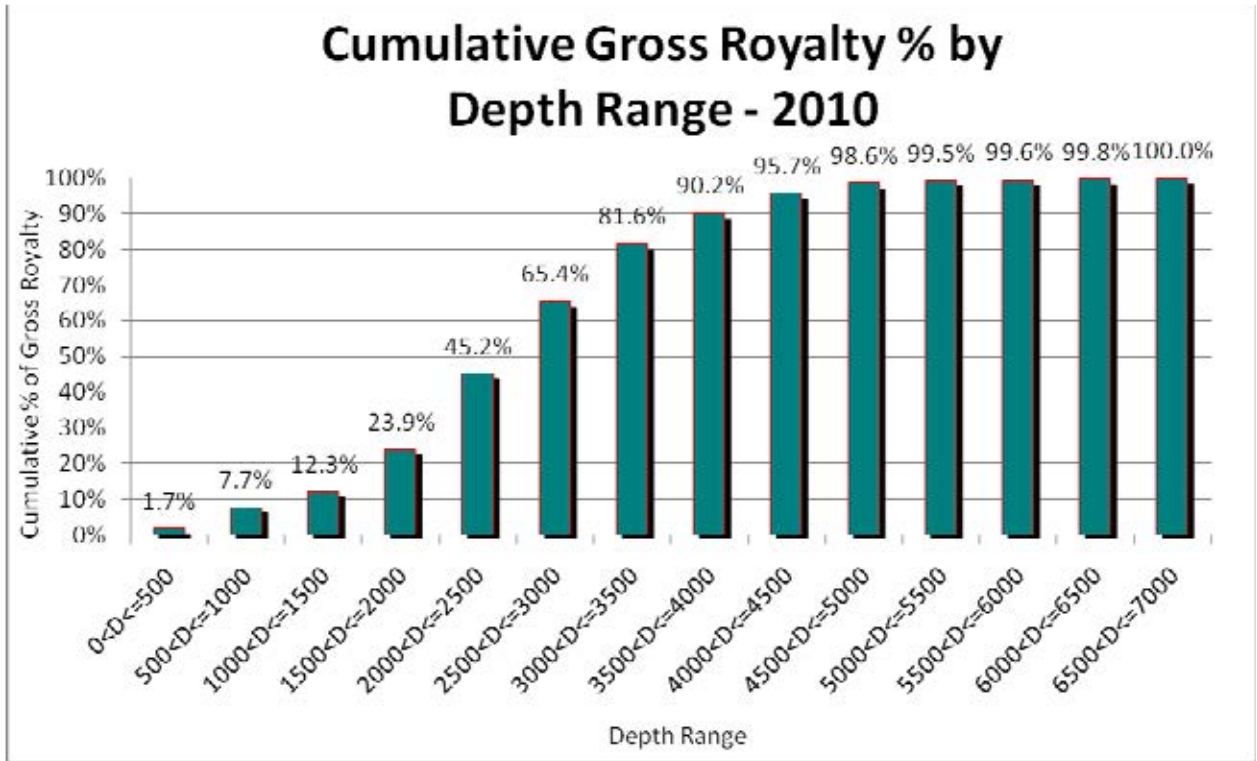


Chart 28B



Depth Analysis – 2008, 2009 and 2010 Comparison

Table 29

Number of Well Events and Production by Depth Range						
Depth Range	2008 Number of Well Events ¹	2009 Number of Well Events	2010 Number of Well Events	2008 Production (Bcf-GEV) ²	2009 Production (Bcf-GEV)	2010 Production (Bcf-GEV)
0<Depth<=500	17,642	17,657	17,119	289	254	221
500<Depth<=1000	77,756	80,051	80,077	1,183	1,068	960
1000<Depth<=1500	24,684	23,651	23,434	550	475	426
1500<Depth<=2000	14,847	14,833	14,648	550	499	451
2000<Depth<=2500	11,736	11,744	11,729	819	738	660
2500<Depth<=3000	8,326	8,430	8,607	794	740	684
3000<Depth<=3500	3,578	3,785	4,261	559	542	551
3500<Depth<=4000	901	984	1,199	277	275	321
4000<Depth<=4500	340	407	529	146	153	203
4500<Depth<=5000	156	170	182	133	123	126
5000<Depth<=5500	47	46	49	59	48	40
5500<Depth<=6000	6	7	5	5	5	5
6000<Depth<=6500	7	7	9	11	10	10
6500<Depth<=7000	6	8	8	7	9	8
Total	160,032	161,780	161,856	5,380	4,938	4,667

Source: Alberta Energy

Note:

1. Listed well events for royalty payment purposes, that is, well events which paid royalties during the year.
2. GEV stands for Gas Equivalent Volume

Chart 29A

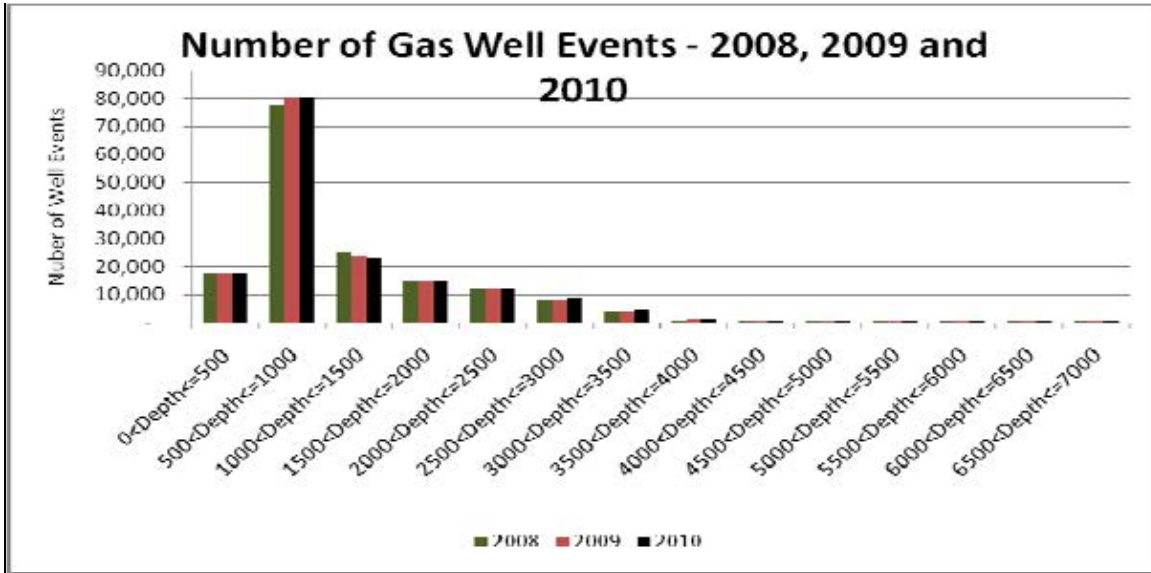


Chart 29B

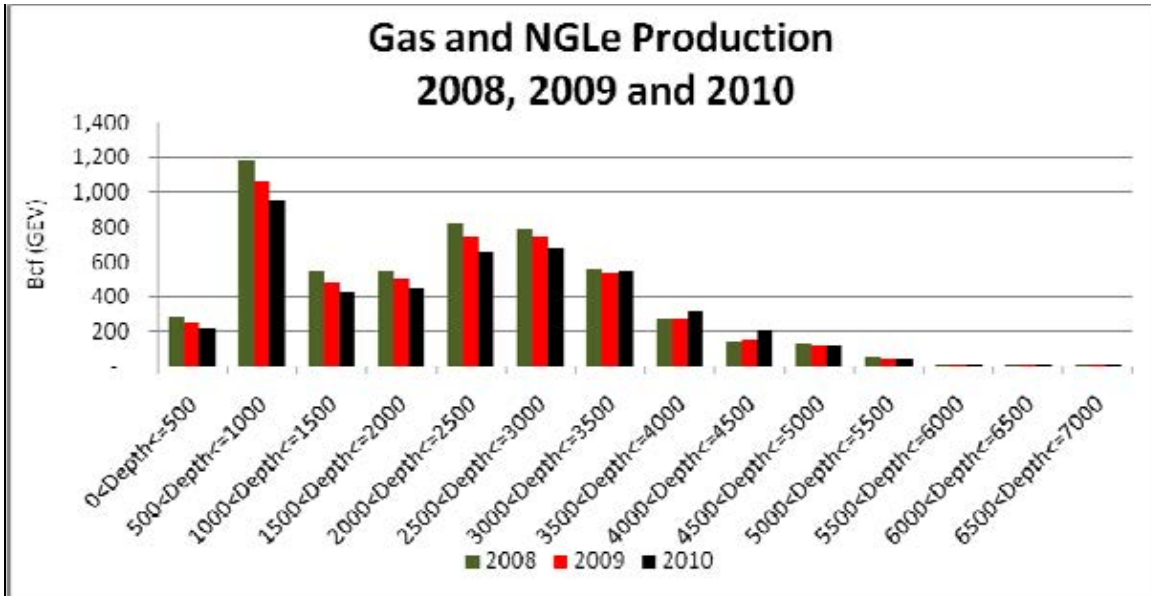


Table 30

Crown Volume, Crown Royalty and Royalty Adjustments									
	2008	2009	2010	2008	2009	2010	2008	2009	2010
Depth Range	Volume ¹ (Bcf)	Volume (Bcf)	Volume (Bcf)	Gross Royalty (\$Million)	Gross Royalty (\$Million)	Gross Royalty (\$Million)	Holiday ² (\$000)	Holiday (\$000)	Holiday (\$000)
0<Depth<=500	236	206	178	299	72	55	-	198	324
500<Depth<=1000	750	666	588	972	253	198	-	3,106	3,298
1000<Depth<=1500	295	249	217	599	182	152	-	4,548	6,422
1500<Depth<=2000	393	356	320	1,110	415	386	-	7,543	7,135
2000<Depth<=2500	680	618	548	2,022	776	704	-	13,533	15,027
2500<Depth<=3000	652	611	563	1,962	718	667	109,636	27,710	29,015
3000<Depth<=3500	485	480	492	1,445	548	535	266,697	62,682	65,378
3500<Depth<=4000	215	222	264	641	263	287	92,413	32,389	41,678
4000<Depth<=4500	124	133	178	345	140	182	15,244	25,151	49,546
4500<Depth<=5000	114	103	102	285	99	95	15,082	3,988	7,342
5000<Depth<=5500	51	41	34	117	35	28	4,023	676	176
5500<Depth<=6000	4	5	4	11	5	5	1,923	201	-
6000<Depth<=6500	8	8	8	19	8	7	7,548	-	486
6500<Depth<=7000	5	7	7	13	7	8	7,138	521	1,213
Total	4,013	3,706	3,504	9,840	3,520	3,308	519,706	182,246	227,040

Source: Alberta Energy

Notes:

1. Crown Volume = Royalty Liable Quantity (Gas Equivalent Volume (GEV))* Crown interest (i.e., Crown share)
2. Deep Gas Royalty Holiday Program (DGRHP) was the only holiday program for true vertical depth greater than 2,500 metres until December 2008; since 2009 holiday includes Natural Gas Deep Drilling Program (NGDDP) and New Well Royalty Reduction (NWRR). NWRR was effective from April 1, 2009 until April 2010. The NGDDP was modified beginning May 2010.

Chart 30A

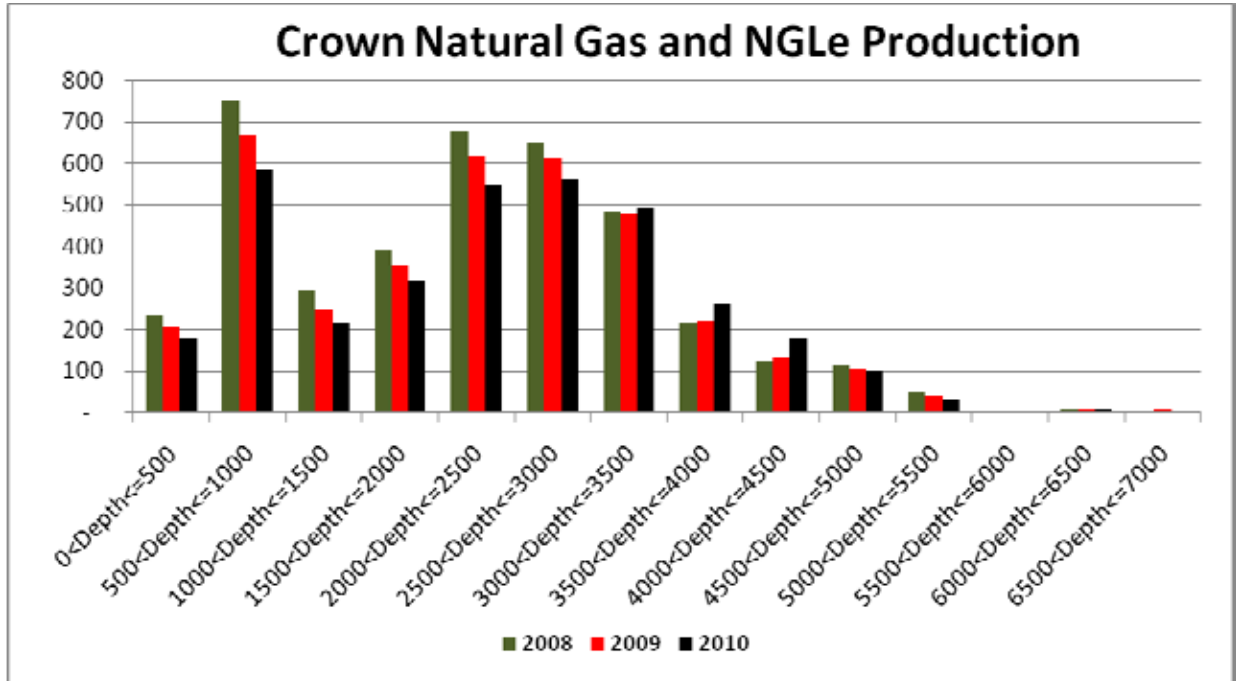
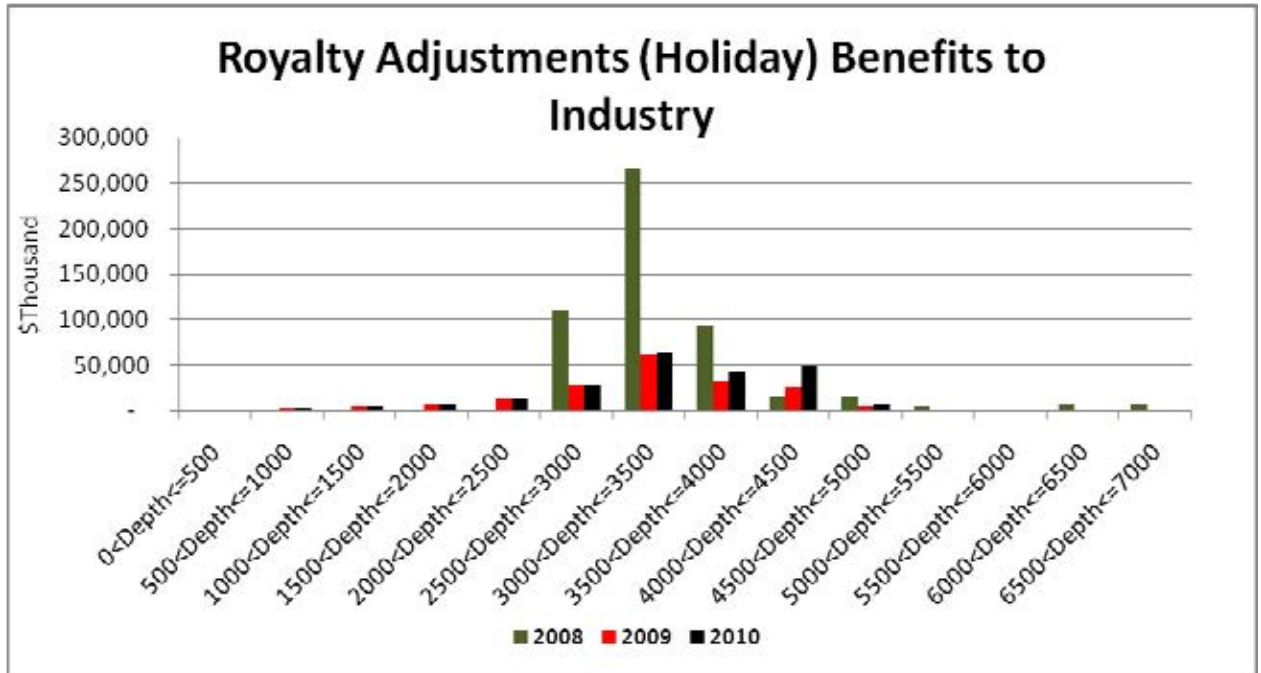


Chart 30B



7. Accrued Costs**

Gas Cost Allowance (GCA) – An allowance Crown pays to process Crown royalty share of Natural gas

Table 31

Annual Gas Cost Allowance (GCA)*								
	Operating Cost (UOCR) \$Million	Capital GCA Costs \$Million	Custom Processing (CP) fees \$Million	Allowable Cost Restriction \$Million	Total ¹ GCA Costs \$Million	UOCR Volume EAGEV ² Bcf	UOCR/ Operating Per GJ ³ \$/GJ	Total GCA Per GJ ⁴ \$/GJ
	Col (1)	Col (2)	Col (3)	Col (4)	Col (5)	Col (6)	Col (7)	Col (8)
1994	\$306	\$300	\$28	\$0.6	\$633	1,098	\$0.26	\$0.55
1995	\$209	\$296	\$32	\$1.0	\$535	1,936	\$0.10	\$0.26
1996	\$260	\$355	\$36	\$0.9	\$650	1,023	\$0.24	\$0.60
1997	\$274	\$430	\$41	\$0.8	\$744	1,149	\$0.23	\$0.61
1998	\$266	\$455	\$49	\$1.3	\$768	1,149	\$0.22	\$0.63
1999	\$316	\$514	\$57	\$0.5	\$888	1,261	\$0.24	\$0.67
2000	\$365	\$603	\$58	\$0.3	\$1,025	1,321	\$0.26	\$0.74
2001	\$437	\$682	\$45	\$0.2	\$1,164	1,309	\$0.32	\$0.84
2002	\$459	\$709	\$49	\$1.0	\$1,215	1,257	\$0.35	\$0.92
2003	\$493	\$754	\$42	\$0.2	\$1,288	1,198	\$0.39	\$1.02
2004	\$589	\$820	\$39	\$0.5	\$1,447	1,180	\$0.47	\$1.16
2005	\$686	\$892	\$34	\$0.2	\$1,612	1,149	\$0.57	\$1.33
2006	\$793	\$1,053	\$26	\$2.6	\$1,869	1,143	\$0.66	\$1.55
2007	\$834	\$1,176	\$16	\$3.4	\$2,023	1,102	\$0.72	\$1.74
2008	\$890	\$1,253	-\$3	\$1.7	\$2,139	1,035	\$0.82	\$1.96
2009	\$618	\$869	\$230	\$123.5	\$1,593	662	\$0.88	\$2.28
2010	\$575	\$790	\$52	\$6.9	\$1,410	566	\$0.96	\$2.36

Notes:

1. Total GCA is the sum of operating, capital and custom fees adjusted by cost restrictions (that is, GCA cannot exceed Crown royalties payable)
Total GCA Col (5) = Col (1)+Col (2)+Col (3)-Col (4)
 2. EAGEV stands for energy adjusted gas equivalent volume.
 3. Unit Operating Cost Rate (UOCR) per Mcf, Col (7) = Column (1)/Column (6), then converted into \$/GJ (1 Mcf = 1.054615 GJ).
 4. GCA per Mcf Col (8) = Column (5)/Column (6), then converted into \$/GJ (1 Mcf = 1.054615 GJ)
- *: Effective January 1, 2009 the operating costs paid by the crown are based on a facility by facility percentage of the actual operating costs of that facility. The percentage is the ratio of the value of the royalty volume compared to the total value of the volume processed at the particular facility.
- * The data is subject to prior period adjustments up to the end of the first production year.
- ** Accrued Costs: No future amendments beyond the first production year.

Chart 31A

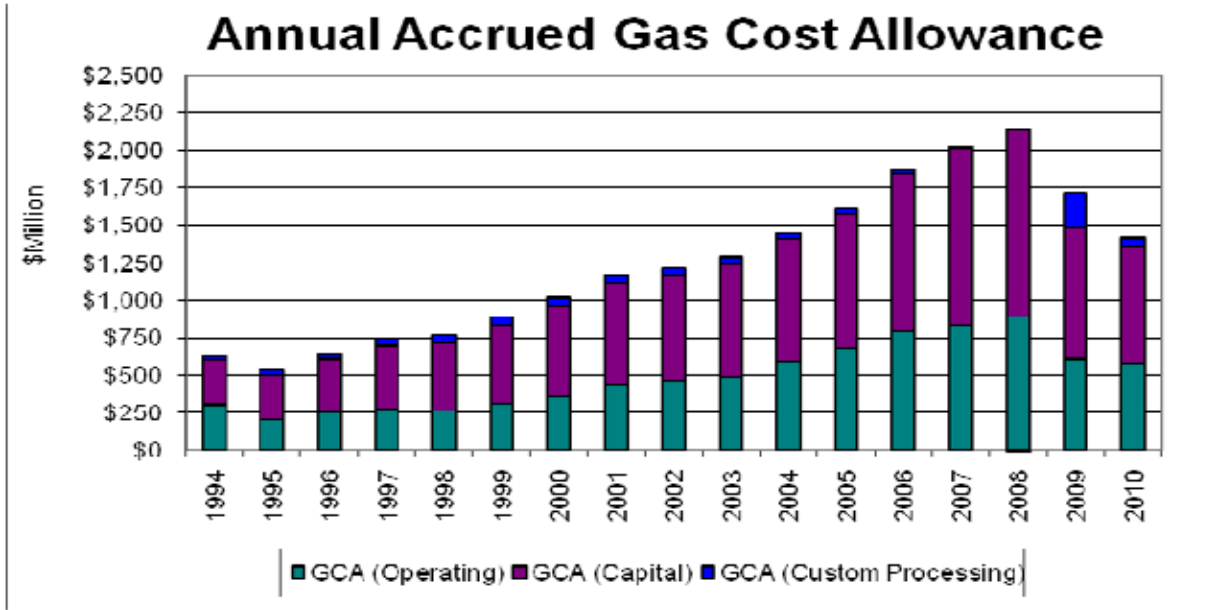


Chart 31B

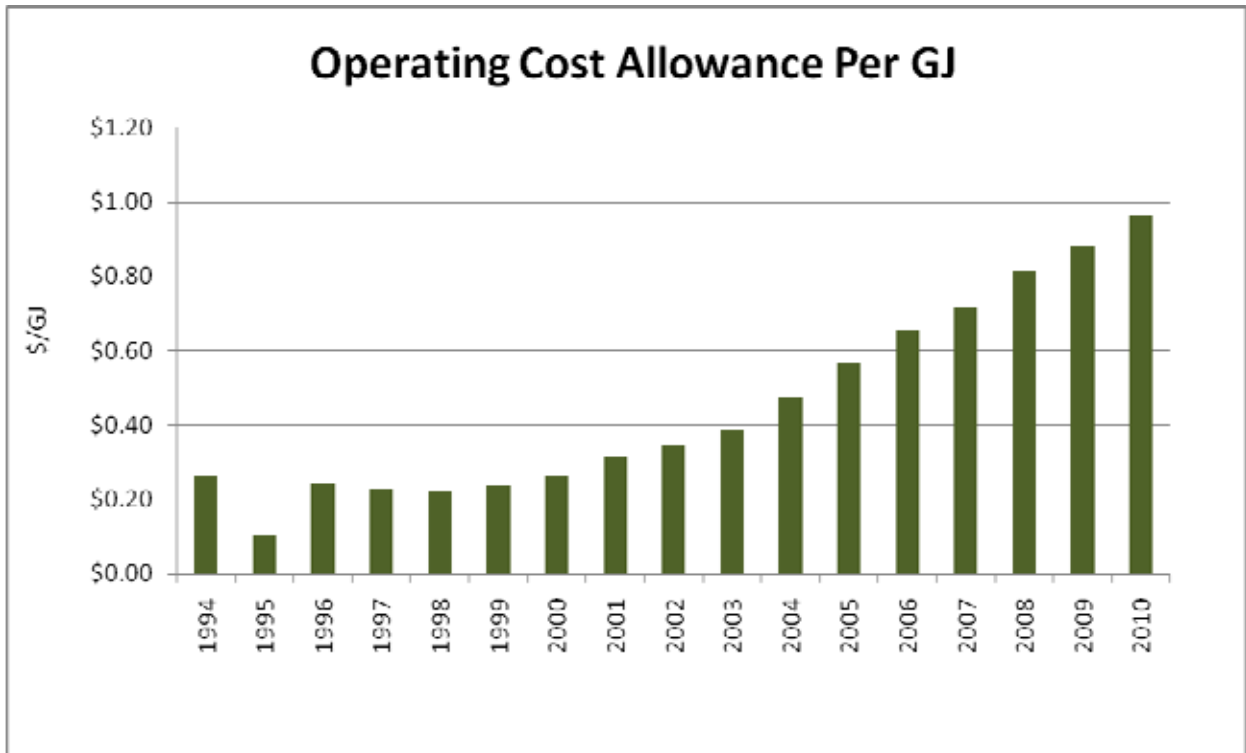


Chart 31C

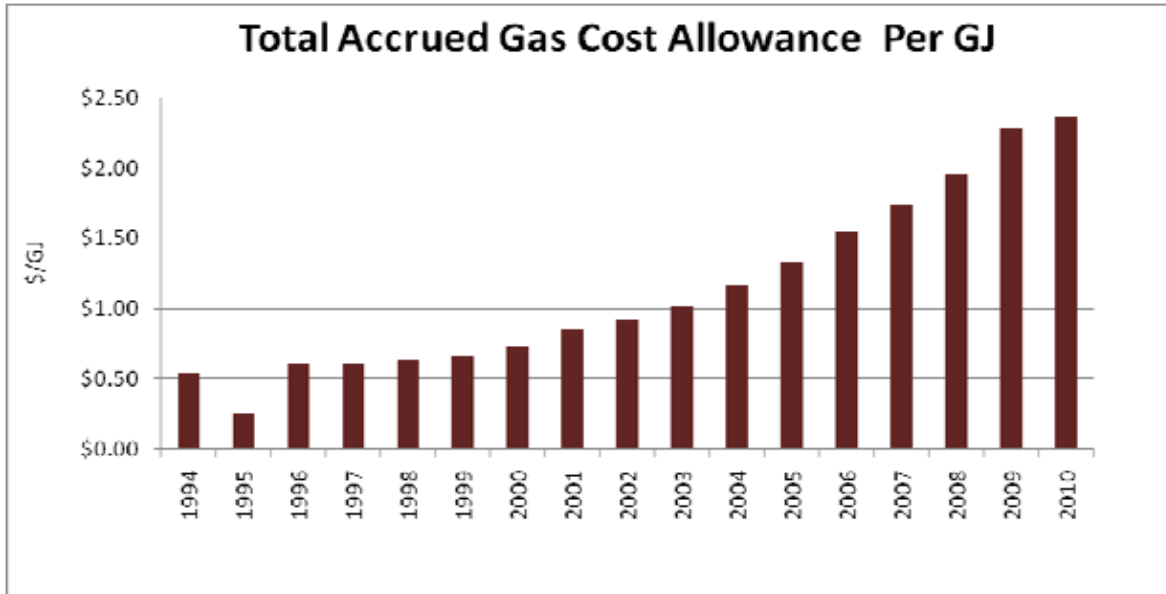
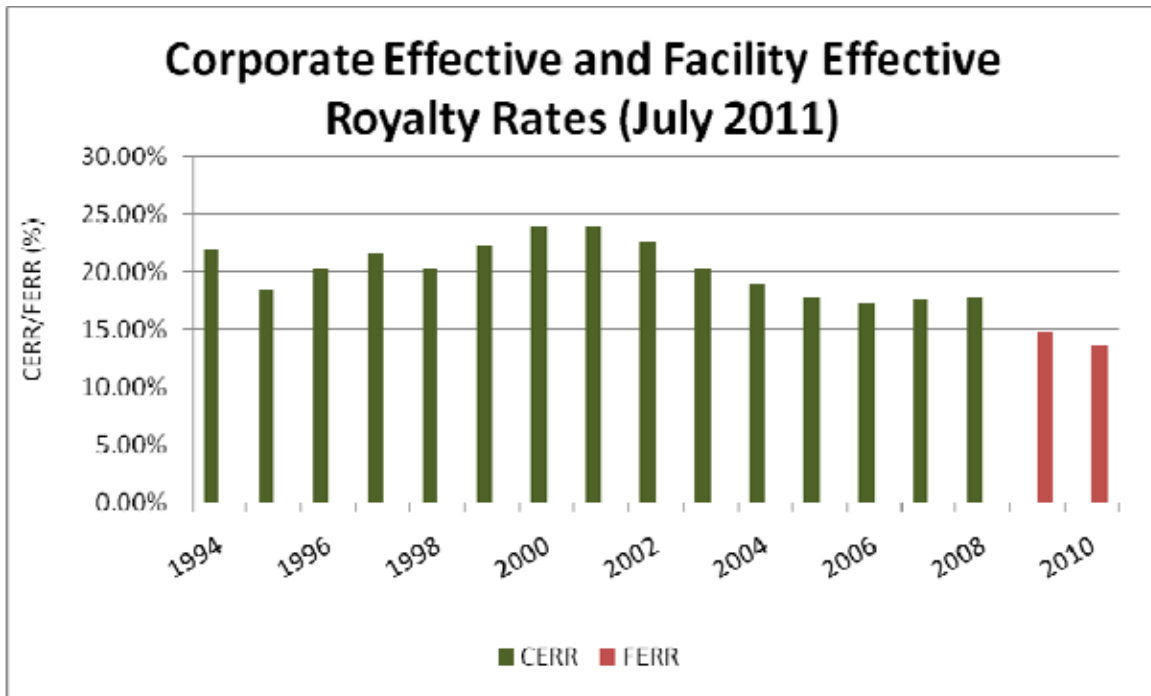


Chart 31D



8. (A) Alberta Natural Gas Production and Royalty Revenues

Table 32

Royalty Rates Before Gas Cost Allowance (GCA) \$Million							
	Gross Production Revenue	Crown Production Revenue	Crown Gross Royalty ¹	Low Productivity Well Allowance ² (LPWA)	Holiday Amounts ³	Royalty Net of LPWA ⁴ and Holidays	Royalty Rates Before GCA & Other Deductions ⁵
Gas Only							R%
2001	\$30,027	\$24,696	\$7,469	\$668	\$86	\$6,715	27.19%
2002	\$20,427	\$16,784	\$5,104	\$534	\$109	\$4,462	26.58%
2003	\$32,030	\$26,193	\$8,004	\$942	\$155	\$6,908	26.37%
2004	\$33,413	\$27,039	\$8,252	\$1,076	\$150	\$7,025	25.98%
2005	\$43,852	\$35,391	\$10,790	\$1,628	\$323	\$8,839	24.98%
2006	\$34,846	\$28,226	\$8,598	\$1,436	\$271	\$6,891	24.41%
2007	\$32,250	\$26,264	\$7,995	\$1,464	\$324	\$6,207	23.63%
2008	\$39,092	\$31,878	\$9,696	\$1,918	\$339	\$7,439	23.34%
2009	\$18,773	\$15,185	\$2,376	\$0	\$74	\$2,302	15.16%
2010	\$17,205	\$13,718	\$2,057	\$0	\$269	\$1,788	13.04%
Natural Gas Liquids (NGLs)							
	Gross Liquids Production Revenue	Crown Liquids Production Revenue	Crown Gross Royalty	LPWA Ethane	Holiday Amounts	Royalty Net of LPWA and Holidays	R% Royalty Rates Before GCA
2001	\$3,746	\$3,119	\$1,016	\$0.4	\$8	\$1,008	32.33%
2002	\$3,099	\$2,609	\$849	\$0.3	\$13	\$836	32.05%
2003	\$3,850	\$3,194	\$1,034	\$0.4	\$14	\$1,020	31.93%
2004	\$4,441	\$3,657	\$1,193	\$0.5	\$17	\$1,176	32.16%
2005	\$5,683	\$4,720	\$1,552	\$1.5	\$37	\$1,514	32.07%
2006	\$5,880	\$5,001	\$1,640	\$3.3	\$44	\$1,593	31.86%
2007	\$5,968	\$5,104	\$1,672	\$4.2	\$55	\$1,613	31.60%
2008	\$7,378	\$6,452	\$2,123	\$5.7	\$62	\$2,055	31.86%
2009	\$4,359	\$3,818	\$1,335	\$0.0	\$36	\$1,299	34.02%
2010	\$5,300	\$4,647	\$1,624	\$0.0	\$158	\$1,466	31.54%
Total Gas and NGLs							
	Gross Production Revenue	Revenue \$Million	Gross Royalty \$Million	LPWA \$Million	Holidays \$Million	Net Roy Net of LPWA and Holidays	R% Royalty Rates Before GCA
2001	\$33,773	\$27,815	\$8,486	\$669	\$93	\$7,724	27.77%
2002	\$23,526	\$19,393	\$5,953	\$534	\$121	\$5,298	27.32%
2003	\$35,881	\$29,388	\$9,039	\$942	\$169	\$7,927	26.98%
2004	\$37,854	\$30,696	\$9,445	\$1,077	\$167	\$8,201	26.72%
2005	\$49,535	\$40,111	\$12,343	\$1,630	\$360	\$10,353	25.81%
2006	\$40,726	\$33,227	\$10,239	\$1,439	\$315	\$8,485	25.54%
2007	\$38,219	\$31,367	\$9,667	\$1,468	\$379	\$7,820	24.93%
2008	\$46,470	\$38,330	\$11,820	\$1,924	\$401	\$9,494	24.77%
2009	\$23,132	\$19,002	\$3,711	\$0	\$110	\$3,600	18.95%
2010	\$22,505	\$18,365	\$3,681	\$0	\$427	\$3,254	17.72%

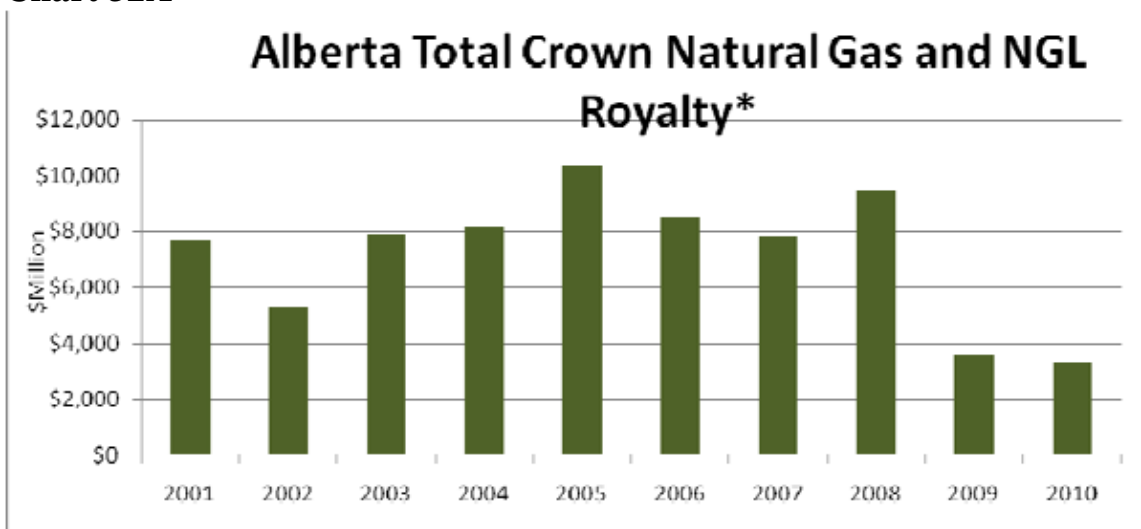
Source: Alberta Energy

Notes:

1. Crown gross royalty before any deduction and exclude sulphur royalty
2. LPWA was eliminated from the Alberta Royalty Framework effective January 1, 2009
3. The information of this section is based on monthly charges data where all charges in the past months are included in the present month and as of December production month. No further changes are included in the coming year.

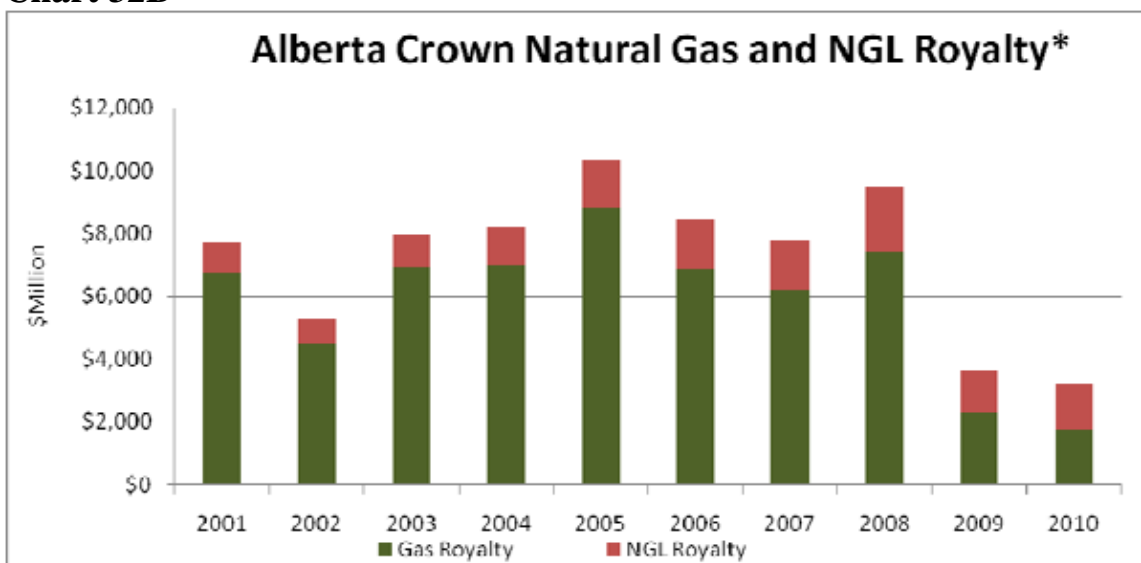
4. Deep Gas Royalty Holiday Program (DGRHP) post January 1, 2009. Natural Deep Drilling Program (NGDDP) was effective, January 1, 2009. The NGDDP was modified beginning in May, 2010.
5. Other deductions include injection credit, transportation, fractionation etc.

Chart 32A



Note: * Gross royalty before Gas Cost Allowance (GCA) and other deductions such as injection credit, transportation, fractionation etc.

Chart 32B



Note: * Gross royalty before Gas Cost Allowance (GCA) and other deduction such as injection credit, transportation, fractionation etc..

Table 33

Alberta Natural Gas Net Royalty*						
	Total	LPWA ¹	Holiday ²	GCA ³	Other Deductions ⁴	Net Royalty ⁵
	Gross Royalty	\$Million	\$Million	\$Million	\$Million	\$Million
2001	\$8,486	\$669	\$93	\$1,243	\$441	\$6,040
2002	\$5,953	\$534	\$121	\$1,274	\$322	\$3,702
2003	\$9,039	\$942	\$169	\$1,335	\$373	\$6,219
2004	\$9,445	\$1,077	\$167	\$1,458	\$357	\$6,387
2005	\$12,343	\$1,630	\$360	\$1,618	\$454	\$8,282
2006	\$10,239	\$1,439	\$315	\$1,744	\$365	\$6,375
2007	\$9,667	\$1,468	\$379	\$1,934	\$325	\$5,560
2008	\$11,820	\$1,924	\$401	\$2,053	\$450	\$6,992
2009	\$3,711	\$0	\$110	\$1,444	\$284	\$1,873
2010	\$3,681	\$0	\$427	\$1,293	\$263	\$1,698

* Does not include prior period adjustments subsequent to the end of the first production year

Source: Alberta Energy

Notes:

1. LPWA : Low Productivity Well Allowance, was eliminated effective January 1, 2009
2. Holiday includes Deep Gas Royalty Holiday (DGRHP) until December 2008, NGDDP from Jan 1, 2009 and NWRR from Apr 1, 2009 to Apr 30, 2010; the NGDDP was modified as of May 2010.
3. GCA includes operating, capital, custom fees and cost restriction (that is, GCA cannot exceed royalties payable).
4. Other deductions include injection credit, transportation, fractionation, raw gas adjustments etc.
5. Excludes sulphur revenues and costs.

Chart 33A

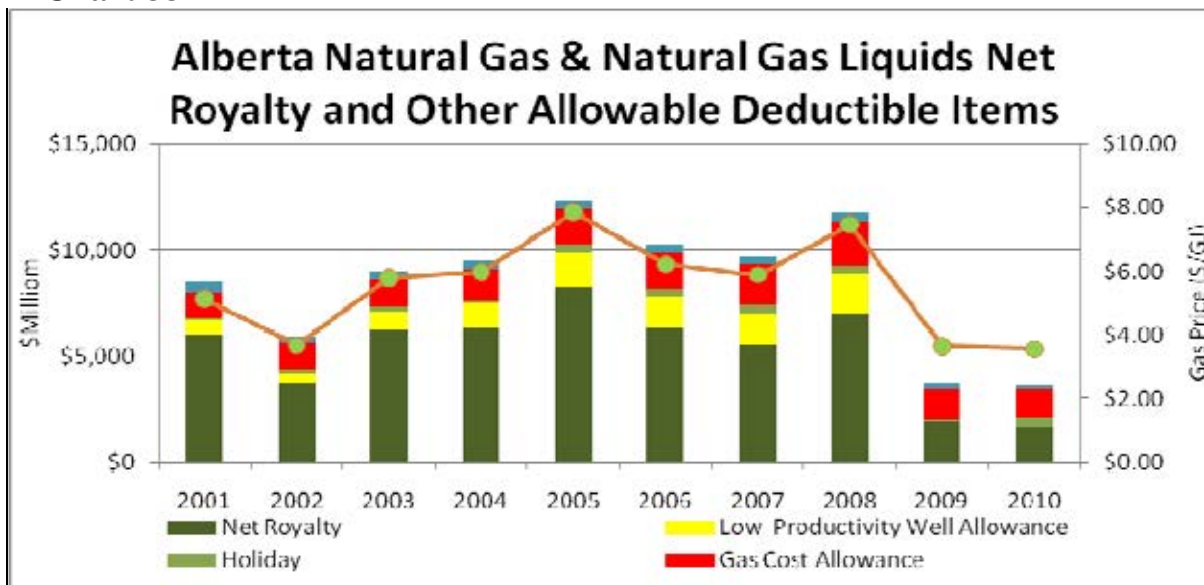


Chart 33 B

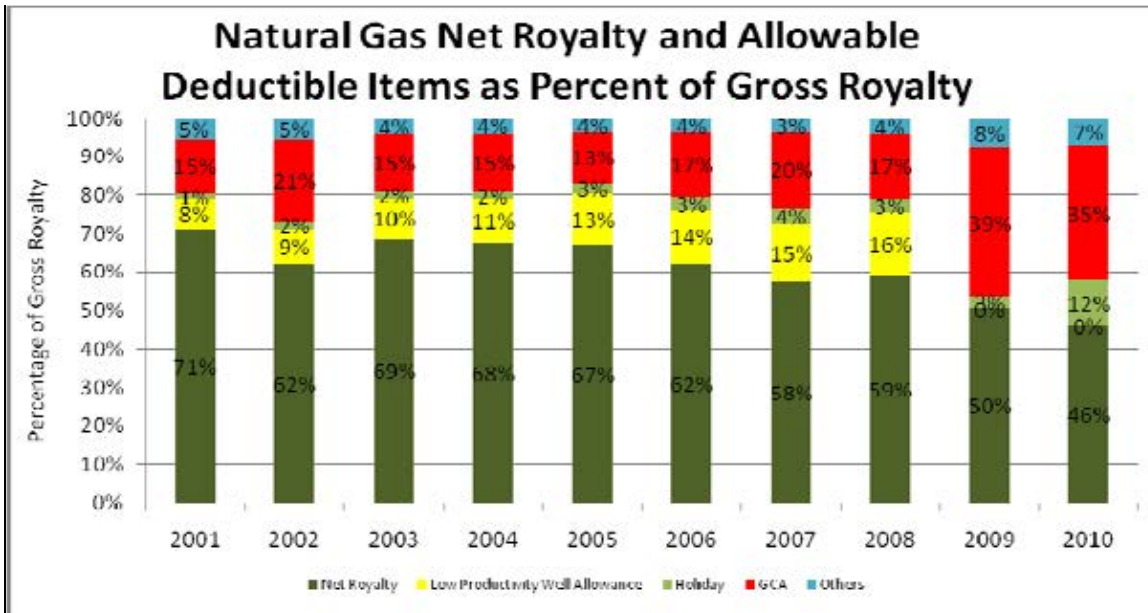


Table 34

Royalty Related Components Deductible from Crown Royalty					
	Holidays	Injection Credits	Raw Gas Adj.	Others	Total
	\$Million	\$Million	\$Million	\$Million	\$Million
	(1)	(2)	(3)	(4)	(5)
2001	\$93	348	10.9	82	\$534
2002	\$121	239	6.7	76	\$444
2003	\$169	278	5.2	36	\$489
2004	\$167	245	8.0	103	\$524
2005	\$360	297	9.3	147	\$813
2006	\$315	231	6.4	127	\$680
2007	\$379	211	6.2	108	\$704
2008	\$401	241	6.7	209	\$858
2009	\$110	94	2.0	187	\$393
2010	\$427	92	1.6	169	\$690
	% of Total ^A				
	(1)	(2)	(3)	(4)	(5)
2001	17.4%	65.2%	2.0%	15.3%	100%
2002	27.4%	53.9%	1.5%	17.2%	100%
2003	34.6%	57.0%	1.1%	7.4%	100%
2004	31.9%	46.9%	1.5%	19.7%	100%
2005	44.2%	36.6%	1.1%	18.1%	100%
2006	46.3%	34.0%	0.9%	18.7%	100%
2007	53.8%	30.0%	0.9%	15.3%	100%
2008	46.8%	28.0%	0.8%	24.4%	100%
2009	28.1%	23.9%	0.5%	47.5%	100%
2010	61.9%	13.4%	0.2%	24.5%	100%

Source: Alberta Energy

A: For example, 17.4% = (1)/(5) = \$93/\$534, 65.2% = (2)/(5) = \$348/\$534.

Chart 34

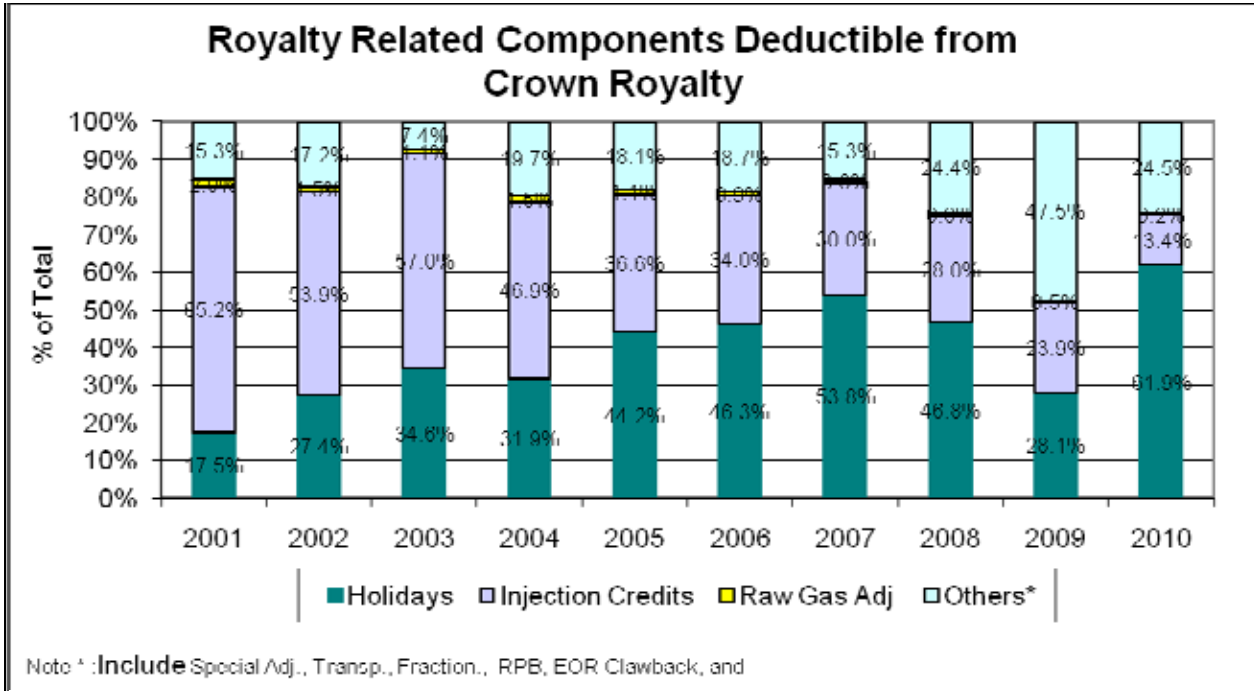


Table 35

Alberta Natural Gas Royalty Rate Without Liquids Royalty				
	Gross Royalty	Royalty Rate	Royalty Rate	Effective Royalty Rate
		Net of LPWA	Net of Holiday	Net of all
				Deductible Items
2001	30.25%	27.54%	27.19%	21.21%
2002	30.41%	27.23%	26.58%	18.25%
2003	30.56%	26.96%	26.37%	20.65%
2004	30.52%	26.54%	25.98%	20.12%
2005	30.49%	25.89%	24.98%	19.92%
2006	30.46%	25.38%	24.41%	17.96%
2007	30.44%	24.87%	23.63%	16.18%
2008	30.42%	24.40%	23.34%	16.81%
2009	15.65%	15.65%	15.16%	5.51%
2010	15.00%	15.00%	13.04%	3.55%

Source: Alberta Energy

Note: The % calculation is based on data in Table 32 (all Deductible Items = GCA + Other deductions).

Chart 35

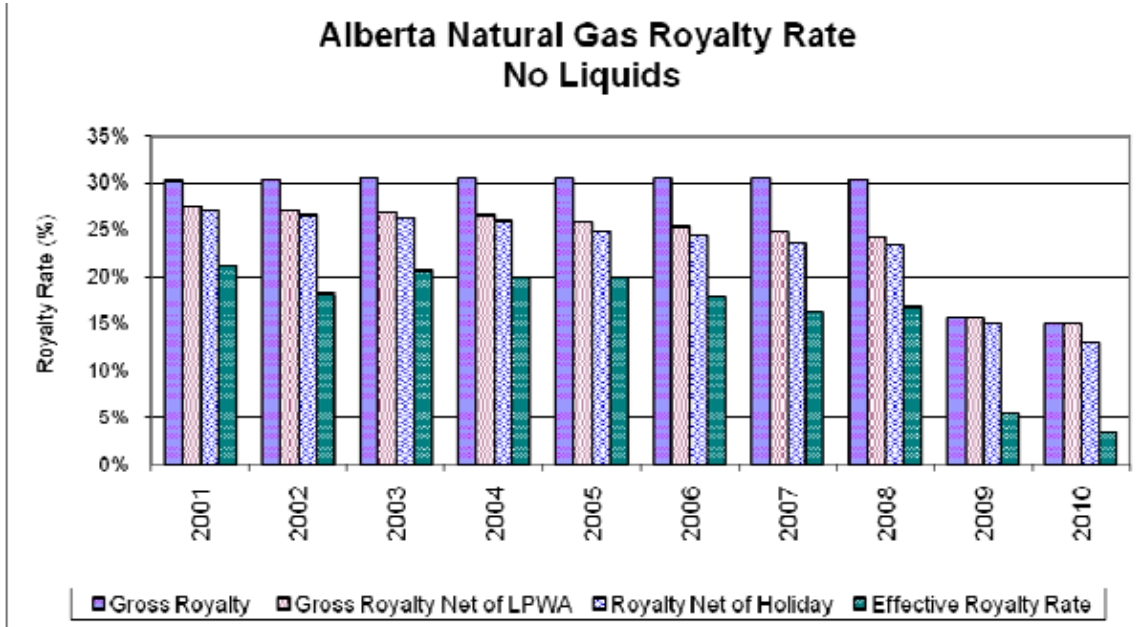


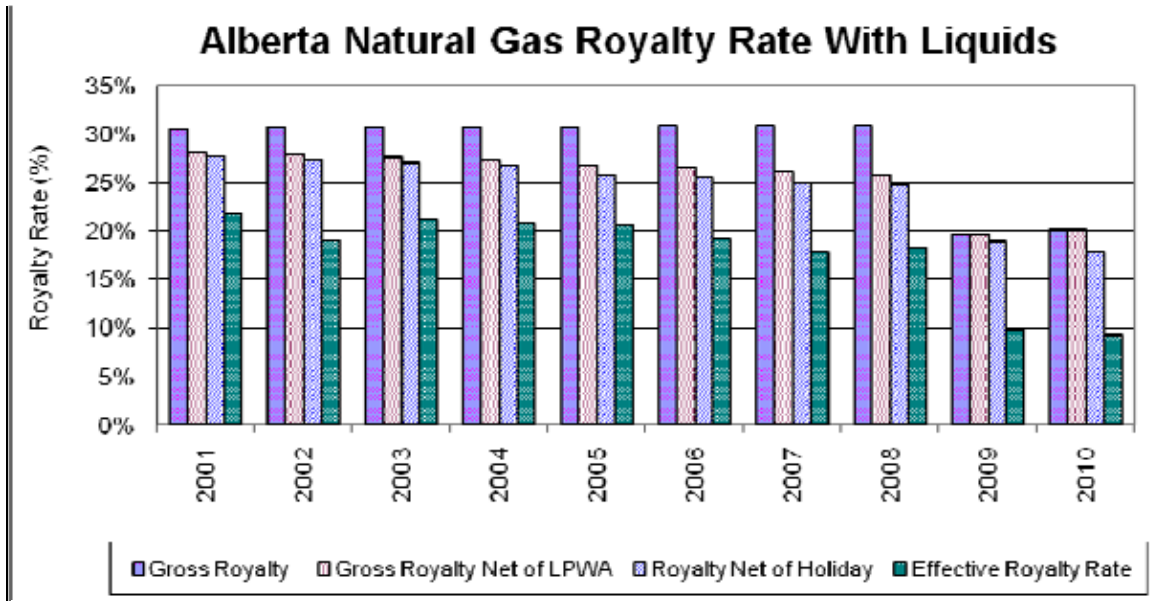
Table 36

Alberta Natural Gas Royalty Rate With Liquids				
	Gross Royalty	Royalty Rate	Royalty Rate	Effective Royalty Rate
		Net of LPWA	Net of Holiday	Net of all
				Deductible Items
2001	30.51%	28.10%	27.77%	21.71%
2002	30.70%	27.95%	27.32%	19.09%
2003	30.76%	27.55%	26.98%	21.16%
2004	30.77%	27.26%	26.72%	20.81%
2005	30.77%	26.71%	25.81%	20.65%
2006	30.81%	26.48%	25.54%	19.19%
2007	30.82%	26.14%	24.93%	17.73%
2008	30.84%	25.82%	24.77%	18.24%
2009	19.53%	19.53%	18.95%	9.86%
2010	20.04%	20.04%	17.72%	9.24%

Source: Alberta Energy

Note: The % calculation is based on data in Table 32 (all deductible items = GCA+Other Deductions Table33).

Chart 36



8. (B) Alberta Natural Gas Production and Royalty Revenues Production Period Data

Table 37

Crown Royalty from Gas, NGLs, Solution Gas, CBM and Shale Gas - 2009 & 2010				
	Total 2009 (\$Million)	Total 2010	% of Total 2009	% of Total 2010
Gas	\$2,090	\$1,699	56%	49%
NGLs	\$1,340	\$1,545	36%	44%
Crude Oil (Solution Gas)	\$229	\$187	6%	5%
Bitumen (Solution Gas)	\$3	\$3	0.1%	0.1%
Coalbed Methane-Coals Only	\$43	\$31	1.2%	0.9%
Shale Gas Only	\$1	\$1	0.0%	0.0%
CBM & Shale Gas Mixed	\$12	\$11	0.3%	0.3%
Others ¹	\$0.2	\$0.2	0.0%	0.0%
Total Crown Royalty	\$3,718	\$3,477	100.00%	100.00%
Royalty Adjustments ²	\$380	\$396	10.22%	11.38%
Total Crown Royalty³	\$3,338	\$3,081	89.78%	88.62%
Source: Alberta Energy				

Notes:

1. 'Others' include royalty from wells that are not oil or gas

2. Royalty adjustments include the following:

Acid Gas Adjustment

Gas Over Bitumen Royalty Rate (GORR) Adjustment

Raw Gas Adjustment

Special Agreement Adjustment (Medicine Hat
Gas Agreement, MHGA)

Transportation Adjustment

Fractionation Adjustment

Deep Gas adjustments include Natural Gas Deep Drilling Program (NGDDP) and New Well Royalty Reduction (NWRR) adjustments.

3. Crown Royalty before Gas Cost Allowance (GCA)

Chart 37A

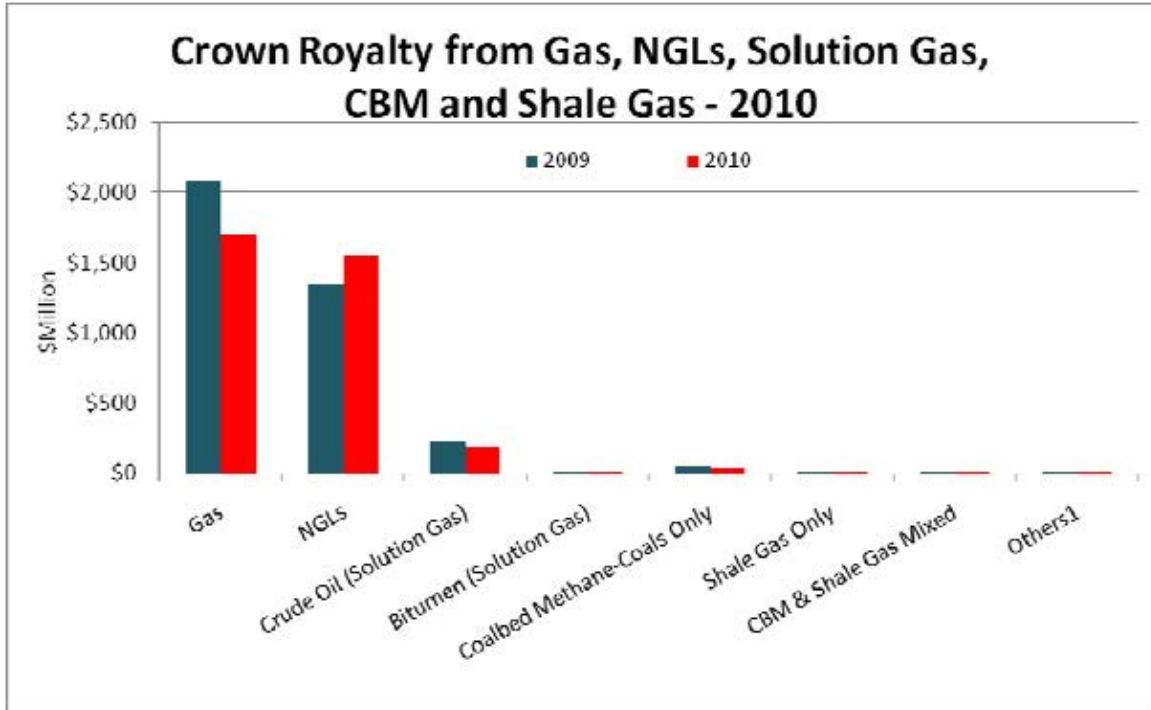
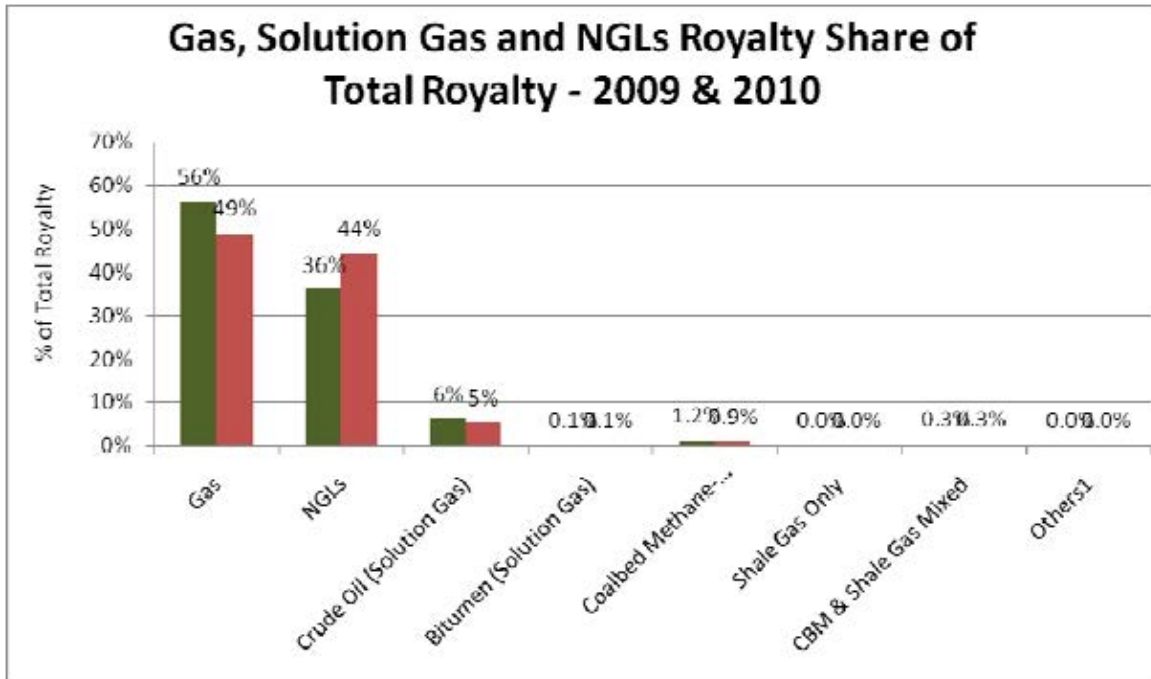


Chart 37B



Net Royalty – Production Month Data

Table 38

Natural Gas and Liquids Gross Royalty, Royalty Adjustments, Crown Charges and Net Royalty (\$Million)*									
	Gross Royalty Before LPWA ¹ , Holiday and UOCR ³	LPWA	Holiday	UOCR/ Operating Costs	Net Royalty Before GCA and Other Adj.	GCA ⁴	Other Adjustments ⁵	Net Royalty ⁶	Total GCA = (UOCR/Operating + GCA)
	Col (1)	Col (2)	Col (3)	Col (4)	Col(5) = Col(1) - Col (2) - Col(3)	Col (6)	Col (7)	Col (8)=Col(5) - Col (6)-Col(7)	Col (9) = Col (4) + Col (6)
2001	8,403	672	170	437	7,123	715	430	\$5,978	1,152
2002	6,005	554	207	459	4,786	745	296	\$3,745	1,203
2003	8,940	969	247	440	7,283	825	386	\$6,072	1,265
2004	9,365	1,131	314	540	7,381	874	484	\$6,024	1,413
2005	12,238	1,705	444	584	9,505	991	624	\$7,889	1,575
2006	10,156	1,493	387	713	7,563	1,119	486	\$5,958	1,832
2007	9,603	1,494	442	765	6,903	1,220	429	\$5,254	1,984
2008	11,877	1,957	520	812	8,588	1,365	406	\$6,817	2,177
2009	3,617	0	182	0	3,435	1,485	182	\$1,767	1,485
2010	3,409	0	227	0	3,182	1,296	164	\$1,722	1,296

Source: Alberta Energy

* The data is subject to prior period adjustments, statute barred after four years. For example, 2005 production year was statute barred at December 31, 2009.

Notes:

1. LPWA: Low Productivity Well Allowance, (gross royalty includes condensate royalty).
2. Holiday – Deep Gas Royalty Holiday Program (DGRHP) until December 2008, effective January 1, 2009, Natural Gas Deep Drilling Program (NGDDP) was introduced. The NGDDP was modified beginning May 1, 2010. The New Well Royalty Reduction (NWRR) was introduced effective April 1, 2009 until April 30, 2010 and was replaced by a permanent 5% New Well Royalty Rate (NWRR) effective May 1, 2010.
3. UOCR: Unit Operating Cost Rate, prior to 2009, UOCR was an adjustment to royalty, and was eliminated effective January 1, 2009, since then operating costs are shown as a separate item similar to capital costs.
4. GCA: Gas Cost Allowance, until December 2008 GCA was capital GCA including custom fees adjusted by allowable costs restrictions (that is, GCA cannot exceed royalties payable).
5. Other adjustments include the following:
 - Monthly Proprietary Waiver
 - Otherwise Flared Solution Gas (OFSG)
 - Injection credits
 - Enhanced Oil Recovery (EOR) operating cost adjustment
 - Crown Royalty Paid Banks
 - Audit Adjustments
 - SECAP (Sulphur Emission Control Assurance Program), ended in November 2008. Other financial adjustments (include gas over bitumen (GOB), and Green House Gas (GHG) adjustments).
6. The following items are excluded from the net royalty calculation:
 - Royalty deposit adjustment
 - Provisional royalty assessment
 - Penalties
 - Interest – prior period.

Chart 38A

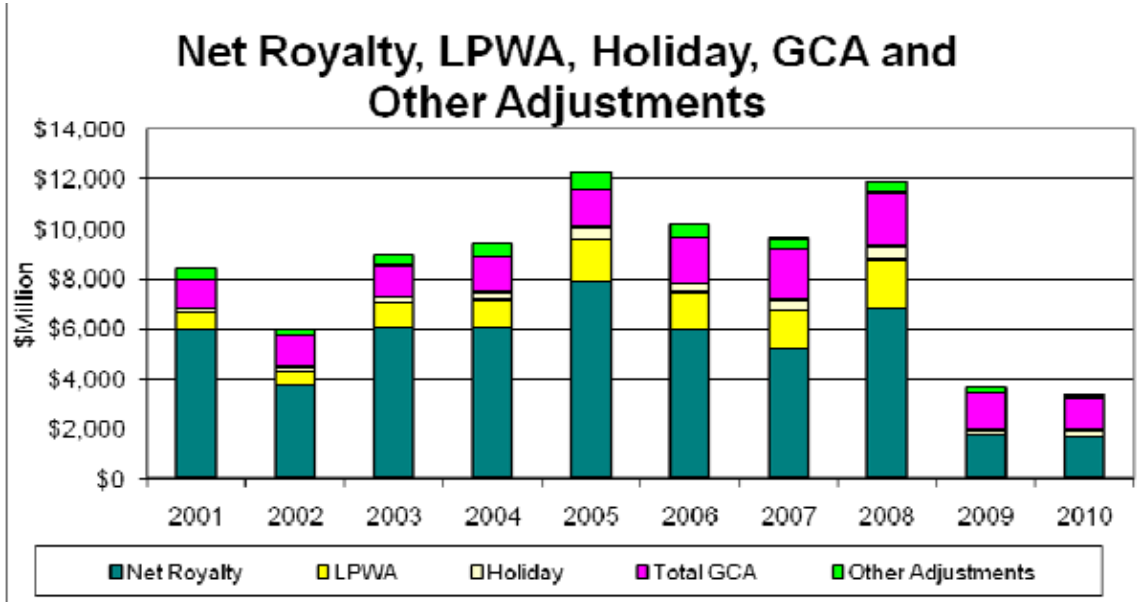


Chart 38B

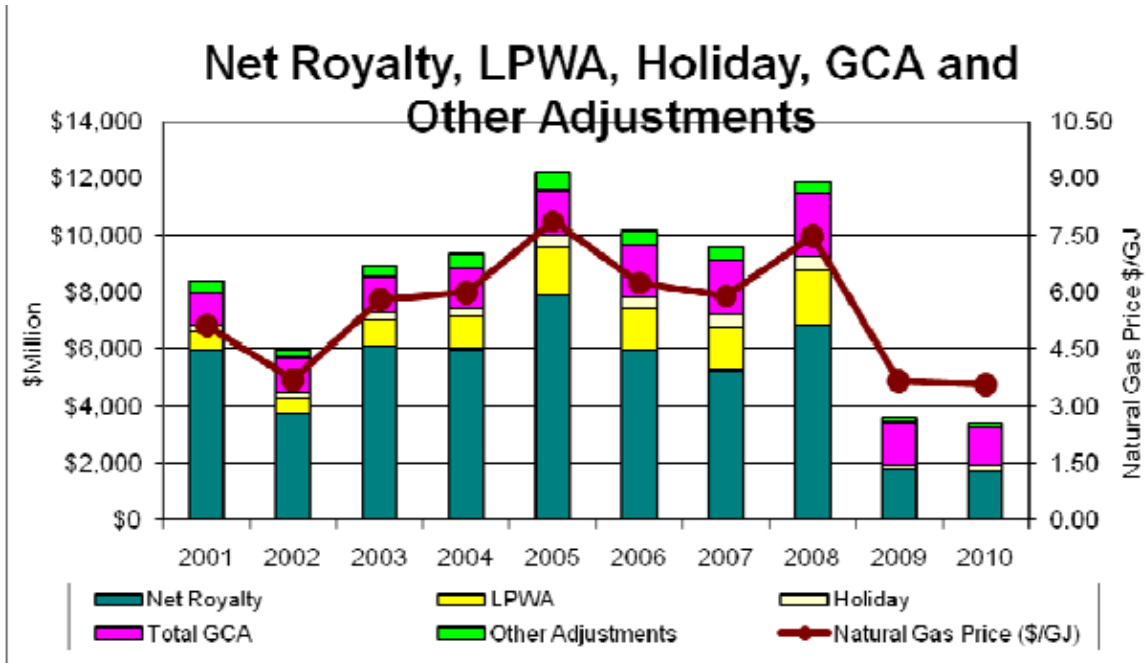


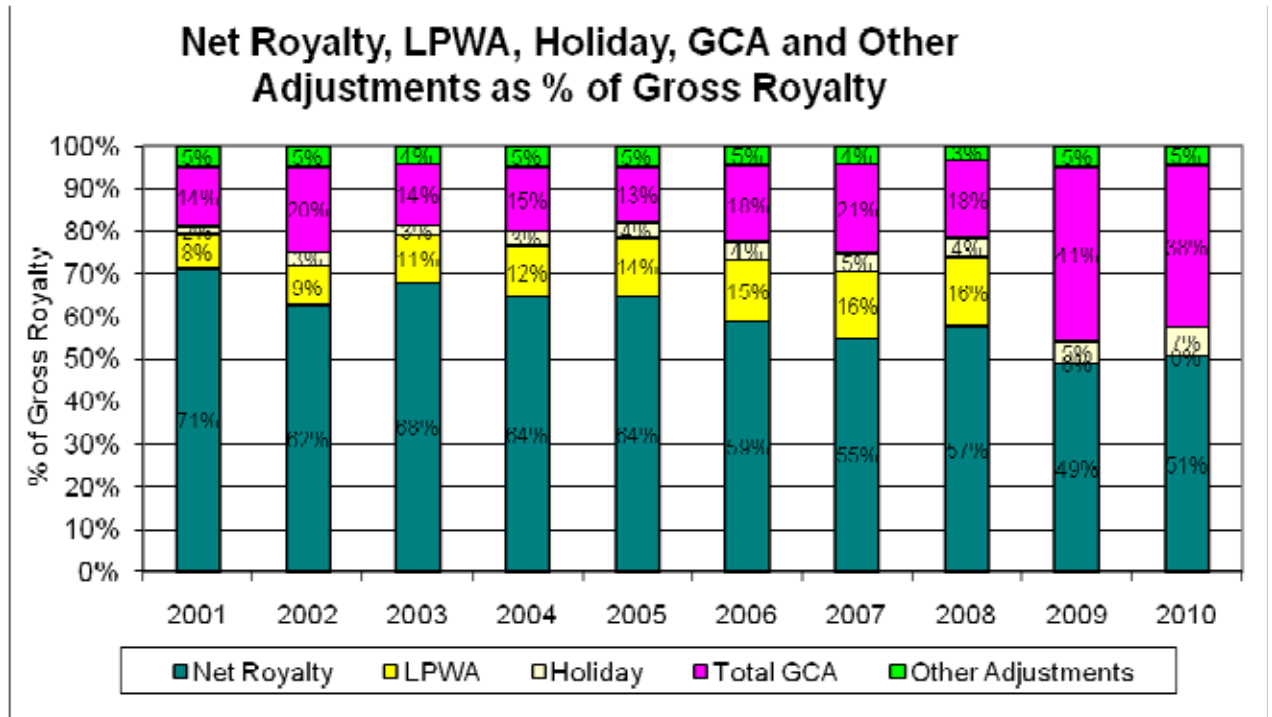
Table 39

<p align="center">Net Royalty, LPWA, Holiday, GCA and Other Adjustments as % of Gross Royalty</p>						
	Net Royalty	LPWA	Holiday	Total GCA	Other Adjustment	Total
2001	71%	8%	2%	14%	5%	100%
2002	62%	9%	3%	20%	5%	100%
2003	68%	11%	3%	14%	4%	100%
2004	64%	12%	3%	15%	5%	100%
2005	64%	14%	4%	13%	5%	100%
2006	59%	15%	4%	18%	5%	100%
2007	55%	16%	5%	21%	4%	100%
2008	57%	16%	4%	18%	3%	100%
2009	49%	0%	5%	41%	5%	100%
2010	51%	0%	7%	38%	5%	100%

Source: Alberta Energy

The calculated % of the items shown above is based on data from the previous table.

Chart 39



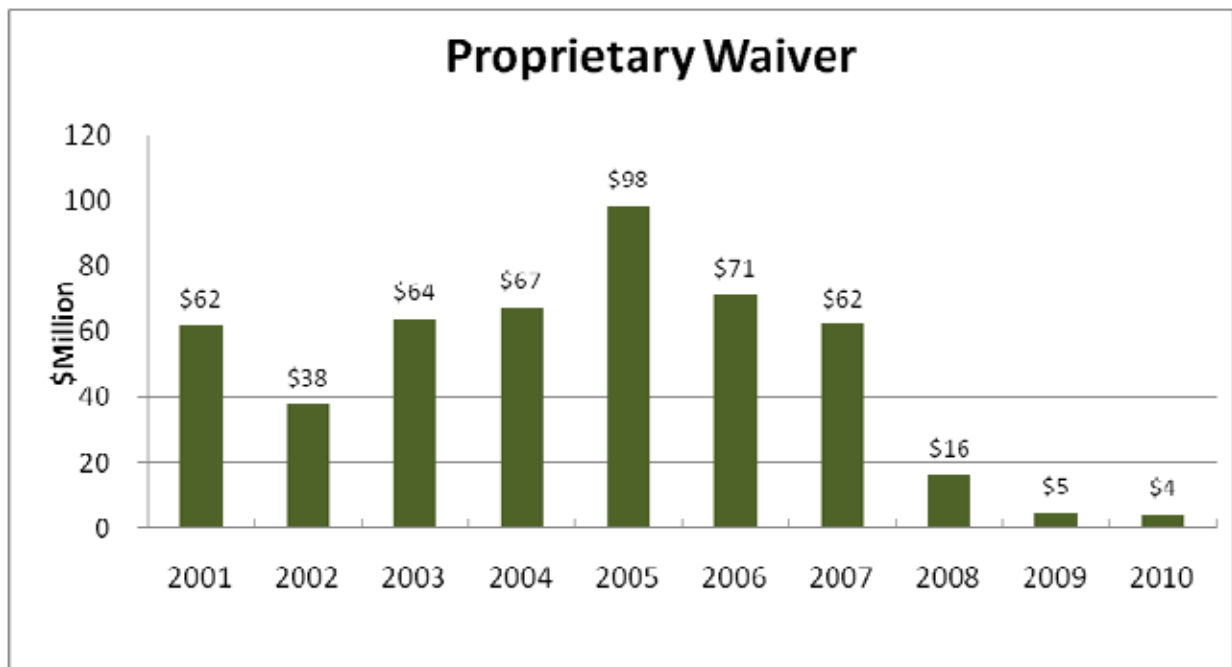
8 (C). Other Financial Statistics (No amendments beyond the first Production year)

Other Financial Statistics (\$Million)				
Production Year	Proprietary Waiver	Royalty Deposit Adjustment ¹	Provisional Assessment	Other Financial Transactions ²
2001	-\$62	\$181	\$25	-\$0.2
2002	-\$38	-\$7	\$83	-\$0.2
2003	-\$64	-\$9	-\$143	-\$9.2
2004	-\$67	\$103	-\$40	-\$109.4
2005	-\$98	\$127	\$1	-\$169.0
2006	-\$71	\$249	-\$55	-\$119.8
2007	-\$62	-\$46	-\$65	-\$103.7
2008	-\$16	\$63	-\$56	-\$143.0
2009	-\$5	-\$12	-\$17	-\$68.2
2010	-\$4	-\$561	-\$18	-\$67.7

Source: Alberta Energy

Notes:

1. Because gas invoices are two months after the production month industry keeps two months gas royalty as a deposit with the government.
2. Includes gas over bitumen.



These (figures on top of the bars) are all deductions from revenue.

9. Natural Gas Royalty Programs

Royalty Adjustments from Deep Gas Wells Qualified for DGRHP and NGDDP*			
Production Year	Number of Qualified Wells	Royalties Deducted	Deep Gas Programs
1994	128	\$49	DGRHP¹ }
1995	79	\$27	
1996	88	\$39	
1997	129	\$58	
1998	170	\$70	
1999	173	\$106	
2000	245	\$167	
2001	374	\$171	
2002	379	\$207	
2003	469	\$247	
2004	650	\$314	
2005	852	\$444	
2006	970	\$387	
2007	805	\$442	
2008	630	\$520	
2009	647	\$72	NGDDP² }
2010	564	\$77	Modified NGDDP³ }

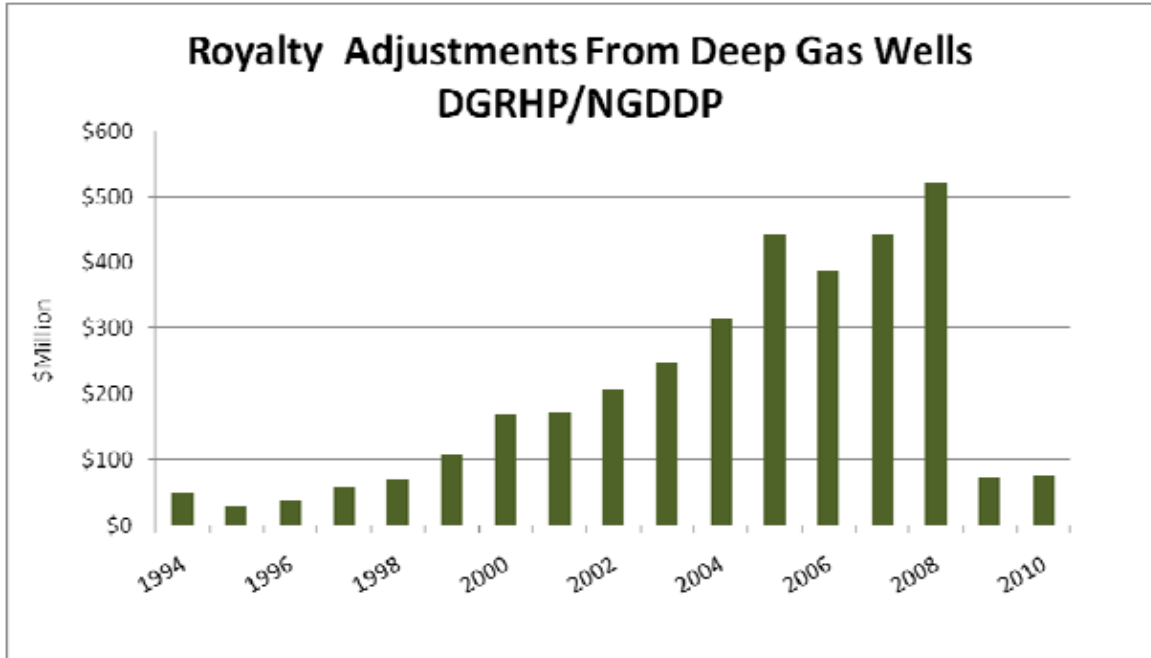
Source: Alberta Energy

Notes:

1. DGRHP: Deep Gas Royalty Holiday Program, until December 31, 2008.
2. NGDDP: Natural Gas Deep Drilling Program, effective January 1, 2009 to April 30, 2010.
3. Modified NGDDP, effective May 1, 2010.

* Some recent numbers are subject to periodic reporting amendments (until statute barred).

Chart 40



Otherwise Flared Solution Gas (OFSG)

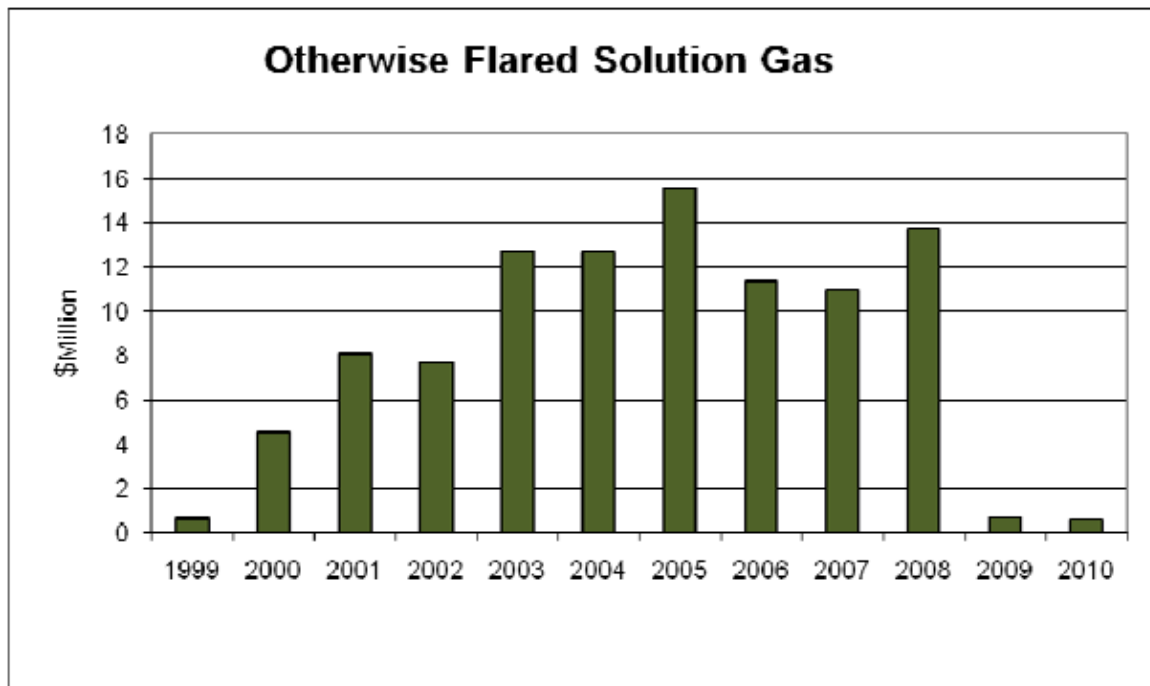
Table 41

Otherwise Flared Solution Gas (OFSG)	
OFSG Credits* by Production Year	
Production Year	OFSG Credit (\$Million)
1999	\$0.66
2000	\$4.50
2001	\$8.10
2002	\$7.68
2003	\$12.72
2004	\$12.65
2005	\$15.57
2006	\$11.35
2007	\$10.94
2008	\$13.70
2009	\$0.70
2010	\$0.58

Source: Alberta Energy

* Notes:

- The OFSG program was announced in December 2, 1998 and was implemented in mid 1999 with royalty waiver made retroactive to January 1, 1999 production.
- The waiver would last for ten years from the first day in the month in which the application was received.
- The OFSG program was introduced to encourage the reduction of solution gas flaring in Alberta. For wells approved under this program, royalty is waived on solution gas and gas by-products that are uneconomic to conserve.

Chart 41**Table 42**

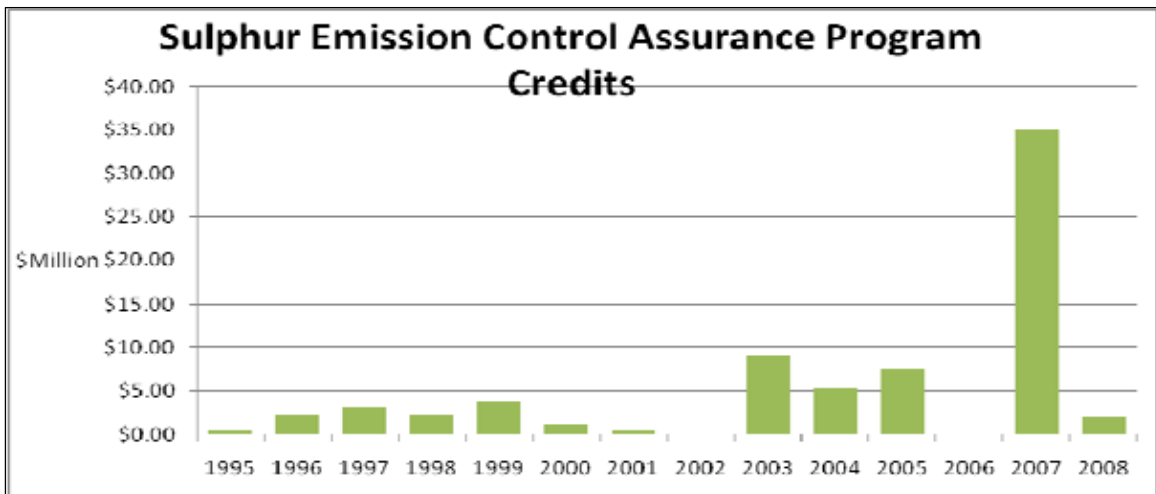
Sulphur Emission Control Assurance Program (SECAP) Credits ¹	
Production Year	SECAP Credits (\$Million) ²
1995	\$0.43
1996	\$2.19
1997	\$3.15
1998	\$2.28
1999	\$3.82
2000	\$1.13
2001	\$0.61
2002	\$0.00
2003	\$9.26
2004	\$5.47
2005	\$7.72
2006	\$0.00
2007	\$35.18
2008	\$2.05

Source: Alberta Energy

Notes:

1. This program expired in November 30 2008.
2. The SECAP program was intended to provide the sulphur emission standards. The program extended later to include some large sour gas plants identified in ERCB Directive 2001-3 which were required to meet updated sulphur recovery guidelines and was finally expired in November 2008.

Chart 42



10. Royalty Adjustment Programs Under the Alberta Royalty Framework (ARF)

Alberta Royalty Framework (ARF) -The impact of:

- Natural Gas Deep Drilling Program (NGDDP),
- Acid Gas Factor,
- New Well Royalty Reduction (NWRR),

Changes due to Competitiveness Review were effective May 1, 2010. This is incorporated in the impact of the above items as shown below, except that changes to gas royalty curves were effective January 1, 2011.

Table 43

Royalty Adjustments as of December 2010*				
	Acid Gas ¹ (\$Million)	NGDDP ² (\$Million)	NWRR ³ (\$Million)	NWRR ⁴ Well events (Number)
Jan-09	\$1.41	\$13.77		
Feb-09	\$1.00	\$11.19		
Mar-09	\$0.86	\$9.77		
Apr-09	\$0.67	\$5.59	\$10.92	972
May-09	\$0.60	\$4.52	\$9.33	1489
Jun-09	\$0.57	\$4.10	\$8.43	1845
Jul-09	\$0.55	\$3.98	\$7.74	2073
Aug-09	\$0.50	\$3.64	\$8.08	2283
Sep-09	\$0.39	\$2.91	\$7.60	2387
Oct-09	\$0.64	\$3.64	\$13.12	2530
Nov-09	\$0.73	\$3.88	\$18.84	2787
Dec-09	\$0.94	\$4.54	\$26.68	2981
Jan-10	\$1.10	\$5.20	\$35.37	3210
Feb-10	\$0.95	\$5.00	\$36.35	3635
Mar-10	\$0.85	\$4.53	\$42.20	4192
Apr-10	\$0.64	\$4.56	\$36.60	3962
May-10	\$0.68	\$5.29		
Jun-10	\$0.59	\$5.86		
Jul-10	\$0.68	\$6.76		
Aug-10	\$0.64	\$7.47		
Sep-10	\$0.56	\$6.95		
Oct-10	\$0.53	\$6.93		
Nov-10	\$0.50	\$8.26		
Dec-10	\$0.66	\$9.72		
Total	\$17.26	\$148.05	\$261.24	

Source: Alberta Energy

*These figures are as of December 2010 production month, June 2011 invoice, subject to change due to periodic reporting amendments.

Notes:

1. Acid Gas Factor (AGF) was introduced as a part of the ARF, effective January 1, 2009
2. NGDDP: Natural Gas Deep Drilling Program, effective January 1, 2009, replaced Deep Gas Royalty Holiday Program (DGRHP) and RAP Program. The NGDDP was further modified on the basis of the Competitiveness Review (2010), where drilling depth requirement was reduced to 2,000 metres from 2,500 metres.
3. NWRR: New Well Royalty Reduction, effective April 1, 2009 to April 30, 2010, replaced by the New Well Royalty Rate (NWRR) as a permanent 5% royalty rate effective May 1, 2010.
4. Cumulative number of qualified wells for NWRR, (only qualified producing well events added).

Chart 43A

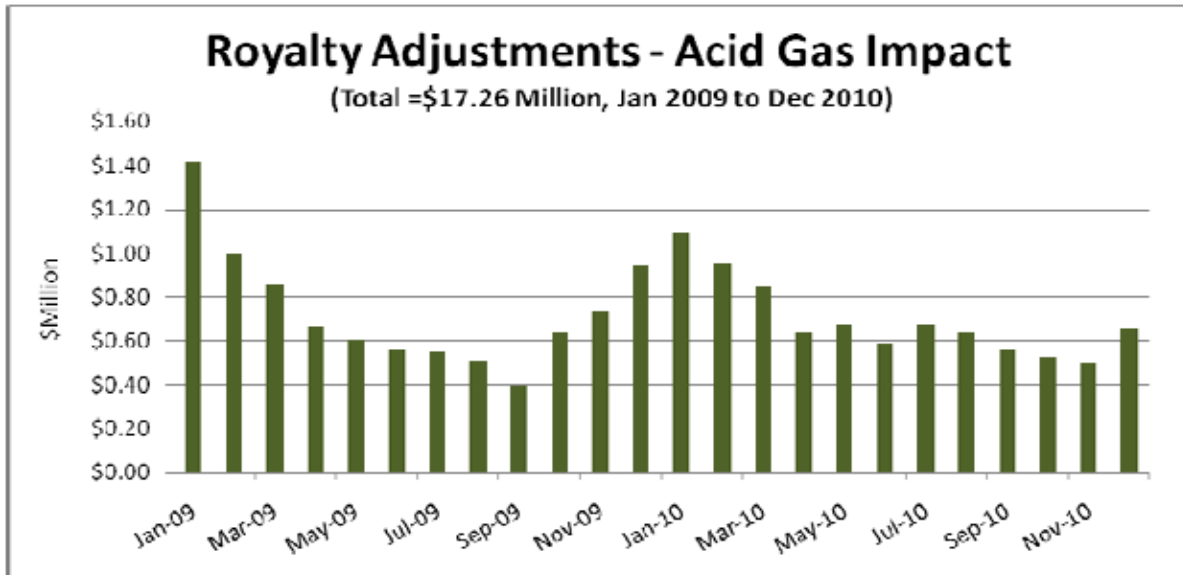


Chart 43B

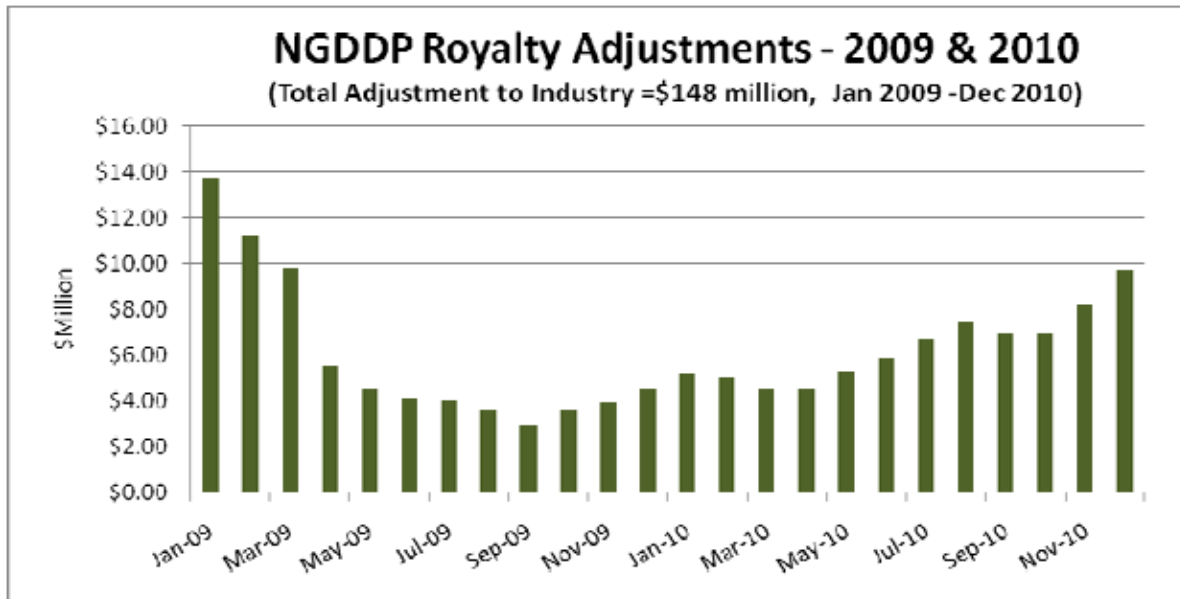


Chart 43C

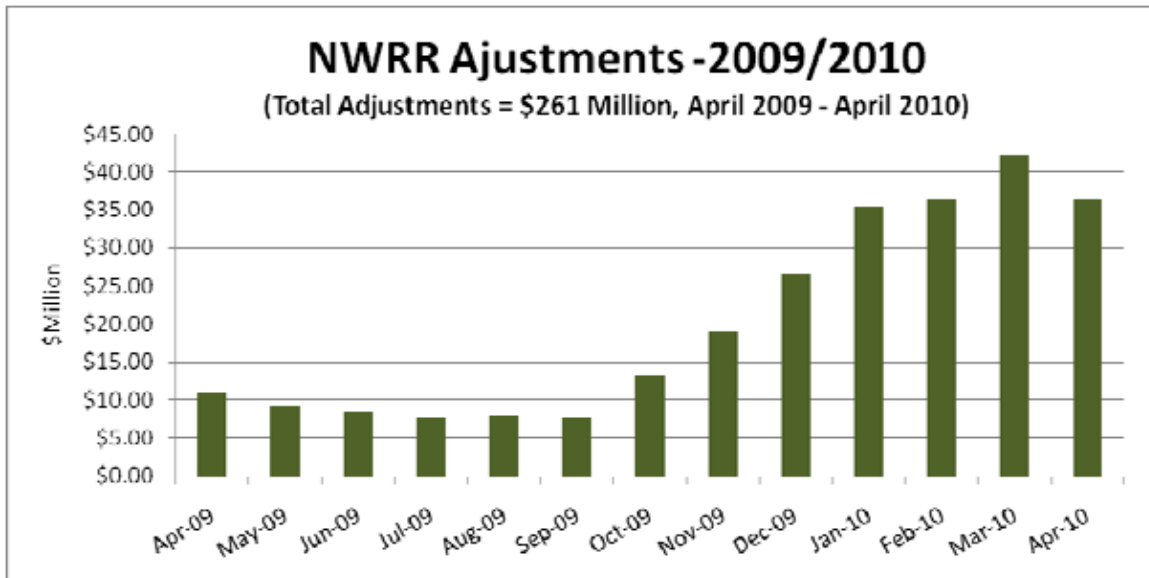


Chart 43D

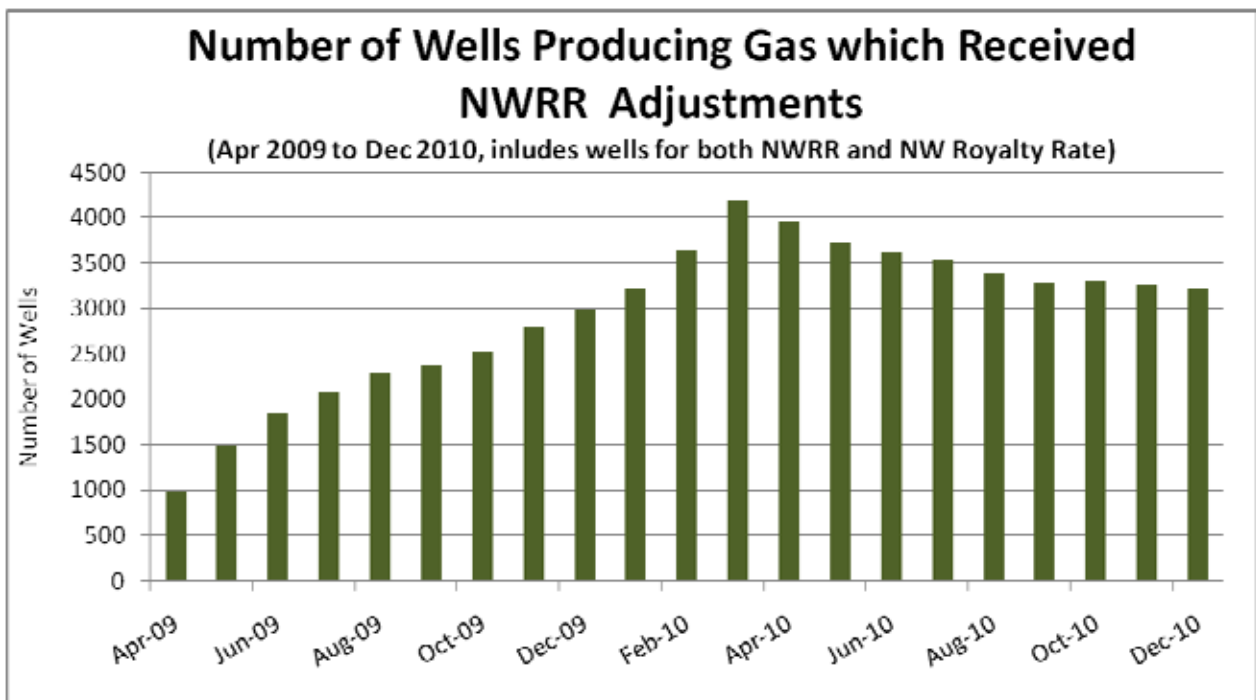
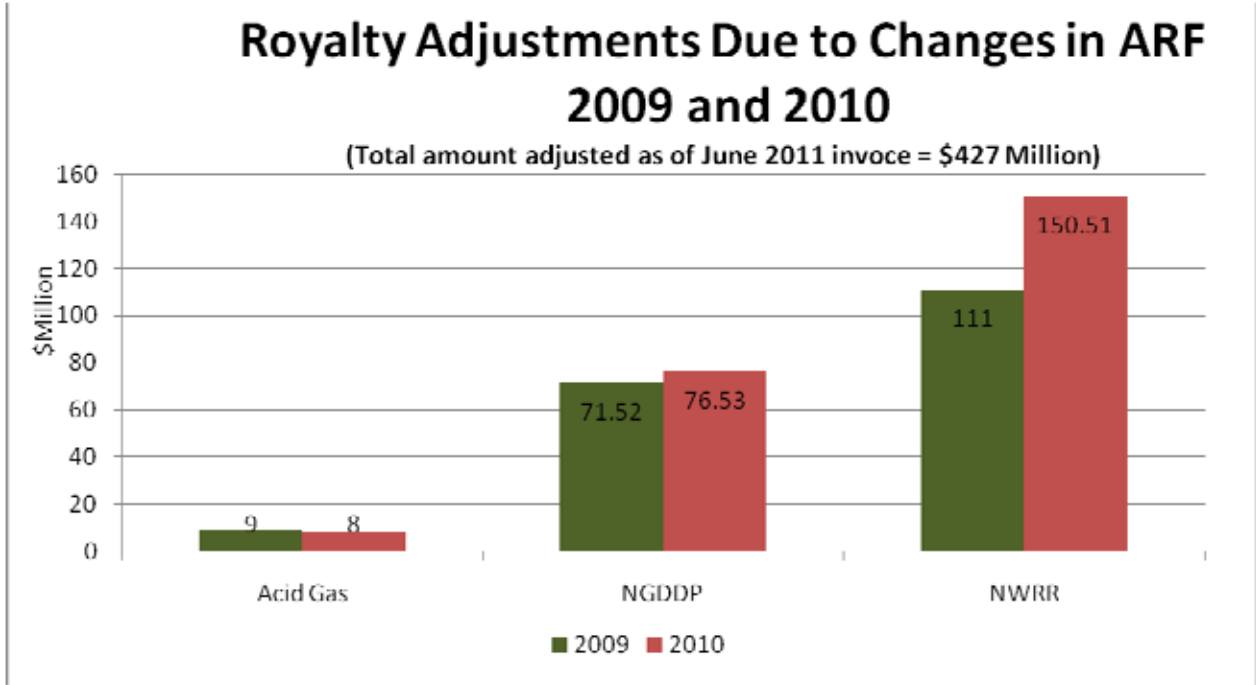


Chart 43E



Source: Alberta Energy

Note: NWRR (New Well Royalty Reduction) includes royalty adjustments only for the first four months of 2010, prior to New Well Royalty Rate (NWRR) which was effective, May 1, 2010. The NGDDP was modified beginning May 2010.