



Resource Development Policy Division
6th Floor, North Petroleum Plaza
9945 - 108 Street
Edmonton, Alberta T5K 2G6
Canada
www.alberta.ca

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INFORMATION LETTER 2017-45

Subject: Oil Sands Monthly Royalty Rates and BVM Pricing Components

This Information Letter provides the Oil Sands Monthly Royalty Rates (Attachment 1) for Pre- and Post-Payout Gross Royalty Rate, the Post-Payout Net Royalty Rate and prices necessary for operators to calculate royalty payable in accordance with the *Oil Sands Royalty Regulation, 2009, A.R. 223/2008*.

Data components for the Bitumen Valuation Methodology (BVM) (Attachment 2) include the Monthly WCS Prices, WCS Dilbit Fraction, WCS Synbit Premium, WCS Density, Condensate Allowance Price and Density, and Bitumen Floor Price in accordance with the *Bitumen Valuation Methodology (Ministerial) Regulation*.

The Minister of Energy has provided the values for the **November 2017** production month, as set out in Attachments 1 and 2.

For further information please contact:

Glen Gartner Director, Oil Sands Royalty & Tenure 6th Floor Petroleum Plaza – North Tower 9945 – 108 Street Edmonton, Alberta T5K 2G6 780 415-2135	Roc Xiang Manager, Forecasting 5th Floor Petroleum Plaza – North Tower 9945 – 108 Street Edmonton, Alberta T5K 2G6 780 427-0628
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Authorized by: Gary Haynes
Executive Director – Oil Sands Operations
Resource Revenue and Operations Division
Alberta Energy

Attachments: Attachments 1 & 2



Production Month: November 2017

Royalty Information

Pre-Payout Gross Royalty Rate:	2.33908% (based on Production Month actual WTI Price)
Post-Payout Gross Royalty Rate:	2.28615% (based on the average WTI Price for Production Year)
Post-Payout Net Royalty % Factor (NRPF):	27.41154% (based on the average WTI Price for Production Year)

WTI Prices and Exchange Rates

Month	Act/Est	WTI Price (\$US)	Exchange Rate (\$US/\$CDN)	WTI Price (\$CDN)
Jan 2017	Act	\$52.17	0.75809811	
Feb 2017	Act	\$52.61	0.76278263	
Mar 2017	Act	\$53.46	0.74696424	
Apr 2017	Act	\$49.67	0.74382915	
May 2017	Act	\$51.12	0.73491585	
Jun 2017	Act	\$48.54	0.75199278	
Jul 2017	Act	\$45.20	0.78808417	
Aug 2017	Act	\$46.68	0.79333598	
Sep 2017	Act	\$48.06	0.81413336	
Oct 2017	Act	\$49.88	0.79333598	
Nov 2017	Act	\$51.59	0.78314668	= \$65.88
Dec 2017	Est	\$56.66	0.78300000	
Average		\$50.47	0.77113491	= \$65.45

Gross Royalty Rate

Minimum Royalty Rate:	$R_G\% = 1\%$ for $W \leq L$
Maximum Royalty Rate:	$R_G\% = 9\%$ for $W \geq H$
Price Sensitive Royalty Rate:	$R_G\% = 1\% + [(W - L) * F_G]$ for $L < W < H$

Net Royalty % Factor (NRPF)

Minimum Royalty % Factor:	$R_N\%$ Factor = 25 % for $W \leq L$
Maximum Royalty % Factor:	$R_N\%$ Factor = 40 % for $W \geq H$
Price Sensitive Royalty % Factor:	$R_N\%$ Factor = $[25\% + (W - L) * F_N]$ for $L < W < H$

W = WTI Price \$CDN

L = \$CDN 55/bbl

H = \$CDN 120/bbl

 F_G = 8%/\$65 per barrel increase in W (straight line relation) F_N = 15%/\$65 per barrel increase in W (straight line relation)

Note: Formulas are the working level representation of the legal version that is in OSRR2009

Attachment 2



Bitumen Valuation Methodology (BVM) Components

Production Month 2017	Exchange Rate (SCDN/SUS)	WCS Settlement Price (SUS/bbl)	WCS Dilbit Volume Fraction	WCS Bitumen Synbit Premium (SUS/bbl)	WCS Blend Density (Kg/m ³ @15°C)	Condensate 'CRW' Allowance (SCDN/m ³)	Condensate 'CRW' Density (Kg/m ³ @15°C)	Bitumen Floor Price (SCDN/m ³)
Jan	1.31909	37.19	0.94	0.07	923.5	433.59	729.5	105.26
Feb	1.31099	39.14	0.94	0.10	922.5	445.91	732.8	107.86
Mar	1.33875	35.68	0.94	0.20	922.7	425.72	732.7	85.31
Apr	1.34439	36.84	0.95	0.27	922.1	432.31	723.6	105.82
May	1.36070	38.84	0.96	0.41	925.5	421.33	725.4	111.74
Jun	1.32980	35.80	0.96	0.88	929.2	375.83	725.6	82.38
Jul	1.26890	36.37	0.96	1.22	932.9	357.67	727.9	85.77
Aug	1.26050	38.50	0.94	1.67	936.1	378.23	731.9	86.75
Sep	1.22830	39.93	0.94	1.98	935.3	387.26	739.9	83.51
Oct	1.26050	39.87	0.93	1.77	931.3	422.72	736.9	93.80
Nov	1.27690	45.52	0.93	1.85	927.9	469.40	738.8	140.30

Production Month 2017	Oil Sands Par Price (SCDN/tonne)	Third Party Disposition Threshold	Deemed Quality Adjustment (SCDN/m ³)
Jan	16.38	40.00 %	4.34171
Feb	17.41	40.00 %	4.34171
Mar	15.58	40.00 %	4.34171
Apr	16.80	40.00 %	4.34171
May	19.89	40.00 %	4.34171
Jun	17.93	40.00 %	4.34171
Jul	17.66	40.00 %	4.34171
Aug	18.70	40.00 %	4.34171
Sep	18.62	40.00 %	4.34171
Oct	18.02	40.00 %	4.34171



Production Month	Oil Sands Par Price (SCDN/tonne)	Third Party Disposition Threshold	Deemed Quality Adjustment (SCDN/m ³)
2017			
Nov	21.75	40.00 %	4.34171
Dec		40.00 %	4.34171