

November 23, 2018

INFORMATION LETTER 2018-39

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 **October 2018** 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 5 th Floor Petroleum Plaza – North Tower 9945 – 108 Street Edmonton, Alberta T5K 2G6 780 427-0628
--	---

Authorized by: Gary Haynes
Executive Director – Oil Sands Operations
Resource Revenue and Operations Division Alberta
Energy

Attachments: Attachments 1 & 2
Attachment 1



Production Month: October 2018

Royalty Information

Pre-Payout Gross Royalty Rate: 5.45169% (based on Production Month actual WTI Price)
 Post-Payout Gross Royalty Rate: 4.72554% (based on the average WTI Price for Production Year)
 Post-Payout Net Royalty % Factor (NRPF): 31.98538% (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 2018	Act	\$57.95	0.80469944	
Feb 2018	Act	\$63.66	0.79453361	
Mar 2018	Act	\$62.18	0.77327560	
Apr 2018	Act	\$62.77	0.78536087	
May 2018	Act	\$66.33	0.77681970	
Jun 2018	Act	\$69.98	0.76167263	
Jul 2018	Act	\$67.32	0.76161462	
Aug 2018	Act	\$70.58	0.76681236	
Sep 2018	Act	\$67.85	0.76704763	
Oct 2018	Act	\$70.08	0.76863951	= \$91.17
Nov 2018	Est	\$70.76	0.78000000	
Dec 2018	Est	\$65.31	0.78000000	
Average		\$66.23	0.77670633	= \$85.27

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



Production Month	Exchange Rate	WCS Settlement Price	WCS Dilbit Volume Fraction	WCS Bitumen Synbit Premium	WCS Blend Density	Condensate 'CRW' Allowance	Condensate 'CRW' Density	Bitumen Floor Price
2018	(SCDN/SUS)	(SUS/bbl)		(SUS/bbl)	(Kg/m ³ @15°C)	(SCDN/m ³)	(Kg/m ³ @15°C)	(SCDN/m ³)
Jan	1.24270	42.53	0.94	1.92	923.4	512.69	737.7	173.35
Feb	1.25860	37.72	0.95	2.22	921.8	478.77	736.6	171.11
Mar	1.29320	35.53	0.96	2.46	921.8	513.49	733.6	180.16
Apr	1.27330	40.47	0.98	2.60	922.0	556.36	736.8	171.78
May	1.28730	53.25	0.99	2.92	924.7	574.42	737.1	208.28
Jun	1.31290	52.10	0.99	2.98	930.3	549.84	743.4	212.72
Jul	1.31300	52.83	0.99	2.96	932.2	564.63	737.0	263.93
Aug	1.30410	48.55	0.98	3.02	935.1	532.13	744.5	217.59
Sep	1.30370	40.37	0.97	2.70	934.8	552.34	741.5	242.08
Oct	1.30100	41.15	0.97	2.63	931.4	482.84	750.7	285.87

Production Month	Oil Sands Par Price	Third Party Disposition	Deemed Quality Adjustment
2018	(SCDN/tonne)	Threshold	(SCDN/m ³)
Jan	15.61	40.00 %	4.34171
Feb	12.81	40.00 %	4.34171
Mar	10.30	40.00 %	4.34171
Apr	12.73	40.00 %	4.34171
May	25.27	40.00 %	4.34171
Jun	26.48	40.00 %	4.34171
Jul	26.92	40.00 %	4.34171
Aug	23.77	40.00 %	4.34171
Sep	15.37	40.00 %	4.34171
Oct	17.91	40.00 %	4.34171
Nov		40.00 %	4.34171



Production Month 2018	Oil Sands Par Price (\$CDN/tonne)	Third Party Disposition Threshold	Deemed Quality Adjustment (\$CDN/m ³)
Dec		40.00 %	4.34171