

February 23, 2012

## INFORMATION LETTER 2012-09

**Subject: Amendments to the Oil Sands Royalty Regulation, 2009 and Oil Sands Allowed Cost (Ministerial) Regulation**

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In January, Cabinet approved amendments to the [Oil Sands Royalty Regulation, 2009](#). In addition, the Minister of Energy approved amendments to the [Oil Sands Allowed Costs \(Ministerial\) Regulation](#).

The *Oil Sands Royalty Regulation, 2009*, and *Oil Sands Allowed Costs (Ministerial) Regulation* deal with the assessment, reporting and determination of oil sands royalties. The amendments will be retroactive to January 1, 2011.

These amendments were developed in consultation with industry through 2010-2011 and were reflected in the three column charts that were presented to industry throughout the ongoing consultation process.

The amendments to the *Oil Sands Royalty Regulation, 2009* focused on implementing cost allocation and valuation rules, with specific application to integrated operations. Other amendments included expanding the category of assets that can be partially included in Project descriptions, and clarifying the relationship between assets, project description and allowed costs. Other amendments dealt with the areas of revenue forecasting, the treatment of solution gas assets, the definition of oil sands products at the royalty calculation point, interest provisions, and project amalgamations.

The amendments made to the *Oil Sands Allowed Cost (Ministerial) Regulation* deal with allowed costs used in determining royalty under the oil sands royalty regime. The amendments aim to provide greater certainty with respect to the determination and allocation of allowed costs, and provide flexibility to respond to changing circumstances. The [Oil Sands Royalty Guidelines](#) are being amended to reflect these amendments. Stakeholders will be notified by an Information Letter when these amendments are complete.

These amendments have now been incorporated in the consolidated versions of the Regulations, which are available online at <http://www.qp.alberta.ca>.

For further information please contact:

Colin Pate Director, Business Design 6th Floor Petroleum Plaza – North Tower 9945 – 108 Street Edmonton, Alberta T5K 2G6 (780) 427-6513	John McInnes Senior Advisor, Business Design 6th Floor Petroleum Plaza – North Tower 9945 – 108 Street Edmonton, Alberta T5K 2G6 (780) 422-6693
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**Authorized by:** Larry Ziegenhagel  
Branch Head – Business Design and Evaluation  
Oil Sands Strategy and Operations Division  
Alberta Department of Energy