



Province of Alberta

MINES AND MINERALS ACT

SUNCOR OIL SANDS ROYALTY REGULATION

Alberta Regulation 318/1978

With amendments up to and including Alberta Regulation 89/2013

Office Consolidation

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(Consolidated up to 89/2013)

ALBERTA REGULATION 318/78

Mines and Minerals Act

SUNCOR OIL SANDS ROYALTY REGULATION

1 In this Regulation,

- (a) “Act” means the *Mines and Minerals Act*;
- (b) repealed AR 245/79 s2;
- (c) “Minister” means the Minister of Energy;
- (d) “oil sands” means oil sands as defined in the Act;
- (e) “project area” means the locations described in
 - (i) Oil Sands Lease No. 0979120002,
 - (ii) Oil Sands Lease No. 097909017B, and
 - (iii) Oil Sands Lease No. 0966060001,and any renewals of those leases.

AR 318/78 s1;245/79;476/82;165/84;206/2001

2 This Regulation applies to the operations of Suncor Inc, its successors and assigns, in the project area.

AR 318/78 s2;476/82

3 The royalty to be computed, levied and collected by the Crown in right of Alberta on all products derived from the oil sands shall be that part of the products derived during each calendar month calculated, free and clear of any deductions, as follows:

- (a) with respect to synthetic crude oil, in accordance with the Table to this Regulation;
- (b) with respect to each of the other products, 16 2/3%.

AR 318/78 s3

3.1(1) In this section,

- (a) repealed AR 89/2013 s2;

- (b) “large pit addition” means that part of the project area shown coloured in pink on a mine plan filed by Suncor Inc with the Department on November 1, 1982 and approved by the Minister for the purpose of this section;
- (c) “Regulator” means the Alberta Energy Regulator.

(2) Notwithstanding section 3 but subject to subsections (3) to (7) of this section, in each month in which the lessee mines oil sands from the large pit addition, the royalty to be computed, levied and collected by the Crown with respect to synthetic crude oil produced in that month shall be calculated in accordance with the following equation:

$$R = GR - (AP \times .03)$$

where

- R is the royalty payable on synthetic crude oil for the month under this section;
- GR is the gross royalty calculated for the month with respect to synthetic crude oil under section 3;
- AP is the portion of the synthetic crude oil attributable to the large pit addition as determined under subsection (3).

(3) For the purpose of determining the royalty payable in respect of a month under subsection (2), the portion of the synthetic crude oil attributable to the large pit addition shall be an amount that is in the same proportion to the total amount of synthetic crude oil produced in that month that

- (a) the quantity of oil sands estimated by the lessee to have been mined from the large pit addition in that month

bears to

- (b) the total quantity of oil sands mined from the whole of the project area in that month according to the monthly report furnished to the Regulator.

(4) If royalty was payable under subsection (2) in respect of 1 or more months in a year,

- (a) the lessee shall, as soon as practicable but in any event before the last day of February following that year, furnish to the Regulator the following documents and information to enable it to check the lessee’s calculations referred to in clause (b):
 - (i) a mine survey for that year,

- (ii) pit limits as determined by that mine survey,
 - (iii) core hole results for that year,
 - (iv) contour maps for the project area for that year showing the contours of the levels above and below which the oil sands deposits contain less than 8% crude bitumen by weight, and
 - (v) cross-section drawings for the areas mined out in that year, showing the cross-sections not more than 30 metres apart,
- (b) the lessee shall, before the last day of February following that year, submit to the Minister the lessee's calculation of
- (i) the quantity of oil sands mined from the large pit addition in that year, and
 - (ii) the quantity of oil sands mined from the project area in that year,

based on the documents and other information furnished to the Regulator under clause (a),

- (c) the Minister shall, in consultation with the Regulator and the lessee, confirm or vary the quantity calculations referred to in clause (b)(i) and (ii),
- (d) the Minister shall, on the basis of the calculation confirmed or varied under clause (c), calculate in respect of that year the portion of the synthetic crude oil attributable to the large pit addition for the year in an amount that is in the same proportion to the total amount of synthetic crude oil produced in that year that
- (i) the quantity of oil sands mined from the large pit addition in that year

bears to

- (ii) the quantity of oil sands mined from the whole of the project area in that year,
- (e) the Minister shall determine the amount of the total net royalty for the year in accordance with the following equation:

$$\text{TNR} = \text{TGR} - (\text{AP} \times .03)$$

where

TNR is the total net royalty for the year,

TGR is the total of the monthly gross royalties calculated for the year with respect to synthetic crude oil under section 3, and

AP is the portion of the synthetic crude oil attributable to the large pit addition as calculated under clause (d),

- (f) the Minister, by a notice to the lessee, shall inform the lessee of the amount by which the total net royalty calculated under clause (e) is greater or less than the aggregate royalty actually payable for the year,
- (g) if the total net royalty calculated under clause (e) is less than the aggregate royalty actually payable for the year, the Minister shall pay to the lessee an amount in money equal to the difference in cubic metres multiplied by the unit price referred to in subsection (5), and
- (h) if the total net royalty calculated under clause (e) is greater than the aggregate royalty actually payable for the year, the lessee shall pay to the Minister, within 30 days after receiving the notice under clause (f), an amount in money equal to the difference in cubic metres multiplied by the unit price referred to in subsection (5).

(5) For the purposes of subsection (4)(g) and (h), the unit price is an amount calculated by dividing the total gross sale proceeds of the synthetic crude oil sold in the months of the year to which subsection (2) applies by the number of cubic metres of synthetic crude oil sold in those months.

(6) Any amount owing by the lessee to the Minister under subsection (4)(h) shall bear interest at the rates prescribed under the *General Regulation* under the Act computed from the day following the expiration of the 30-day period referred to in subsection (4)(h).

(7) If the lessee

- (a) defaults in submitting to the Minister the quantity calculations referred to in subsection (4)(b) by the last day of February, or
- (b) fails to pay the Minister an amount owing under subsection (4)(h) before the expiration of the expiration of the 30-day period referred to in subsection (4)(h),

the Minister may by a notice to the lessee suspend the operation of this section with respect to the year in which the notice is given and subsequent years.

AR 476/82 s4;165/84;89/2013

3.2 Notwithstanding sections 3 and 3.1, the royalty to be computed, levied and collected by the Crown in right of Alberta with respect to synthetic crude oil obtained from oil sands recovered from the project area is, for the months of April, 1986 to June, 1987 1% of the synthetic crude oil obtained in each month.

AR 158/86 s2;6/87

4 Any sale of the products, until otherwise ordered by the Minister, shall include the royalty share of such products belonging to the Crown.

AR 318/78 s4

5 No royalty shall be payable on any products, other than synthetic crude oil, consumed in the operations.

AR 318/78 s5

6 The Minister may waive or vary the royalty levied in any month on synthetic crude oil consumed in the operations.

AR 318/78 s6;184/81

7 The deductions that may be allowed for charges incurred in transporting the products shall be the deductions specified by the Minister.

AR 318/78 s7

8 Where any question arises pertaining to the interpretation of this Regulation, the Minister shall be the sole judge and there shall be no appeal from his decision.

AR 318/78 s8

9 *Bituminous Sands Royalty Regulation No. 1*, filed as Alberta Regulation 33/63, as amended, is repealed.

AR 318/78 s9

Table

1	Monthly production in Cubic Metres	Crown Royalty for the Month in Cubic Metres
	0 to 143 019	8% of the number of cubic metres produced
	143 019 to 217 389	11 441.52 cubic metres plus 20% of the number of cubic metres produced in excess of 143 019
	217 389 to 258 705	26 315.52 cubic metres plus 8% of the number of cubic metres produced in excess of 217 389
	258 705 and over	29 620.8 cubic metres plus 20% of the number of cubic metres produced in excess of 258 705
2	Repealed AR 158/86 s3.	AR 318/78 Tbl;245/79;184/81;158/86



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