



Province of Alberta

RESPONSIBLE ENERGY DEVELOPMENT ACT

ALBERTA ENERGY REGULATOR ADMINISTRATION FEES RULES

Alberta Regulation 70/2019

With amendments up to and including Alberta Regulation 164/2020

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Office Consolidation

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Note

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(Consolidated up to 164/2020)

ALBERTA REGULATION 70/2019
Responsible Energy Development Act
ALBERTA ENERGY REGULATOR
ADMINISTRATION FEES RULES

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Definitions

1 In these Rules,

- (a) “administration fee production” means,
 - (i) in the case of an oil well, the annual base year production from the well in cubic metres, and
 - (ii) in the case of a gas well, the annual base year production from the well in thousand cubic metres adjusted by the conversion factor set out in section 3(5) to make it comparable to oil;
- (b) “base year” means the calendar year immediately preceding the fiscal year during which the administration fee is imposed;
- (c) “fiscal year” means the fiscal year of the Regulator;
- (d) “gas well” means a well licensed and designated by the Regulator as a gas well;

- (e) “oil well” means a well licensed and designated by the Regulator as an oil well;
- (f) “service well” means a well licensed and classified by the Regulator as one of injection, disposal or storage well.

Rate payable by operator

2(1) In each fiscal year, every person who, on the prescribed date, was the operator of a well, coal mine or oil sands project shall pay an administration fee in accordance with these Rules.

(2) For the purposes of these Rules, the prescribed date for the 2020-2021 fiscal year is December 31, 2019.

AR 70/2019 s2;164/2020

Wells

3(1) An operator of a well shall pay an administration fee calculated as follows with respect to each individual well within each class of well, multiplied by the annual adjustment factor set out in subsection (2):

- (a) Class 1 - \$70 per well;
- (b) Class 2 - \$90 per well;
- (c) Class 3 - \$110 per well;
- (d) Class 4 - \$312 per well;
- (e) Class 5 - \$750 per well;
- (f) Class 6 - \$1250 per well;
- (g) Class 7 - \$1625 per well;
- (h) Class 8 - \$1875 per well.

(2) For the 2020-2021 fiscal year, the annual adjustment factor is 2.152445.

(3) For the purposes of this section, wells subject to an administration fee are classed as follows:

- (a) Class 1 - service wells;
- (b) Class 2 - wells having administration fee production volumes during the base year of up to 300.00 cubic metres;

- (c) Class 3 - wells having administration fee production volumes during the base year that are greater than 300.00 cubic metres and less than or equal to 600.00 cubic metres;
 - (d) Class 4 - wells having administration fee production volumes during the base year that are greater than 600.00 cubic metres and less than or equal to 1200.00 cubic metres;
 - (e) Class 5 - wells having administration fee production volumes during the base year that are greater than 1200.00 cubic metres and less than or equal to 2000.00 cubic metres;
 - (f) Class 6 - wells having administration fee production volumes during the base year that are greater than 2000.00 cubic metres and less than or equal to 4000.00 cubic metres;
 - (g) Class 7 - wells having administration fee production volumes during the base year that are greater than 4000.00 cubic metres and less than or equal to 6000.00 cubic metres;
 - (h) Class 8 - wells having administration fee production volumes during the base year that are greater than 6000.00 cubic metres.
- (4)** The following wells are exempt from payment of an administration fee:
- (a) all wells reporting no production for the base year during the base year;
 - (b) all wells categorized by the Regulator as abandoned at December 31 of the base year;
 - (c) all wells categorized by the Regulator as farm gas as of December 31 of the base year;
 - (d) all wells categorized by the Regulator as commingled at December 31 of the base year;
 - (e) service wells that reported no injection/disposal receipts during the base year according to Regulator records at December 31 of the base year.
- (5)** The conversion factor for the purpose of section 1(a)(ii) is 1.00.

Coal mines

4(1) In this section, “coal production” means the total tonnes of coal produced by an operator of an Alberta coal mine in the 2019 calendar year, including

- (a) coal produced from a sub-bituminous mine, and
- (b) coal produced from a bituminous mine, including
 - (i) clean coal from a coal processing plant, and
 - (ii) raw coal for sale.

(2) An operator of a coal mine shall pay an administration fee with respect to a coal mine calculated as follows:

administration fee = coal production x \$0.088061 for each tonne of coal

AR 70/2019 s4;163/2019;164/2020

Oil sands projects

5(1) For the purposes of this section, oil sands projects subject to an administration fee are classed as follows:

- (a) Class 1 - primary oil sands projects, consisting of projects producing bitumen volumes by cold flow method in the base year;
- (b) Class 2 - thermal on-going oil sands projects, consisting of projects producing bitumen volumes by enhanced recovery method (including projects that are experimental schemes within the meaning of the *Oil Sands Conservation Act*) in the base year;
- (c) Class 3 - thermal growth oil sands projects, consisting of projects where
 - (i) the maximum amount of bitumen volumes that may be produced by enhanced recovery method is set out in the approval, and
 - (ii) the approval was issued or was last amended to change the maximum amount within the 5-year period ending on December 31 of the base year;
- (d) Class 4 - mining on-going oil sands projects, consisting of projects producing bitumen volumes by mining in the base year;

- (e) Class 5 - mining growth oil sands projects, consisting of projects where
- (i) the maximum amount of bitumen volumes that may be produced by mining is set out in the approval or in the application for the approval or for an amendment to the approval, and
 - (ii) the approval was issued or last amended to change the maximum amount or the most recent application for an amendment to change the maximum amount was made, as the case may be, within the 7-year period ending on December 31 of the base year.

(2) An operator of one or more approved oil sands projects shall pay an administration fee calculated in accordance with subsections (4) to (8).

(3) An operator of a portion of an oil sands project shall pay an administration fee calculated in accordance with subsections (4) to (8) that is proportionate to that operator's portion of the oil sands project.

(4) The administration fee payable by an operator of one or more Class 1 approved oil sands projects is the amount calculated in accordance with the following formula:

$$\text{Fee for Class 1} = [(A \times \$5000) + B + (C \times \text{total bitumen volumes produced in the base year by the operator's Class 1 oil sands projects})] \times 2.291800$$

where

- A is the number of Class 1 oil sands projects approvals held by the operator;
- B is the fixed amount selected from Table A which corresponds to the applicable production range from Table A that contains the total bitumen volumes produced in the base year by the operator's Class 1 oil sands projects;
- C is the variable rate selected from Table A which corresponds to the applicable production range from Table A that contains the total bitumen volumes produced in the base year by the operator's Class 1 oil sands projects.

(4.1) Repealed AR 164/2020 s5.

(5) The administration fee payable by an operator of one or more Class 2 approved oil sands projects is the amount calculated in accordance with the following formula:

Fee for Class 2 = [(A x \$5000) + B + (C x total bitumen volumes produced in the base year by the operator's Class 2 oil sands projects)] x 2.023116

where

- A is the number of Class 2 oil sands projects approvals held by the operator;
- B is the fixed amount selected from Table A which corresponds to the applicable production range from Table A that contains the total bitumen volumes produced in the base year by the operator's Class 2 oil sands projects;
- C is the variable rate selected from Table A which corresponds to the applicable production range from Table A that contains the total bitumen volumes produced in the base year by the operator's Class 2 oil sands projects.

(5.1) Repealed AR 164/2020 s5.

(6) The administration fee payable by an operator of one or more Class 3 approved oil sands projects is the amount, in respect of each project, calculated in accordance with the following formula:

Fee for Class 3 project = [\$5000 + A + (B x C)] x 5.299832

where

- A is the fixed amount selected from Table A which corresponds to the applicable production range from Table A that contains the amount that is determined by dividing the difference between the maximum amount of bitumen volumes that may be produced by the project in the base year under the approval and the volumes that were actually produced by the age of the approval or the most recent amended approval, calculated from the date of issuance to December 31 of the base year and rounded up to a full year (but if the bitumen volumes produced exceed the maximum amount that may be produced, A is \$5000);
- B is the variable rate selected from Table A which corresponds to the applicable production range from Table A that contains the amount that is determined by dividing the difference between the maximum amount of bitumen volumes that may be produced by the project in the base year under the approval and the volumes that were actually produced by the age of the approval or the most recent amended approval, calculated from the date of issuance to December 31 of the base year and rounded up to a full year (but if the project did not produce any

bitumen in the base year or if the bitumen volumes produced exceed the maximum amount that may be produced, B is 0);

- C is the amount determined by dividing the difference between the maximum amount of bitumen volumes that may be produced by the project in the base year under the approval and the volumes that were actually produced by the age of the approval or the most recent amended approval, calculated from the date of issuance to December 31 of the base year and rounded up to a full year.

(6.1) Repealed AR 164/2020 s5.

(7) The administration fee payable by an operator of one or more Class 4 approved oil sands projects is the amount calculated in accordance with the following formula:

Fee for Class 4 = [(A x \$10 000) + B + (C x total bitumen volumes produced in the base year by the operator's Class 4 oil sands projects)] x 0.636310

where

- A is the number of Class 4 oil sands project approvals held by the operator;
- B is the fixed amount selected from Table B which corresponds to the applicable production range from Table B that contains the total bitumen volumes produced in the base year by the operator's Class 4 oil sands projects;
- C is the variable rate selected from Table B which corresponds to the applicable production range from Table B that contains the total bitumen volumes produced in the base year by the operator's Class 4 oil sands projects.

(7.1) Repealed AR 164/2020 s5.

(8) The administration fee payable by an operator of one or more Class 5 approved oil sands projects is the amount, in respect of each project, calculated in accordance with the following formula:

Fee for Class 5 project = [\$10 000 + A + (B x C)] x 3.489996

where

- A is the fixed amount selected from Table B which corresponds to the applicable production range from Table B that contains the amount that is determined by dividing

the difference between the maximum amount of bitumen volumes that may be produced by the project in the base year under the application or approval and the volumes that were actually produced by the age of the approval, the most recent amended approval or the most recent application for an amendment to the approval, calculated from the date of issuance to December 31 of the base year and rounded up to a full year (but if the bitumen volumes produced exceed the maximum amount that may be produced, A is \$2500);

- B is the variable rate selected from Table B which corresponds to the applicable production range from Table B that contains the amount that is determined by dividing the difference between the maximum amount of bitumen volumes that may be produced in the base year under the application or approval and the volumes that were actually produced by the age of the approval, the most recent amended approval or the most recent application for an amendment to the approval, calculated from the date of issuance to December 31 of the base year and rounded up to a full year (but if the project did not produce any bitumen in the base year or if the bitumen volumes produced exceed the maximum amount that may be produced, B is 0);
- C is the amount determined by dividing the difference between the maximum amount of bitumen volumes that may be produced by the project in the base year under the application or approval and the volumes that were actually produced by the age of the approval, the most recent amended approval or the most recent application for an amendment to the approval, calculated from the date of issuance to December 31 of the base year and rounded up to a full year.

(8.1) Repealed AR 164/2020 s5.

AR 70/2019 s5;163/2019 ;164/2020

Notice

6(1) A notice of an administration fee determined under these Rules must be mailed to each person who was, according to the records of the Regulator, an operator on the prescribed date of one or more wells, one or more coal mines or one or more oil sands projects.

(2) A notice under this section must

- (a) contain or be accompanied with a copy of these Rules,

- (b) set out, in respect of each class of wells, coal mines and oil sands projects, a brief description of the wells, coal mines and oil sands projects of which the person to whom the notice is given was the operator on the prescribed date according to the records of the Regulator,
- (c) set out the amount of the administration fee in respect of each well, coal mine and oil sands project described in the notice, and
- (d) contain a demand for the payment of the total amount of the administration fees.

(3) A notice under this section is sufficiently given if it is mailed to the person referred to in subsection (1) at that person's address in Alberta according to the records of the Regulator at the time of mailing.

(4) If a notice is given in accordance with subsections (1) to (3) but it is later determined in an appeal under section 8 or in an action under section 9 that the person to whom the notice was given was not the operator on the prescribed date of a well, coal mine or oil sands project described in the notice, the Regulator may give a notice that complies with subsection (2) to the person, if any, who was determined in the appeal or in the action to have been the operator of the well, coal mine or oil sands project on the prescribed date.

(5) If the Regulator determines, otherwise than as a result of an appeal under section 8, that a notice has been given under subsection (1) or (4) to any person in error or that the amount of the administration fee set out in the notice is incorrect, the Regulator may withdraw the notice and issue a corrected notice in its place.

Penalty

7(1) The administration fee set out in the notice must be paid by the operator within 30 days of the mailing date shown on the notice unless the Regulator otherwise directs.

(2) Any administration fee or part of the fee not paid within 30 days of the mailing date shown on the notice is subject to the addition of a penalty of 20% of the unpaid administration fee unless the Regulator otherwise orders.

(3) Where an operator appeals, in accordance with section 8, the penalty set out in subsection (2) must be calculated on the basis of the amount for which the operator is found liable on appeal and the administration fee and penalty is payable immediately on the disposition of the appeal.

AR 70/2019 s7;163/2019

Appeal

8(1) A person to whom a notice is given under section 6 may appeal to the Regulator by serving on the Regulator a Notice of Appeal within 30 days of the mailing date shown on the notice on any one or more of the following grounds:

- (a) that the person was not the operator on the prescribed date of any of the wells, coal mines or oil sands projects described in the notice or of any particular wells or oil sands projects described in the notice;
- (b) that the administration fee set out in the notice for one or more of the wells, coal mines or oil sands projects is incorrect;
- (c) on any other grounds that the Regulator considers proper.

(2) The Regulator shall hear an appeal on grounds set out in subsection (1)(a) or (b) and may hear an appeal on any other grounds the Regulator considers proper.

(3) The Notice of Appeal must be signed by the appellant and must set out the name of the appellant, the name of the agent, if any, of the appellant, the grounds and particulars of the appeal and the address to which all further correspondence concerning the appeal must be mailed.

(4) The Notice of Appeal must be served on the Regulator at the Regulator's Calgary office no later than 4:00 p.m. on the last day for receipt of appeals, and appeals received after that time may be heard by the Regulator in its discretion.

(5) Within 60 days from the day for receipt of appeals, the Regulator shall send to the appellant a Notice of Hearing.

(6) On the date set out in the Notice of Hearing, the Regulator shall hear the appeal and may decide the appeal at that time or defer its decision.

(7) The Regulator may conduct the hearing orally, including by telephone, or in writing.

Recovery of fees

9(1) Any administration fees and penalties owing to the Regulator under these Rules may be recovered by the Regulator in an action in debt against the person liable to pay it.

(2) If a notice is given in accordance with section 6 and, in respect of any well, coal mine or oil sands project described in the notice,

- (a) no appeal is taken to the Regulator under these Rules by the person to whom the notice is given within the time prescribed, or
- (b) the appeal is not prosecuted with reasonable speed or is later discontinued or abandoned or is dismissed by the Regulator,

that person is, subject to subsection (3), estopped from denying that the person was the operator of the well, coal mine or oil sands project on the prescribed date in an action by the Regulator under this section for the recovery of the administration fee imposed in respect of that well, coal mine or oil sands project.

(3) If the defendant in an action under this section had previously appealed to the Regulator under these Rules or any predecessor of these Rules on the ground that the defendant was not, on the prescribed date, the operator of the well, coal mine or oil sands project concerned and the Regulator after hearing evidence relating to that ground made a finding that the defendant was the operator on the prescribed date, subsection (2) does not apply, but the burden is on the defendant to prove that the defendant was not the operator of the well, coal mine or oil sands project concerned on the prescribed date.

(4) The defendant in an action under subsection (1) may join as a co-defendant any person the defendant claims was the operator on the prescribed date of the well, coal mine or oil sands project concerned and, in that event, the court may, if it upholds the claim, give judgment against that co-defendant for the amount of the administration fees and penalties owing by that co-defendant.

Liability for payment

10 If the operator who is liable for an administration fee

- (a) was not the operator on the prescribed date of any of the wells, coal mines or oil sands projects described in the notice or of any particular wells, coal mines or oil sands projects, or
- (b) is no longer in Alberta, has become bankrupt or insolvent, is no longer carrying on business in Alberta, refuses to pay or does not pay,

the liability for the payment of the administration fee is on the person who was the licensee of the well or coal mine or holder of the approval under the *Oil Sands Conservation Act* for the project, as the case may be, on the prescribed date.

Expiry

11 For the purpose of ensuring that these Rules are reviewed for ongoing relevancy and necessity, with the option that they may be repassed in their present or an amended form following a review, these Rules expire on December 31, 2021.

AR 70/2019 s11;163/2019

Table A**Production Range (m3)**

| Minimum | Maximum | Fixed Amount (\$) | Variable rate |
|----------------|----------------|------------------------------|----------------------|
| 0 | 4999 | 5000 | 0 |
| 5000 | 19 999 | 5000 | 0.5000 |
| 20 000 | 49 999 | 9000 | 0.3000 |
| 50 000 | 349 999 | 15 000 | 0.1800 |
| 350 000 | 2 499 999 | 50 000 | 0.0800 |
| 2 500 000 | 4 999 999 | 100 000 | 0.0600 |
| 5 000 000 | 9 999 999 | 200 000 | 0.0400 |
| 10 000 000 | 19 999 999 | 380 000 | 0.0220 |
| 20 000 000 | 29 999 999 | 570 000 | 0.0125 |
| 30 000 000 | | 700 000 | 0.0100 |

Table B**Production Range (m3)**

| Minimum | Maximum | Fixed Amount (\$) | Variable rate |
|----------------|----------------|------------------------------|----------------------|
| 0 | 4999 | 2500 | 0 |
| 5000 | 19 999 | 2500 | 0.4000 |
| 20 000 | 49 999 | 6250 | 0.2125 |
| 50 000 | 349 999 | 10 000 | 0.1375 |
| 350 000 | 2 499 999 | 25 000 | 0.0946 |
| 2 500 000 | 4 999 999 | 65 000 | 0.0786 |
| 5 000 000 | 9 999 999 | 125 000 | 0.0666 |
| 10 000 000 | 19 999 999 | 200 000 | 0.0591 |
| 20 000 000 | 29 999 999 | 325 000 | 0.0529 |
| 30 000 000 | | 500 000 | 0.0471 |



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