

DECEMBER 30, 2000

INFORMATION LETTER 2000-37

**SUBJECT: PETROLEUM ROYALTY REGULATION, A.R. 248/90, AS AMENDED
PRICES AND FACTORS - FEBRUARY 2001 PRODUCTION MONTH**

This Information Letter provides the various prices, factors, and "R" multipliers for oil necessary to determine the royalty volume payable to the Crown.

Select Price

The annual inflation adjustment for 2001 select prices is based on the change in the GDP implicit price index between the third quarter of 1999 and the third quarter of 2000. As a result of the new release schedule for par prices, this calculation is required before GDP data for the third quarter of 2000 is available. Therefore, the inflation adjustment for January 2001 select prices will be based on the change between the second quarter of 1999 and the second quarter of 2000. Beginning in February 2001, the 2001 select price will be adjusted for the year-over third quarter change in GDP. To maintain certainty, January 2001 select prices will not be revised to match 3rd quarter changes.

Royalty Factors

At industry's request, the non-IPL (Westcoast Initiative) is suspended. As a result, there are no related increases in the "R" multipliers.

Crude Oil Calculation Data

This information is also available through the Hot Line in Calgary at (403) 297-5430 and on Internet at <http://www.resdev.gov.ab.ca/room/updates/letters/2000/index.htm>.

Requests for further information may be directed to:

Leader, Oil Business Unit
Oil Development Division
Alberta Department of Resource Development
9th Floor, North Petroleum Plaza
9945 - 108 Street
Edmonton AB T5K 2G6
Attention: Jane Clerk
Telephone: (780) 427-3309

Jane Clerk
Leader, Oil Business Unit

Attachment

CALCULATION OF PAR PRICE

Non-Heavy for February 2001	(C\$/m³)
January Contract Month Average of Edmonton Postings	303.03
January Contract Month Average Nymex WTI	303.12
January Contract Month Average Trans. Diff. Edmonton to Chicago	-8.51
Average Field Quality Adjustment	2.62
Average Transportation Cost From Field	5.88
February Non-Heavy Par Price Formula	
(0.3 x Edm Post.) + [0.7 x (Nymex WTI +Trans. Diff.)] - Average Field Qual Adjustment. - Average Field Transportation Cost	
(0.3 x 303.03) + [0.7 x (303.12-8.51)] - 2.62 - 5.88 = (Note: Numbers may not add due to rounding.)	288.63

Heavy for February 2001	(C\$/m³)
January Contract Month Koch Bow River @ Hardisty Posting	187.34
January Contract Month Cenex Bow River @ Hardisty Posting	186.19
Average of Postings (Cenex and Koch Bow River @ Hardisty)	186.76
Average Field Quality Adjustment	21.23
Average Transportation Cost From Field	5.59
February Heavy Par Price Formula	
Average of Postings - Average Field Quality Adjustment - Average Field Transportation Cost	
186.76 - 21.23 - 5.59 = (Note: Numbers may not add due to rounding.)	159.94



RESOURCE DEVELOPMENT

Petroleum Plaza - North Tower, 9945 - 108 Street Edmonton AB T5K 2G6
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**CRUDE OIL ROYALTY CALCULATION DATA TABLE
NON-HEAVY 2001**

MONTH	PAR PRICE	SELECT PRICE			ROYALTY FACTORS			"R" MULTIPLIERS		
		\$/M3	OLD	NEW	THIRD TIER	OLD	NEW	THIRD TIER	OLD	NEW
JAN	310.20	27.77	88.49	127.01	2.745813	2.798250	2.539986	3.500000	3.000000	2.500000
FEB	288.63	27.84	88.70	127.32	2.766881	2.887311	2.683932	3.500000	3.000000	2.500000
MAR										
APR										
MAY										
JUN										
JUL										
AUG										
SEP										
OCT										
NOV										
DEC										

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*See other side for Heavy Factors.



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**CRUDE OIL ROYALTY CALCULATION DATA TABLE
HEAVY 2001**

MONTH	PAR PRICE	SELECT PRICE			ROYALTY FACTORS			"R" MULTIPLIERS		
		OLD	NEW	THIRD TIER	OLD	NEW	THIRD TIER	OLD	NEW	THIRD TIER
	\$/M3									
JAN	180.92	27.77	59.68	127.01	2.953314	2.984494	3.000000	3.500000	3.000000	1.893931
FEB	159.94	27.84	59.83	127.32	3.000000	3.000000	3.000000	3.477804	2.877767	1.611854
MAR										
APR										
MAY										
JUN										
JUL										
AUG										
SEP										
OCT										
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