



Province of Alberta

MINES AND MINERALS ACT

BITUMEN VALUATION METHODOLOGY (MINISTERIAL) REGULATION

Alberta Regulation 232/2008

With amendments up to and including Alberta Regulation 202/2019

Current as of December 10, 2019

Office Consolidation

© Published by Alberta Queen's Printer

Alberta Queen's Printer
Suite 700, Park Plaza
10611 - 98 Avenue
Edmonton, AB T5K 2P7
Phone: 780-427-4952
Fax: 780-452-0668

E-mail: qp@gov.ab.ca
Shop on-line at www.qp.alberta.ca

Copyright and Permission Statement

Alberta Queen's Printer holds copyright on behalf of the Government of Alberta in right of Her Majesty the Queen for all Government of Alberta legislation. Alberta Queen's Printer permits any person to reproduce Alberta's statutes and regulations without seeking permission and without charge, provided due diligence is exercised to ensure the accuracy of the materials produced, and Crown copyright is acknowledged in the following format:

© Alberta Queen's Printer, 20__.*

*The year of first publication of the legal materials is to be completed.

Note

All persons making use of this consolidation are reminded that it has no legislative sanction, that amendments have been embodied for convenience of reference only. The official Statutes and Regulations should be consulted for all purposes of interpreting and applying the law.

(Consolidated up to 202/2019)

ALBERTA REGULATION 232/2008

Mines and Minerals Act

**BITUMEN VALUATION METHODOLOGY
(MINISTERIAL) REGULATION**

Table of Contents

- 1 Interpretation
- 2 Hardisty Bitumen Price
- 3 BVM Blend volume
- 4 BVM Dilbit Value
- 5 Transportation Allowance
- 7 Coming into force

Interpretation

1(1) In this Regulation,

- (a) “dilbit” means a blend of heavy crude oil or cleaned crude bitumen mixed with diluent in order to meet pipeline viscosity and density specifications, where the density of the diluent included in the blend is less than 800 kg/m³;
- (b) “dilbit fraction”, in respect of a month, means the ratio of the volume of dilbit received during the month at the Hardisty WCS blending facility over the aggregate of all volumes of dilbit and synbit received during the month at the facility;
- (c) “diluent” has the meaning given to it in the *Oil Sands Royalty Regulation, 2009* but
 - (i) in relation to dilbit, the diluent will usually be condensate, and
 - (ii) in relation to synbit, the diluent will usually be synthetic crude oil;
- (d) “Floor Price”, in respect of a month, means the Floor Price determined in accordance with subsection (6) for that month;

- (e) “four-month rolling average dilbit fraction”, in respect of a month, means the simple average of the dilbit fractions for the month and the 3 immediately preceding months;
- (f) “four-month rolling average synbit premium”, in respect of a month, means the simple average of the synbit premiums for the month and the 3 immediately preceding months;
- (g) “Hardisty WCS blending facility” means the terminal and related facilities located at Hardisty, Alberta and managed by Husky Energy Inc. at which WCS is produced;
- (h) “NQ”, in respect of a Project for a month or Period, means
 - (i) in the case of blended bitumen described in section 32(6)(a)(i) of the *Oil Sands Royalty Regulation, 2009*, the volume of cleaned crude bitumen contained in the volume of blended bitumen determined by deducting from the production quantity of the Project for the month or Period, respectively, of such blended bitumen, the third party disposition quantity of the Project for the month or Period, respectively, of such blended bitumen, or
 - (ii) in the case of cleaned crude bitumen described in section 32(6)(a)(ii) of the *Oil Sands Royalty Regulation, 2009*, the volume of the cleaned crude bitumen determined by deducting from the production quantity of the Project for the month or Period, respectively, of such cleaned crude bitumen, the third party disposition quantity of the Project for the month or Period, respectively, of such cleaned crude bitumen;
- (i) “Project CCB”, in respect of a Project for a month, means cleaned crude bitumen obtained pursuant to the Project and delivered at a royalty calculation point for the cleaned crude bitumen during the month, whether as part of blended bitumen or otherwise;
- (j) “synbit” means a blend of heavy crude oil or cleaned crude bitumen mixed with diluent in order to meet pipeline viscosity and density specifications, where the density of the diluent included in the blend is 800 kg/m³ or more;
- (k) “synbit premium”, in respect of a month, means the equalization premium paid for the month for crude bitumen based synbit over crude bitumen based dilbit

received during the month at the Hardisty WCS blending facility;

- (l) “WCS” means the blended crude oil called “Western Canadian Select” comprised mostly of cleaned crude bitumen and diluent;
- (m) “WCS index”, in respect of a month, means the amount calculated as the WCS index for the month pursuant to subsection (3) or the amount otherwise specified under subsection (4).

(2) Sections 1, 2, 3, 6, 32, 48 and 50 of the *Oil Sands Royalty Regulation, 2009* and Division 2 of Part 2 of the *Oil Sands Allowed Costs (Ministerial) Regulation* apply in respect of this Regulation unless otherwise specified in this Regulation or otherwise required by the context or by necessary implication.

(3) Subject to subsection (4) and unless the Minister specifies otherwise in any particular case,

- (a) the density of Project CCB reported to the Minister by the operator of the Project shall be as measured by the operator of the Project in accordance with section 6 of the *Oil Sands Royalty Regulation, 2009*,
- (b) the following amounts referred to in this Regulation shall be as reported for each month to the Minister by Canadian Natural Resources Limited as the representative for the WCS founders which include, in addition to Canadian Natural Resources Limited, Talisman Energy Inc., Petro-Canada and EnCana Corporation and their respective successors and assignees:
 - (i) the four-month rolling average dilbit fraction;
 - (ii) the four-month rolling average synbit premium;
 - (iii) the WCS density as defined in section 3(4),
- (c) the WCS index for each month shall be the weighted average, based on trading volumes, of the “WCS-WTI” index published by Natural Gas Exchange Inc. for that month, and the “WCS” index published by Net Energy Inc. for that month, as calculated by the Minister,
- (d) the following shall be as determined for each month by the Equalization Steering Committee and as published on the website of the Canadian Association of Petroleum Producers:

- (i) the Condensate Allowance Price;
 - (ii) the Condensate (CRW) Density,
- (e) the daily Mexico Maya Spot Price FOB at the U.S. Gulf Coast shall be as published by Argus Media Inc.,
- (f) the Brent price for a month shall be the simple average of the Brent prices for the trading days of the current month expressed in U.S. dollars, where
- (i) the Brent price for a trading day is the settlement price for the day of the prompt month contract of the Brent crude futures as traded on the Intercontinental Exchange (ICE), and
 - (ii) a trading day is a day during which a prompt month contract referred to in subclause (i) is traded on the Intercontinental Exchange (ICE),

and

- (g) the WTI price for a month shall be the simple average of the WTI prices for the trading days of the current month expressed in U.S. dollars, where
- (i) the WTI price for a trading day is the settlement price for the day of the prompt month contract West Texas Intermediate crude futures as traded on NYMEX, and
 - (ii) a trading day is a day during which a prompt month contract referred to in subclause (i) is traded on NYMEX.

(4) In respect of any item referred to in subsection (3) that is reported to the Minister or published, and in respect of a daily actual USD/CAD (noon) exchange rate referred to in subsection (5)(b) that is published by the Bank of Canada, the Minister may, by order, specify

- (a) a value for the item or rate, if the value for that item or rate is not available in time for the calculation of the Hardisty Bitumen Price for a month, or
- (b) an alternative to the item or rate, if the Minister is of the opinion that the item or rate has ceased to be appropriate in relation to how it is used in this Regulation, or if the item or rate ceases to be so reported or published,

and the specified value or alternative shall be used in lieu of the item or rate for the purposes of this Regulation.

(5) The simple average of the daily Mexico Maya Spot Prices FOB at the U.S. Gulf Coast for a month referred to in subsection (3)(e), the Brent price for a month referred to in subsection (3)(f), the WTI price for a month referred to in subsection (3)(g), the synbit premium for a month and the BVM Dilbit Value for a month referred to in section 4(1) shall be converted from U.S. dollars per barrel to Canadian dollars per m³, using

- (a) a conversion factor of 6.29234 barrels per m³, and
- (b) the simple average of the daily actual USD/CAD (noon) exchange rates for the month published by the Bank of Canada, rounded to 5 decimal places.

(6) The Floor Price for a month is to be determined as the greater of

- (a) \$10 per m³, and
- (b) the amount determined in accordance with the following formula:

$$\text{MMSP} - \$250 \text{ per m}^3 - A$$

where

MMSP is the simple average of the daily Mexico Maya Spot Prices FOB at the U.S. Gulf Coast for the month, expressed in Canadian dollars per m³, determined in accordance with subsections (3)(e) and (5);

A is the greater of \$0 per m³ and (BRENT – WTI);

BRENT is the Brent price for the month, expressed in Canadian dollars per m³, determined under subsections (3)(f) and (5);

WTI is the WTI price for the month, expressed in Canadian dollars per m³, determined under subsections (3)(g) and (5).

AR 232/2008 s1;341/2009;38/2017

Hardisty Bitumen Price

2 The Hardisty Bitumen Price for a Project for a month for the purposes of section 32(6)(a) of the *Oil Sands Royalty Regulation, 2009* is the greater of

- (a) the Floor Price, and
- (b) the price determined for the month in accordance with the following formula:

$$\text{HBP} = [\text{QBVM Blend} \times \text{BVM Dilbit Value}] - [\text{QBVM Diluent} \times \text{CRWP}] - \text{QA}$$

where

HBP	is the Hardisty Bitumen Price for the Project for the month;
QBVM Blend	is the BVM Blend volume for the Project for the month determined under section 3;
BVM Dilbit Value	is the BVM Dilbit Value for the month determined under section 4;
QBVM Diluent	is the BVM Diluent volume for the Project for the month determined under section 3(2);
CRWP	is the amount determined as the Condensate Allowance Price for the month;
QA	is a deemed quality adjustment in the amount of \$4.34171 per m ³ in respect of each month from January, 2017 to December, 2021, inclusive, and in the amount of \$0 per m ³ in respect of January, 2022 and each month thereafter.

AR 232/2008 s2;38/2017;202/2019

BVM Blend volume

3(1) For each cubic metre of Project CCB, the BVM Blend volume for a Project for a month for the purposes of section 2 is the volume of blended bitumen produced by blending one cubic metre of Project CCB obtained during the month with the BVM Diluent volume for the Project for the month determined in accordance with subsection (2).

(2) For each cubic metre of Project CCB, the BVM Diluent volume for the purposes of subsection (1) is the volume of condensate having a density equal to the Condensate (CRW) Density for the month that must be blended with one cubic metre of Project CCB in order for the density of the resulting blended bitumen to be equal to the BVM Dilbit density determined for the month in accordance with subsection (4).

(3) The BVM Blend volume referred to in subsection (1) shall be calculated in accordance with chapter 12.3 of the Manual of Petroleum Measurement Standards published by the American Petroleum Institute.

(4) The BVM Dilbit density for a month is the amount determined in accordance with the following formula:

$$\text{BVMDD} = \text{WCS density} - \text{DDA}$$

where

BVMDD is the BVM Dilbit density for the month;

WCS density is the monthly volume weighted average density of all WCS delivered to pipelines during the month from the Hardisty WCS blending facility;

DDA is the dilbit density adjustment determined for the month in accordance with subsection (5).

(5) The dilbit density adjustment for a month is the amount determined in accordance with the following formula:

$$\text{DDA} = 12 \text{ kg/m}^3 \times [1 - \text{FMDF}]$$

where

DDA is the dilbit density adjustment for the month;

FMDF is the four-month rolling average dilbit fraction for the month.

AR 232/2008 s3;38/2017

BVM Dilbit Value

4(1) The BVM Dilbit Value for a month for the purposes of section 2 is the difference between

- (a) the WCS Settlement Price for the month determined under subsection (2), and

- (b) the BVM Dilbit Value adjustment for the month determined under subsection (3)

converted to Canadian dollars per m³.

(2) The WCS Settlement Price for a month is the sum of

- (a) the simple average of the WTI prices for the trading days of the month where
 - (i) the WTI price for a trading day is the closing price for the day of the prompt month contract of Light Sweet Crude Oil (CL1) as traded in NYMEX, and
 - (ii) a trading day is a day during which a prompt month contract referred to in subclause (i) is traded in NYMEX,

and

- (b) the WCS index for the month.

(3) The BVM Dilbit Value adjustment for a month is the product of

- (a) the four-month rolling average synbit premium for the month, and
- (b) the difference between
 - (i) 1, and
 - (ii) the four-month rolling average dilbit fraction for the month.

AR 232/2008 s4;38/2017

Transportation Allowance

5(1) In this section,

- (a) “aggregate transportation rate”, in respect of a removal pipeline of a Project, means, for a month,
 - (i) the transportation rate for the month determined under subsection (3), (5) or (6), as the case may be, for the removal pipeline, where the removal pipeline is a single pipeline, or
 - (ii) the sum of the transportation rates for the month determined under subsection (3), (5) or (6), as the case may be, for each pipeline that comprises a part of the removal pipeline, where the removal pipeline

is comprised of a series of 2 or more connected pipelines;

- (a.1) “delivery terminalling charges” means any fees, charges, surcharges or tariffs paid or payable, or any costs incurred or that would be incurred, expressed in dollars per m³, to provide delivery terminalling or delivery tankage that is used only after transmission of oil sands products or diluent on a pipeline has been completed;
- (b) “diluent pipeline”, in respect of a Project for a month, means a pipeline, if any, that is capable of transporting diluent to a place on or near the Project lands during the month from another point on or near the route of the removal pipeline of the Project for the month, but does not include such a pipeline for a month during which a pipeline described in subsection (5)
 - (i) is the removal pipeline of the Project for the month, or
 - (ii) is a part of the removal pipeline of the Project for the month and is capable of taking delivery of crude bitumen at a place on or near the Project lands;
- (c) “end”, in respect of a pipeline that is the whole or a part of a removal pipeline of a Project, means the point on the pipeline closest to Hardisty, Alberta or Edmonton, Alberta, as the case may be;
- (c.1) “first instance of receipt terminalling charges” means, in respect of a removal pipeline, the receipt terminalling charges, expressed in dollars per m³, that first arise from transportation along the removal pipeline after a royalty calculation point for an oil sands product recovered from the Project;
- (c.2) “other transportation charges” means any fees, charges, surcharges or tariffs paid or payable, or any costs incurred or that would be incurred, expressed in dollars per m³, in relation to a transportation service on a pipeline, other than
 - (i) delivery terminalling charges,
 - (ii) receipt terminalling charges, and
 - (iii) fees, charges, surcharges or tariffs paid, or costs incurred, that are attributable solely to the transmission or movement of oil sands products or diluent along a pipeline,

and, for greater certainty, includes any fees, charges, surcharges or tariffs paid or payable, or any costs incurred or to be incurred, to provide tankage or storage for a period exceeding 5 days;

(c.3) “receipt terminalling charges” means any fees, charges, surcharges or tariffs paid, or any costs incurred, expressed in dollars per m³, that in the Minister’s opinion

(i) are in respect of

(A) receipt terminalling other than receipt tankage,
or

(B) receipt tankage of no more than 5 days,

or both, and

(ii) are used to allow the receipt of oil sands products or diluent onto a pipeline,

but does not include any fees, charges, surcharges or tariffs paid, or any costs incurred, that are solely attributable to the transmission of oil sands products or diluent along a pipeline;

(d) “removal pipeline”, in respect of a Project, means each pipeline or, except in section 5(2.1)(a), each series of 2 or more connected pipelines, that is capable of transporting cleaned crude bitumen, or oil sands products obtained from cleaned crude bitumen, from a place on or near the Project lands to a point at or near Hardisty, Alberta or Edmonton, Alberta, regardless of

(i) whether the cleaned crude bitumen to be transported would be transported as part of blended bitumen or otherwise, and

(ii) whether the oil sands products so obtained and to be transported are obtained at one or more processing plants located on or near the route of the pipeline or series of pipelines, as the case may be, between the royalty calculation point of the Project for cleaned crude bitumen and the point at or near Hardisty, Alberta or Edmonton, Alberta;

(e) “removal pipeline of the Project for the month” means the removal pipeline of the Project that has for a month the lowest aggregate transportation rate relative to any other removal pipeline of the Project;

- (f) “take or pay contract” means a contract under which the lessee or operator of a Project is obligated to pay the owner or operator of a pipeline a specified amount for transportation services regardless of whether the services, volumes, or capacity available under the contract are used fully or at all;
- (g) “tariff” means a tariff determined in accordance with the applicable provisions of this section;
- (h) “terminalling allowance” means an allowance determined in accordance with subsection (1.2).

(1.1) Where the transportation service provided in respect of a pipeline that is the whole or part of a removal pipeline would, if obtained by the lessee or operator of the Project, be obtained

- (a) pursuant to an arm’s length transaction, the Minister shall, subject to subsection (1.4), determine the tariff for the transportation service to be an amount equivalent to the transmission toll paid or incurred, expressed in dollars per m³, setting out the charges for transportation service on the pipeline, as recalculated by the Minister in order to
 - (i) include an amount for the first instance of receipt terminalling charges, if any, but only if the first instance of receipt terminalling charges
 - (A) is not already included in the transmission toll, and
 - (B) has been charged in connection with the transportation service on the pipeline,and
 - (ii) exclude, regardless of whether they are included in the transmission toll or charged separately,
 - (A) all delivery terminalling charges,
 - (B) all receipt terminalling charges, other than the first instance of receipt terminalling charges, and
 - (C) all other transportation charges,
- or
- (b) pursuant to a non-arm’s length transaction,

- (i) if in the Minister's opinion the pipeline is commissioned on or before December 31, 2016, the Minister shall determine the tariff for the transportation service to be an amount, expressed in dollars per m³, that is equivalent to the amount determined under Division 2 of Part 2 of the *Oil Sands Allowed Costs (Ministerial) Regulation* (AR 231/2008) as the cost of transportation service on the pipeline, as recalculated by the Minister in order to
- (A) include amounts related to capital additions, if any, commissioned on or after January 1, 2017 to the pipeline, but only if the capital additions provide a service that in the Minister's opinion would, if obtained by the lessee or operator of the Project in an arm's length transaction, give rise exclusively to the first instance of receipt terminalling charges or to fees, charges, surcharges, tariffs or costs that are attributable solely to the transmission or movement of oil sands products along the pipeline, and include all amounts related to the operation of those capital additions, and
 - (B) exclude all amounts related to capital additions commissioned on or after January 1, 2017 to the pipeline that provide any service that in the Minister's opinion would, if obtained by the lessee or operator of the Project in an arm's length transaction, not give rise exclusively to the first instance of receipt terminalling charges or to fees, charges, surcharges, tariffs or costs that are attributable solely to the transmission or movement of oil sands products along the pipeline, and exclude all amounts related to the operation of those capital additions,
- or
- (ii) if in the Minister's opinion the pipeline is commissioned on or after January 1, 2017, the Minister shall determine the tariff for the transportation service to be an amount, expressed in dollars per m³, that is equivalent to the amount determined under Division 2 of Part 2 of the *Oil Sands Allowed Costs (Ministerial) Regulation* (AR 231/2008) as the cost of transportation service on the pipeline, as recalculated by the Minister in order to

- (A) include the terminalling allowance established under subsection (1.2), but only if
 - (I) all amounts related to assets, if any, that provide a service that would otherwise give rise to the first instance of receipt terminalling charges as described in paragraph (B), and all amounts related to the operation of those assets, are excluded under paragraph (B), and
 - (II) the assets in relation to which an amount is excluded under paragraph (B) are in use in respect of the pipeline and do not form part of the description of the Project,

and

- (B) exclude all amounts related to assets that provide any service that in the Minister's opinion would, if obtained by the lessee or operator of the Project in an arm's length transaction, give rise in any respect to delivery terminalling charges, first instance of receipt terminalling charges, receipt terminalling charges or other transportation charges, and all amounts related to the operation of those assets.

(1.2) For the purposes of determining a tariff under subsection (1.1)(b)(ii), the Minister may, by order, establish from time to time with respect to any month a terminalling allowance, but where the pipeline for which the tariff is being determined is part of a series of 2 or more connected pipelines that comprise a removal pipeline, the terminalling allowance may be included under subsection (1.1)(b)(ii) in respect of only one pipeline in the series for that month.

(1.3) For the purposes of determining a tariff referred to in subsection (8)(a), where the transportation service provided in respect of the diluent pipeline would, if obtained by the lessee or operator of the Project, be obtained

- (a) pursuant to an arm's length transaction, the Minister shall, subject to subsection (1.4), determine the tariff for the transportation service to be an amount, expressed in dollars per m³, that is equivalent to the transmission toll paid or incurred for transportation service on the pipeline, as recalculated by the Minister in order to exclude all amounts related to or arising from delivery terminalling charges, receipt terminalling charges or other transportation charges, regardless of whether those

charges are included in the transmission toll or charged separately, or

- (b) pursuant to a non-arm's length transaction,
 - (i) if in the Minister's opinion the pipeline is commissioned on or before December 31, 2016, the Minister shall determine the tariff for the transportation service to be an amount, expressed in dollars per m³, that is equivalent to the amount determined under Division 2 of Part 2 of the *Oil Sands Allowed Costs (Ministerial) Regulation* (AR 231/2008) as the cost of transportation service on the pipeline, as recalculated by the Minister in order to exclude
 - (A) all amounts related to capital additions commissioned on or after January 1, 2017 to the pipeline that provide any service that in the Minister's opinion would, if obtained by the lessee or operator of the Project in an arm's length transaction, give rise in any respect to delivery terminalling charges, receipt terminalling charges or other transportation charges, and
 - (B) all amounts related to the operation of those capital additions,

or

- (ii) if in the Minister's opinion the pipeline is commissioned on or after January 1, 2017, the Minister shall determine the tariff for the transportation service to be an amount, expressed in dollars per m³, that is equivalent to the amount determined under Division 2 of Part 2 of the *Oil Sands Allowed Costs (Ministerial) Regulation* (AR 231/2008) as the cost of transportation service on the pipeline, as recalculated by the Minister in order to exclude
 - (A) all amounts related to assets that provide any service that in the Minister's opinion would, if obtained by the lessee or operator of the Project in an arm's length transaction, give rise in any respect to delivery terminalling charges, receipt terminalling charges or other transportation charges, and

- (B) all amounts related to the operation of those assets.

(1.4) In determining a tariff and expressing it in dollars per m³ under subsections (1.1)(a) and (1.3)(a), if the pipeline for which the tariff is being determined is subject to a take or pay contract, the volume shipped on the pipeline for a month shall be considered to be an amount equivalent to

- (a) the minimum volume for which the lessee or operator of the Project is obligated to provide payment for that month under the take or pay contract, in cases where the operator ships the minimum volume or less,
- (b) the minimum volume which the lessee or operator of the Project is obligated to provide payment for that month under the take or pay contract, plus any additional volumes shipped under the take or pay contract, in a case where the operator ships more than the minimum volume, or
- (c) the design capacity of the pipeline, in cases where no minimum volume for which the lessee or operator of the Project is obligated to provide payment for that month under the take or pay contract is specified.

(2) Subject to subsections (2.1) and (2.2), the transportation allowance for a Project for a month for cleaned crude bitumen referred to in section 32(6)(a)(i) and (ii) of the *Oil Sands Royalty Regulation, 2009* is the sum of

- (a) the aggregate transportation rate for the month for the removal pipeline of the Project for the month, and
- (b) the transportation rate determined under subsection (8) or (9) for the month for the diluent pipeline, if any, for the Project for the month.

(2.1) If the Minister is of the opinion that

- (a) a Project is served by more than one removal pipeline and that each of those removal pipelines consists of a single pipeline that originates from a place on or near the Project and continues to a point at or near Hardisty, Alberta or Edmonton, Alberta,
- (b) the Project CCB of the Project is contained in a single oil sands product recovered from the development area of the Project, and

- (c) all of the volume of the single oil sands product recovered from the development area of the Project and transported during a month can be accounted for as having been transported on the removal pipelines referred to in clause (a),

then the transportation allowance for the Project for the month referred to in clause (c) is to be determined under subsection (2.2).

(2.2) The transportation allowance for a month for a Project to which subsection (2.1) applies is the sum of

- (a) the average of the transportation rates for that month for the removal pipelines determined under subsection (3), (5) or (6), as the case may be, weighted according to the respective volumes of oil sands product recovered from the development area of the Project and transported on each removal pipeline during that month, and
- (b) the transportation rate determined under subsection (8) or (9) for the month for the diluent pipeline, if any, for the Project for that month.

(3) Subject to subsection (4), the transportation rate for a month of a pipeline that comprises the whole or a part of a removal pipeline of a Project and that transports dilbit or synbit is the amount determined in accordance with the following formula:

$$\frac{BRC + (.754 \times GRC)}{CCBQ}$$

where

BRC is the amount that would be charged under the tariff for the pipeline to transport during the month the volume of dilbit determined by multiplying the BVM Blend volume for the Project for the month determined under section 3 by the NQ for the Project for the month;

GRC is the amount that would be charged under the tariff for the pipeline to transport during the month the volume of dilbit equal to the volume of diluent that would be contained in the volume of dilbit referred to in the definition of BRC;

CCBQ is the NQ for the Project for the month.

(4) In determining the transportation rate for a month for a pipeline under subsection (3),

- (a) the transportation service capacity contracted for on the pipeline to transport the volumes of dilbit referred to in the definitions of BRC and GRC in subsection (3) shall be considered to be equal to the aggregate of those volumes, and
 - (b) GRC for the month is zero if the pipeline referred to in subsection (3) is the whole or a part of the removal pipeline of the Project for the month and there is a diluent pipeline for the Project for the month that is capable of transporting diluent during that month from a place at or near the end of the pipeline referred to in subsection (3) to a place on or near the Project lands.
- (5) The transportation rate for a month of a pipeline that comprises the whole or a part of a removal pipeline of a Project and that transports cleaned crude bitumen rather than dilbit or synbit is the amount determined by dividing

- (a) the amount that would be charged under the tariff for the pipeline to transport during the month the NQ for the Project for the month,

by

- (b) the NQ for the Project for the month.

(6) Subject to subsection (7), the transportation rate for a month of a pipeline that comprises the whole or a part of a removal pipeline of a Project and that transports synthetic crude oil is the amount determined in accordance with the following formula:

$$\frac{\text{TRC} + (.92 \times \text{DRC})}{\text{CCBQ}}$$

where

TRC is the amount that would be charged under the tariff for the pipeline to transport a volume of synthetic crude oil having a density of not less than 800 kg/m³ and not more than 875 kg/m³ and equal to the volume of dilbit determined by multiplying the BVM Blend volume for the Project for the month determined under section 3 by the NQ for the Project for the month;

DRC is the amount that would be charged under the tariff for the pipeline to transport a volume of synthetic crude oil meeting the density requirements specified in the definition of TRC and equal to the volume of

diluent that would be contained in the volume of dilbit referred to in the definition of TRC;

CCBQ is the NQ for the Project for the month.

(7) In determining the transportation rate for a month for a pipeline under subsection (6),

- (a) the transportation service capacity contracted for on the pipeline to transport the volumes of synthetic crude oil referred to in the definitions of TRC and DRC in subsection (6) shall be considered to be equal to the aggregate of those volumes,
- (b) the components of the tariff for the pipeline that vary according to the density of the synthetic crude oil transported on the pipeline shall be multiplied by a factor of 1.22, and
- (c) DRC for the month is zero if the pipeline referred to in subsection (6) is the whole or a part of the removal pipeline of the Project for the month and there is a diluent pipeline for the Project for the month that is capable of transporting diluent during that month from a place at or near the end of the pipeline referred to in subsection (6) to a place on or near the Project lands.

(8) Subject to subsection (9), the transportation rate for a month of the diluent pipeline for a Project for the month is the amount determined by dividing

- (a) the amount, if any, that would be charged under the tariff during the month for the diluent pipeline to transport the volume of diluent determined under subsection (8.1) to
 - (i) the Project, or
 - (ii) a blending facility specified by the Minister, if the Minister is of the opinion that the Project CCB for the month is blended with diluent at a blending facility located off Project lands in order to facilitate transport,

by

- (b) the NQ for the Project for the month.

(8.1) For the purposes of subsection (8)(a), the volume of diluent is to be determined by multiplying the NQ of the Project for the month by the BVM Diluent volume for the Project for the month determined under section 3(2).

(9) The transportation rate for a month of the diluent pipeline for the Project for the month is zero if the cost of transporting the volume of diluent referred to in subsection (8) on the pipeline during the month is included in the transportation rate determined under subsection (3) for a pipeline that is the whole or a part of the removal pipeline of the Project for the month.

AR 232/2008 s5;38/2017

6 Repealed AR 38/2017 s6.

Coming into force

7 This Regulation comes into force on January 1, 2009.



Printed on Recycled Paper 