

February 16, 2007

Expert panel to examine Alberta's royalty regime

Calgary... The Government of Alberta has assembled an independent panel of experts to examine the province's royalty and tax regime to ensure Albertans are receiving a fair share from energy development through royalties, taxes and fees. The review will focus on all aspects of the royalty system, including oilsands, conventional oil and gas, and coalbed methane.

"Albertans made it clear to me that a thorough and objective review of the royalty regime is a priority," said Premier Ed Stelmach. "Albertans must be confident that the royalty structure will meet the needs of the province as we work together to build a stronger Alberta."

Chaired by Bill Hunter, former president of AI-Pac with more than 30 years experience in the natural resource sector, the six-member Royalty Review Panel also includes experts in resource taxation and the royalty system. The panel will collect input from Albertans and key stakeholders. Beginning in April, the panel will host a series of public meetings in Calgary, Edmonton, Fort McMurray and Grande Prairie.

A final report with recommendations will be presented to the Minister of Finance by August 31.

"The government's goal is to ensure the royalty framework strikes the right balance," said Dr. Lyle Oberg, Minister of Finance. "We need to be certain that the royalty regime is providing Albertans with a fair return on the province's natural resources while maintaining an internationally competitive system that allows the Alberta economy to continue to prosper."

More information about the royalty review process will be available online. The website, which will be established in the coming weeks, will provide details about registering to make formal presentations, will post submissions made to the panel, and will allow individual Albertans to make online submissions. Submissions can also be made by faxing (403) 297-5238, e-mailing royaltyreview@gov.ab.ca, or mailing to Royalty Review Secretariat, 1100, 715 – 5th Ave SW, Calgary, AB, T2P 2X6. All submissions will be considered public information.

This review is one of the key actions under the Stelmach government's plan to build a stronger Alberta. Other priorities for the government are to govern with integrity and transparency, manage growth pressures, improve Albertans' quality of life, and provide safe and secure communities.

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Attachments: Backgrounders – royalty review terms of reference, review panel membership

Media enquiries may be directed to:

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Royalty Review Terms of Reference

An independent panel of experts will review all aspects of the oil and gas royalty system, including conventional and oilsands. The panel will also examine the tax regime faced by resource companies, including income tax and the freehold mineral rights tax levied on freehold mineral rights holders.

Terms of Reference

- The Premier has heard from Albertans and has given the Finance Minister the mandate to “conduct a public review to ensure Albertans are receiving a fair share from energy development through royalties, taxes and fees.”
- The Finance Minister is appointing an independent expert panel to consult with Albertans and provide recommendations for the government’s consideration. Some of the issues the Royalty Review Panel has been asked to consider:
 - How Alberta’s royalty system compares to other oil and gas producing jurisdictions, taking into account investment economics and industry returns and risks in Alberta.
 - Whether Alberta’s royalty system is sufficiently sensitive to market conditions.
 - Whether the current revenue minus cost system for oilsands royalties is optimal.
 - Which programs built into the existing royalty system should be retained or strengthened, and which should be adapted or eliminated.
 - How the tax treatment of the oil and gas sector compares to other sectors and jurisdictions.
 - The economic and fiscal impacts of any possible changes to the royalty and corporate tax structures.
 - How existing resource development should be treated if changes are to be made to the fiscal regime.

The panel will submit a report to the Finance Minister by August 31, 2007.

Consultation Framework

- The Royalty Review Panel will receive input from individual Albertans and key stakeholders. The panel will conduct a series of public meetings and also receive written submissions through a website, e-mail, fax or mail.
- All submissions will be considered public information.

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