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Macauley, George JAG:EX

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From: Macauley, George JAG:EX

Sent: 25 Nov 2014 15:33:05 -0800

To: Piccinino, Ines MNGD:EX

Cc: Turner, Geoff J MNGD:EX

Subject: Report for Steve Carr as discussed

Attachments: **S. 17**, **S. Royalty Report - 2014-NOV-25.pdf**, **S. 17**, **S Royalty Report - 2014-NOV-25.docx**

Ines:

I have completed my draft report for Steve Carr. The report summarizes my findings related to the **S. 17**. I have also made some comments about the 3 additional features that we discussed.

Would you like to provide to Steve or would you prefer that I provide directly?

I am available if you would like to discuss.

I have cc'd Geoff to close the loop, particularly if you are actually on holiday and unavailable.

Thanks,  
George

George Macauley  
Alternative email: office@macauley.ca  
(250) 812-8148

Macauley, George JAG:EX

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From: Macauley, George JAG:EX

Sent: 25 Nov 2014 16:33:49 -0800

To: Carr, Steve MNGD:EX

Cc: Piccinino, Ines MNGD:EX; Turner, Geoff J MNGD:EX

Subject: Report on Proposed Royalty Structure in Support of LNG Development

Attachments: s.17, s. Royalty Report - 2014-NOV-25.docx, s.17, s. Royalty Report - 2014-NOV-25.pdf

Steve:

Ines has asked that I forward the attached draft documents (MS Word and PDF versions of the same report) to you directly.

She has also indicated that a few things have evolved today. The assumptions that are incorporated into my report are those in place when the report was commissioned. I am available to process any additional or alternative runs that may be required and will be pleased to update or revise the report as required.

Thanks,  
George

George Macauley  
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(250) 812-8148

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Macauley, George JAG:EX

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From: Macauley, George JAG:EX

Sent: 12 Nov 2014 08:38:40 -0800

To: Turner, Geoff J MNGD:EX

Subject: Sensitivity of NPR Structure

Attachments: NPR Adjustment Analysis - 2014-NOV-12.docx, NPR Adjustment Analysis - 2014-NOV-12.pdf

Geoff:

I have undertaken the analysis that we discussed last week and have summarized in the attached reporting document. Please have a look at it and let me know if it addresses all the issues that you need. We have time before Friday if there is something additional.

Thanks,  
George

George Macauley  
Alternative email: office@macauley.ca  
(250) 812-8148

## **Impact of Adjusting Structure of the Net Profit Royalty**

### **I. Introduction**

This paper estimates the impact of alternative adjustments to the net profit royalty (NPR) mechanism set out in the Net Profit Royalty Regulation, B.C. Reg. 98/2008.

A production and cost scenario was previously developed for wells drilled on tenured land in the Liard Basin, and that scenario is the basis for the estimated impacts. A base case price forecast was also previously developed and two alternative price scenarios are presented in this paper with one 20% lower (Low) and one 50% higher (High) than the base case price forecast.

The results of applying the NPR mechanism to the base production and cost scenario and three price scenarios are set out in Table 1.

### **II. Adjustments to NPR Structure**

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### **III. Base Case Results**

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