

Royalty Payments

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Collection of Royalty Moneys by IOGC on Behalf of First Nations

IOGC collects all royalty moneys on behalf of First Nations and transfers the moneys into trust fund accounts that are administered by Aboriginal Affairs and Northern Development Canada (AANDC). First Nations can apply to AANDC regional offices to access their moneys for community projects and other uses.

All moneys collected by IOGC on behalf of First Nations are payable to the Receiver General for Canada and must be submitted by cheque. 100% of the funds collected on behalf of First Nations are placed in their trust accounts.

As per the [Indian Oil and Gas Regulations, 1995](#) ("Regulations"), royalty payments are due by the 25th of the month following production, unless otherwise specified within the terms and conditions of the lease. Royalty payments must be accompanied by a remittance advice.

IOGC accepts an estimate for the royalty payment since all data necessary to calculate the royalty accurately is not available within the required timeframe. Royalties due to First Nations are calculated in accordance with the terms and conditions outlined in each lease. Companies are expected to be diligent in their estimation of royalties so that there will be minimal differences between the amount paid and the amount assessed by IOGC using the actual data submitted. If the actual royalty owing differs from the amount previously submitted, the changes should be reflected on the next payment and remittance advice.

Where a royalty payor has underpaid royalties for a First Nation, IOGC may issue a Direction to Comply to the applicable lessee(s) requiring payment. Directions to Comply are issued pursuant to section 46 of the *Indian Oil and Gas Regulations, 1995*.

Remittance Advice

Royalty payers are required to submit a completed Remittance Advice form along with the royalty payment cheque payable to the Receiver General for Canada, on a monthly basis. If a company pays royalties on production from the reserve lands of more than one First Nation, a separate cheque and remittance advice should be submitted for each First Nation to prevent accounting problems. Submitted royalty payments are equal to the sum of the current month's royalty payable plus or minus any adjustments for prior periods. The remittance advice identifies each royalty entity id and the period to which the payment applies, and also enables royalty payers to amend payments made in prior periods. The total amount of the royalty entity payments on the form must equal the amount of the cheque submitted.

Without the remittance advice, IOGC is unable to process the monthly payment as it cannot be allocated to the correct royalty entities and time periods.

Royalty Statements

IOGC emails monthly Royalty Statements to each Royalty Payor separately for each First Nation. These statements are intended to provide information on the status of their royalty payments and information submissions as well as IOGC's royalty assessments. The Royalty Statements are comprised of four separate reports: 1) Payments received in the most recent statement period that IOGC has not yet assessed; 2) A listing of all royalty entities and production periods where the company's payment amount and IOGC's assessed royalty amount do not match; 3) a detailed comparison of submitted and assessed royalty information by oil royalty entity and production period; and 4) a detailed comparison of submitted and assessed royalty information by gas royalty entity and production period.

Companies should review their statements on a regular basis and contact IOGC with any questions/concerns they have.

Interest

Interest is charged on late payments and outstanding amounts under the authority of the [Interest and Administrative Charges Regulations](#).

IOGC currently calculates interest manually where necessary. Eventually, an accounts receivable system for royalty amounts will be implemented and interest on late royalties will be automatically calculated.