

# **OIL, GAS AND SALT RESOURCES TRUST**



## **ANNUAL REPORT**

**1998**

## **EXECUTIVE SUMMARY**

Nineteen-ninety-eight was the first year of operation of the Oil, Gas and Salt Resources Trust. Revenue slightly exceeded projections and expenditures were considerably less than anticipated due largely to a delay in start-up of operations at the Oil, Gas and Salt Resources Library until mid-April. The Trust is in a healthy financial position to begin its second year of operation.

This first report briefly describes the organization of the Trust, and provides an overview of the activities of the Oil, Gas and Salt Resources Library, which is operated by the Trustee under the terms of the Trust Agreement. The chartered accounting firm Grant Thornton prepared audited financial statements for the year which are included with this report.

This first successful year of operation is due to the work of dedicated and competent individuals, including; the staff at the Oil, Gas and Salt Resources Library, members of the board of directors of the Ontario Oil, Gas and Salt Resources Corporation, the members of the Oil, Gas and Salt Resources Trust Advisory Committee, and the guidance and assistance of staff of the Petroleum Resources Centre of the Ministry of Natural Resources. The Corporation anticipates an even more successful year in 1999.

Douglas W. Gilbert  
Managing Director  
Ontario Oil, Gas and Salt Resources Corporation

# Oil, Gas and Salt Resources Trust

## Organization Chart

**Settlor:** Minister of Natural Resources  
**Trustee:** Ontario Oil, Gas & Salt Resources Corporation

A Trust Agreement between the Minister of Natural Resources and the Ontario Oil, Gas & Salt Resources Corporation was signed on Feb.16, 1998 based on a business plan submitted by the Ontario Petroleum Institute. The Ontario Oil, Gas and Salt Resources Corporation (OOGSRC) is a wholly-owned subsidiary of the Ontario Petroleum Institute. The OOGSRC was incorporated on November 17, 1997.

The Board of Directors of the OOGSRC is comprised of the executive officers of the Ontario Petroleum Institute (OPI). The OPI directors are elected at their annual meeting held in late October or early November of each year. Mr Douglas Gilbert is the Managing Director of the OOGSRC.

## Trust Advisory Committee

As appointed by the OOGSRC May 5, 1998

Oil & gas:	Robert Trevail, Orion Resources Consulting Claudia Cochrane, Cairnlines Resources Limited Ron Stinson, Talisman Energy Inc. Dale Norman, Elexco Limited
Natural gas storage:	Jim Egden, Union Gas Limited
Hydrocarbon cavern storage:	Neil Macdougall, Bayer Inc.
Solution mining:	Jim Vincent, The Canadian Salt Company Ltd.

Committee members are appointed by the Trustee under the terms of the Trust Agreement; Article 8.02 “The Trustee shall establish the Trust Advisory Committee”. Article 1.01 of the Trust Agreement specifies that the Trust Advisory Committee “means a seven person committee comprised of four representatives from the Oil and Natural Gas Exploration and Production industry, and one representative from each of the Natural Gas Storage industry, the Hydrocarbon Cavern Storage industry, and the Salt Solution Mining industry, appointed by the Trustee to fulfill responsibilities assigned to it in this Agreement” Article 8.02 further stipulates that the Trustee “shall ensure that a representative of the Ministry of Natural Resources shall receive notice and attend, as an invitee, all meetings of the Committee”.

The inaugural meeting of the Trust Advisory Committee was held in London on August 12, 1998. Mr Robert Trevail was elected chairperson of the committee.

## Oil, Gas and Salt Resources Library

The Library was formerly known as the Petroleum Resources Laboratory. Article 8.01 of the Trust Agreement stipulates that the Trustee;

- (a) assume responsibility for operation of the core and cuttings storage area, public well files, client service area and reference library at the Petroleum Resources Laboratory renamed as the Oil, Gas and Salt Resources Library;
- (b) provide for payment of all reasonable costs and expenses incurred after

December 31, 1997 in respect of the operation of the Oil, Gas and Salt Resources Library. (The furniture, equipment, data, files, library materials, drill samples and other physical assets of the Library do not comprise part of the Trust Assets, but will be maintained and replaced and updated as necessary by the Trustee). Maintenance of physical assets shall be consistent with past and current practices at the Petroleum Resources Laboratory;

- (c) operate the Trust in accordance with a business plan, for the year commencing January 1, 1998 and thereafter annually.

The Ontario Oil, Gas & Salt Resources Corporation assumed responsibility for operation of the Oil, Gas and Salt Resources Library (OGSR Library) on April 17, 1998.

# Oil, Gas and Salt Resources Library

## What is the OGSR Library?

The Oil, Gas and Salt Resources Library is a resource centre for the study of the subsurface geology, petroleum, salt and underground hydrocarbon storage resources of Ontario.

## History of the Library

The Library can trace its origin to the late 1800's, when the Geological Survey of Canada solicited voluntary submissions of drill cuttings and core from oil and gas wells drilled in Ontario and other parts of the country. This informal collection evolved into the establishment of a core and cuttings sample processing, storage and study facility in Ottawa. In 1950, a similar facility was established in Calgary and all western Canada samples were transferred to Calgary. In 1971, the Ontario cores and cuttings were shipped to the new Petroleum Resources Laboratory in London, Ontario. The lab was owned and operated by the Ontario Ministry of Natural Resources.

In 1987, the collection was moved to its current location in a new 600 m<sup>2</sup> building located near Highway 401. In April of 1998 responsibility for library operation was transferred to the Ontario Oil, Gas and Salt Resources Corporation.



## Resources Available at the Library

The OGSR Library specializes in the collection, generation, and distribution of information on the subsurface geology, and petroleum and salt resources of Ontario.

This includes information on:

- Paleozoic geology of Ontario
- Oil and gas exploration, drilling and production, and disposal of oil-field fluids
- Natural gas storage reservoirs
- Solution mining of salt
- Subsurface storage of hydrocarbons in solution mined caverns

The OGSR Library houses cutting samples from over 13,000 wells, core from nearly 1000 wells, and file information on over 20,000 wells. The files include details on well history and construction, location, stratigraphy, oil, gas and water-bearing intervals, geophysical logs, core analyses, and chemical analyses of subsurface fluid samples. An extensive collection of publications on subsurface geology is also available. File data and samples from drilling operations are confidential for one year after TD date for exploratory wells and 30 days for all other wells.

Core and cutting samples from Ontario wells are processed on the premises and are stored in racks and cabinets within the sample storage area of the library. For processing purposes there is a cuttings washing and drying machine, and 14" and 6" diameter diamond blade saws for slabbing of core. A comfortable, climate-controlled client workroom is available for use in

viewing samples. The room is equipped with a roller table, semi-private cubicles and open work tables, binocular microscopes, a trinocular petrographic microscope, and geological supplies (10% HCl, Alizarin Red S, thumb plates, heating plates etc). A file work area is also available to clients. There is a photocopier located on the premises for client use.

### Services Offered

The OGSR library may be utilized in several ways.

The library has a client base comprised of annual members who pay either a personal membership fee of \$500 CN or a corporate membership fee of \$1500 CN. These members have unlimited access to files and samples during operating hours Monday to Friday 8 am to 4:30 pm (excluding confidential files). They also pay reduced fees for use of the photocopier. The library is also accessible to daily users who pay a daily or weekly rate. The rate for daily users depends upon time spent in the facility and the resources that they use.

The file and sample storage areas are primarily self-serve; however staff members are available if help is required. Requests for well file information may be taken by OGSR Library staff on behalf of clients. Price for this service is based on labour time and reproduction costs. Requests may be made in person or by phoning, faxing or e-mailing the Library.



Sampling of core may be done by either clients or staff members. Strict procedures must be adhered to when sampling core or cuttings. Prices and conditions for this service will be discussed upon request.

### Staff and Organization

Operations of the OGSR Library are funded by the Oil, Gas and Salt Resources Trust, created by the Ontario Ministry of Natural Resources under the authority of the Oil, Gas and Salt Resources Act. The Ontario Oil, Gas and Salt Resources Corporation, a wholly owned subsidiary of the Ontario Petroleum Institute, has been appointed by the Minister of Natural Resources to act as the Trustee.

The Trustee operates the Library according to the terms of a Trust Agreement with the Ministry. Two full-time employees currently staff the Library. The office of the MNR subsurface geologist is also located in the library.

### Acquisition of Samples

All companies which drill wells licensed under the Oil, Gas and Salt Resources Act are required to collect cuttings samples of bedrock from the entire length of the drill hole at 3 meter intervals and deliver these samples to the Library. Any core recovered from a well is required to be submitted to the Library within one year after the TD date of the well. Well operators are required to submit copies of all reports, geophysical logs, analyses, etc. to the Ministry of Natural Resources. Copies of all reports are available at the Library for public study after the confidentiality period expires.