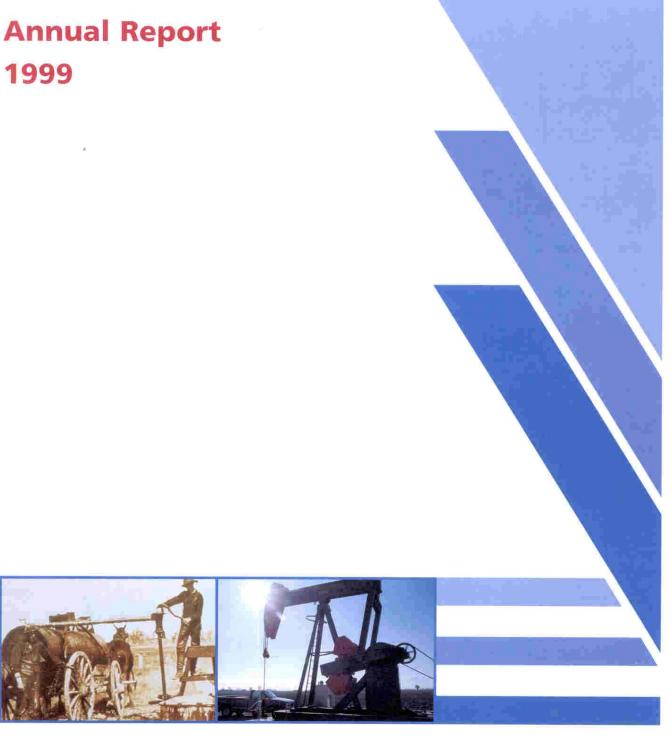
# Oil, Gas and Salt **Resources Trust**

# 1999



# **Trust Purposes**

- The funding of information management relating to oil, gas and salt resources;
- The funding of research, surveys and laboratory facilities and operations relating to:
  - oil or gas exploration, drilling or production;
  - the storage of oil, gas and other hydrocarbons in geological formations;
  - the disposal of oil field fluids in geological formations; and,
  - solution mining of salt.
- Such other matters as may be specified by the Minister.

The Oil, Gas and Salt Resources Trust was formed by the Ontario Ministry of Natural Resources (MNR), pursuant to the Oil, Gas and Salt Resources Act RSO 1990.

A Trust Agreement, dated February 16, 1998, was signed with the Original Trustee, the Ontario Oil, Gas and Salt Resources Corporation (OOGSRC). The Ontario Petroleum Institute (OPI) is the sole shareholder in the OOGSRC.

n its second year of operation, the Oil, Gas and Salt Resources Trust has achieved one of its major financial objectives: to build up financial reserves in excess of one year's normal financial obligations. Having achieved this objective on the strength of sound expenditure policies and an upbeat industry outlook, the Trust is now in a position to solidify its operations, to expand its marketing of services and outreach, to finalize value-added data projects, and to initiate industry-driven research projects.

This Annual Report provides a brief overview of the Trust activities, and includes a section of future directions for the Trust. On an operational front, the Library processed and catalogued the three year backlog of drill cutting samples and drill cores. As well, students employed by the Trust designed database tables and data entry forms, and were able to enter into the MNR's Ontario Petroleum Data System (OPDS), geological tops data for 14,273 wells, totalling 195,430 individual data field entries – making significant progress on a key data acquisition project.

It is the intention of the Trust that, in the execution of the Trust Purposes, more people will be aware of the positive impacts of healthy oil, gas and salt

The Trust is poised to continue its successes and grow, through the dedication resource industries. and support of the staff of the Oil, Gas and Salt Resources Library, 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 staff of the Petroleum Resources Centre of the Ministry of Natural Resources.

Respectfully submitted,

For Flette

Steve Fletcher

Managing Director

Ontario Oil, Gas and Salt Resources Corporation



he Oil, Gas and Salt Resources Trust is a non-profit organization which funds information management, research, and laboratory and library operations relating to oil, gas, salt and underground hydrocarbon storage resources in the province of Ontario.

The Trust is funded by, and provides services to, companies and individuals involved in oil and gas exploration, drilling or production; the storage of hydrocarbons in geological formations, the disposal of oil field fluid in geological formations, and solution mining of salt. It provides its clients in these resource industries with the data they need to conduct their business in the most orderly, safe, efficient and environmentally responsible ways possible. The Trust also provides public access to this data at reasonable cost.

The Trust manages the Oil, Gas and Salt Resources Library as a resource centre for the study of the subsurface geology and oil, gas, salt, and subsurface storage and fluid disposal resources of all the potential oil, gas and salt-bearing rocks of Ontario.

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 three-metre 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 of the well reaching its Total Depth (TD). Well operators are required to submit copies of all reports, geophysical logs and analyses to the Ministry of Natural Resources (MNR). Copies of all reports are available at the Library for public study after a confidentiality period expires.



# Oil, Gas and Salt Resources Library

The Oil, Gas and Salt Resources Library specializes in the collection, generation, and distribution of information on:

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



The Library houses resources and data available for study including drill cuttings samples from over 13,000 wells; cores from over 1,000 wells; file information on over 20,000 wells, including geophysical logs, formations tops, well history and construction, oil/gas/water zones, initial completion results, core analyses, oil/gas/water analyses; and an extensive collection of reference books, periodicals and reprints on the subsurface geology and oil, gas, salt and subsurface storage resources of Ontario.

### **Future Directions**

As the Trust develops a sound financial base and sufficient operating experience, several new projects will be undertaken or accelerated in 2000.

Annual Summary • The Trust will publish and market an annual summary of oil, gas, and salt resources exploration, drilling, production and storage in Ontario in partnership with the Petroleum Resources Centre of the Ontario Ministry of Natural Resources (MNR).

Updated Map • The Trust will work with industry and the Ontario Ministry of Natural Resources to update the Pools and Pipelines Map of Southwestern Ontario – a critical overview of the Ontario industry.

Research • The Trust will be working in conjunction with industry and academia to fund research projects relevant to the Trust Purposes. Guidelines are in development that will focus limited funds on the key information gaps that exist within.

Audits • The Trust will assume responsibility for the auditing of licence renewal fees paid to the Trust, which is currently performed by MNR.

Digital Database • The Trust will continue working in partnership with the MNR to build, maintain and market a digital database of geological and engineering information on wells drilled in Ontario. The MNR's Ontario Petroleum Data System (OPDS) is expected to be populated with enough data to be launched externally in the second quarter of 2001.



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## **Auditor's Report**

To the Members of Oil, Gas and Salt Resources Trust

We have audited the balance sheet of the Oil, Gas and Salt Resources Trust as at December 31, 1999 and the statements of earnings and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Trustee. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the organization, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Oil, Gas and Salt Resources Trust as at December 31, 1999 and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting principles.

London, Ontario February 10, 2000 **Chartered Accountants** 

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# **Statement of Earnings and Retained Earnings**

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Years Ended December 31	1999	1998
Revenue		
Well licence fees	\$ 124,305	\$ 125,137
Sample processing fees	32,472	36,461
Photocopying	15,558	4,196
Memberships	6,390	8,011
Lab user fees	3,393	1,192
Interest, exchange	7,096	6,557
	189,214	181,554
*		
Expenses		
Wages and benefits	39,705	21,691
Contract services	9,773	(±
Processing supplies	13,552	10,455
Waste removal	331	777
Sundry	5,858	532
Trustee management fee	5,000	5,000
Trust services fee	3,125	×
Professional fees	3,000	2,496
Office expense	4,057	1,326
Postage and telephone	3,797	2,954
Insurance	1,077	810
Travel	430	392
Amortization	3,552	191
Database management	10,575	
	103,832	46,624
Earnings before allocation	85,382	134,930
Allocation of the Province of Ontario	85,382	134,930
Net earnings and retained earnings	\$	\$

#### OIL, GAS AND SALT RESOURCES TRUST

# **Balance Sheet**

As At December 31			1999		1998
ą č	Assets				
Current Assets					
Cash		\$	183,529	\$	128,661
Accounts receivable			4,100		1,339
Inventory of supplies			8,706		11,358
			196,335		141,358
Capital Assets (Note 2)			28,543		5,311
		\$	224,878	\$	146,669
	Liabilities				
Current Liabilities					
Accounts payable and accrued charges		\$	4,566	\$	11,739
Due to Province of Ontario			220,312		134,930
Total liabilities			224,878	-	146,669
naction e	Equity				
Retained Earnings		-	-	-	:=1
		\$	224,878	\$_	146,669

# Statement of Cash Flows

Years Ended December 31	1999	1998
Increase (decrease) in cash		
Operating		
Cash received from customers	\$ 180,668	\$ 176,270
Cash payments to suppliers for goods and services	(55,874)	(24,367)
Cash payments to employees	(48,927)	(21,686)
Interest received	5,785	3,946
	81,652	134,163
× ×		
Investing		
Purchase of capital assets	(26,784)	(5,502)
	54,050	100 561
Change in cash	54,868	128,661
Cash, beginning of year	128,661	
cost, organisa year	120,001	
Cash, end of year	\$ 183,529	\$ 128,661
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## Notes to the Financial Statements

December 31,1999

#### 1. Summary of significant accounting policies

#### (a) Organization

Pursuant to the Oil, Gas and Salt Resources Act, RSO 1990, the Trust was formed by the Ontario Ministry of Natural Resources. A Trust Agreement, dated February 16, 1998, was signed with the Original Trustee, the Ontario Oil, Gas and Salt Resources Corporation. The purpose of the Trust is to provide for the funding of research, surveys and laboratory facilities relating to the oil and gas industry. As indicated in the Trust Agreement, the net assets of the Trust accrue to the benefit of the Province of Ontario.

#### (b) Amortization

It is the Trust's policy to provide for amortization of capital assets on the following basis:

Furniture and fixtures

20% declining balance

Computer equipment

3 years, straight-line

#### (c) Use of estimates

In preparing the Trust's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

#### (d) Statement of cash flows

The Company has adopted new recommendations of the CICA and has presented a "Statement of Cash Flows" instead of a "Statement of Changes in Financial Position". Comparative figures have been restated to conform to the new requirements.

2. Capital assets			1999	1998
		Accumulated	Net	Net
	Cost	Amortization	Book Value	Book Value
Furniture and fixtures	\$ 27,216	\$ 1,912	\$ 25,304	\$ 382
Computer equipment	5,070	1,831	3,239	4,929
	\$ 32,286	\$ 3,743	\$ 28,543	\$ 5,311

#### 3. Uncertainty due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the entity, including those related to customers, suppliers, or other third parties, have been fully resolved.



# **Industry Input**

Requirements for a Trust Advisory Committee (TAC) exist within the Oil, Gas and Salt Resources Act and the Trust Agreement. Members of the TAC are industry representatives who are appointed by the Trustee for a two year term. The TAC meets on a quarterly basis to advise the Trustee on the setting of operating budgets and directing policy with respect to expenditures. A representative from the Ontario Ministry of Natural Resources meets with the TAC in an advisory capacity.

## **OOGSRC** Board of Directors

#### President

John Thomson

CanEnerco Limited

#### First Vice President

Bob Trevail
Orion Resources Consulting

#### Second Vice President

Bob Simpson Enbridge Consumers Gas

#### Treasurer

Ray Neal Chartered Accountant

#### Secretary

Steve Fletcher Ontario Petroleum Institute

## **Trust Advisory Committee**

#### Oil and Gas

Robert Trevail (Chair)

Orion Resources Consulting

Claudia Cochrane Cairnlins 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**

Mike Soave The Canadian Salt Company





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