



669 Exeter Road
London, Ontario N6E 1L3
Tel: 519 686-2772
Fax: 519 686-7225
ogsrlibrary@odyssey.on.ca
www.ogsrlibrary.com

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

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



Annual Report 2001



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;
- storage of oil, gas and other hydrocarbons in geological formations;
- disposal of oil field fluids in geological formations; and,
- solution mining of salt.

Such other matters as may be specified by the Minister.

Activity in 2001

119 wells drilled

147 wells plugged

133,334 metres drilled

1,250 producing oil wells

1.6 million barrels of oil produced

82.2 million barrels of cumulative oil production

1,330 producing natural gas wells

13.3 billion cubic feet of natural gas produced

1.2 trillion cubic feet of cumulative natural gas production

236.2 billion cubic feet of natural gas storage capacity in 30 reservoirs

(information as of May 15, 2002)

Industry Input

Requirements for a Trust Advisory Committee (TAC) exist within the Oil, Gas & 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

Peter Rowe

Rubicon Petroleum Inc.

First Vice President

Jack Norman

Elexco Limited

Second Vice President

Tony Steele

Polishuk, Camman and Steele

Treasurer

Ray Neal

Chartered Accountant

Secretary

John Finkbiner

Union Gas Limited

Trust Advisory Committee

Oil and Gas

Claudia Cochrane (chair)

Cairnlines Resources Limited

Michael Barnes

Rubicon Petroleum Inc.

Dale Norman

Elexco Limited

Ron Stinson

Talisman Energy Inc.

Natural Gas Storage

Steve Pardy

Union Gas Limited

Hydrocarbon Cavern Storage

Neil MacDougall

Bayer Inc

Solution Mining

Mike Learn

The Canadian Salt Company



Notes to the Financial Statements

December 31, 2001

1. Summary of significant accounting policies

(a) Organization

Pursuant to the Oil, Gas & 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) Inventories

Inventories are valued at the lower of cost and current replacement value. Cost is determined on a specific item basis.

(c) 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 hardware	3 years, straight-line
Computer software	100% declining balance

(d) 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.

2. Capital assets

			2001 Net Book Value	2000 Net Book Value
	Cost	Accumulated Amortization		
Furniture and fixtures	\$ 27,374	\$ 11,035	\$ 16,339	\$ 20,243
Computer equipment	18,921	8,208	10,713	4,178
	<u>\$ 46,295</u>	<u>\$ 19,243</u>	<u>\$ 27,052</u>	<u>\$ 24,421</u>

3. Commitments

Pursuant to a lease agreement in respect of the Trust's business premises, the Trust is contractually obligated to lease payments in the amount of \$5,198 monthly as at December 31, 2001. The minimum annual lease payments due to the expiry of this lease are as follows:

2002	\$ 62,379
2003	62,379
2004	62,379
2005	62,379
2006	15,594
	<u>\$ 265,110</u>

The Honourable Jerry Ouellette
Minister of Natural Resources
90 Wellesley Street West
6th Floor, Whitney Block, Room 6630
Toronto, ON M7A 1W3

Dear Mr. Ouellette,

I am very pleased to submit the 2001 Annual Report of the Oil, Gas & Salt Resources Trust.

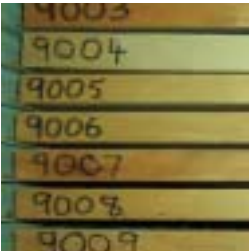
2001 has been an extremely productive year for the Trust as we continue to invest heavily in converting the data that exists in the Oil, Gas & Salt Resources Library to a more modern digital format. In addition to continuing to operate the Library as a resource centre for the study of Ontario's geological subsurface, our new and expanding portfolio of digital products is helping to attract investment and interest in Ontario's petroleum and natural gas resources. The Library website (www.ogsrlibrary.com) continues to evolve as a tremendous resource for cost-effectively distributing data and information about Ontario, essentially creating a virtual Library for users to access when and where they want.

2002 will see the development of more digital data products, in addition to broader geographical coverage of Ontario.

Sincerely,



Steve Fletcher
Managing Director
Oil, Gas & Salt Resources Corporation





Highlights in 2001

Oil and Gas Industry Activity

Oil and gas drilling activity continued at strong levels, spurred by record natural gas prices and higher than average oil prices early in the year, and record production revenues for the previous year. Prices moderated considerably late in the year, due to high natural gas storage levels in North America and a very mild winter in 2001-2002. With the increased activity in the oil and gas industry, approximately 450 invoiced requests for research, sample processing fees, and annual production and well fees were completed by the OGSR Library.

Digital Well Data

Well location and data verification continued aggressively to update the Ministry of Natural Resources' (MNR) database with digitized well information. Five temporary employees spent approximately 5,800 man-hours inputting data on a county-by-county basis. The results of this effort has produced completely updated and verified digital data for Essex, Kent, Huron, Perth, Oxford and Waterloo Counties. Basic data can now be downloaded free of charge from the OGSR Library website for these counties.



Digital Maps

At year-end, the OGSR Library was capable of plotting digital copies of maps that were previously only available as reproductions of old maps from MNR archives. The Library is now capable of plotting Base Maps, Well Location Maps, Spacing Orders, Counties and Township Maps, and Pool and Pipeline Maps.

Sample Processing

A summer student was hired in 2001 to concentrate on reducing the number of backlogged sample washings. Drill cutting samples for 66 wells were washed, vialled and permanently stored in the OGSR Library warehouse.

Website

Revisions to the OGSR Library website were ongoing during 2001: new additions included the posting of free digital well data, bit map images of maps available in the OGSR Library, weekly new licence reports, monthly activity reports, and additional reference material.

Statement of Cash Flows

Years Ended December 31	2001	2000
Increase (decrease) in cash and term deposits		
Operating		
Cash received from customers	\$ 210,255	\$ 187,352
Cash payments to suppliers for goods and services	(63,768)	(58,044)
Cash payments to employees	(141,200)	(58,095)
Interest received	15,389	6,407
	<u>20,676</u>	<u>77,620</u>
Investing		
Purchase of capital assets	<u>(11,380)</u>	<u>(2,630)</u>
Change in cash	9,296	74,990
Cash and term deposits, beginning of year	<u>258,519</u>	<u>183,529</u>
Cash and term deposits, end of year	<u>\$ 267,815</u>	<u>\$ 258,519</u>

see accompanying notes to the financial statements

Balance Sheet

As At December 31

	2001	2000
Assets		
Current Assets		
Cash and term deposits	\$ 267,815	\$ 258,519
Accounts receivable	9,162	13,759
Inventory of supplies	11,289	12,903
	288,266	285,181
Capital Assets (Note 2)		
	27,052	24,421
	\$ 315,318	\$ 309,602
Commitments (Note 3)		
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 68,038	\$ 10,594
Due to Province of Ontario	247,280	299,008
Total liabilities	315,318	309,602
Equity		
Retained Earnings	-	-
	\$ 315,318	\$ 309,602

see accompanying notes to the financial statements

Future Directions

In addition to upgrades in service and facilities at the Oil, Gas & Salt Resources Library, the following projects and initiatives will be undertaken in 2002:

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 through the MNR's Ontario Petroleum Data System (OPDS). By the end of 2002, data and location verification for Brant, Dufferin, Elgin, Essex, Halton, Huron, Kent, Oxford, Perth, Wellington, and Waterloo counties will be completed, as well as all of Lake Erie. This will ensure that the most active counties are completed first, with the balance of the province completed by 2004.

In addition to verifying data and publishing up-to-date maps, the Library has begun work on allowing direct access to the data in the Library by users, leading eventually to accessing the data and the digital base maps over the Internet or on remote computers.

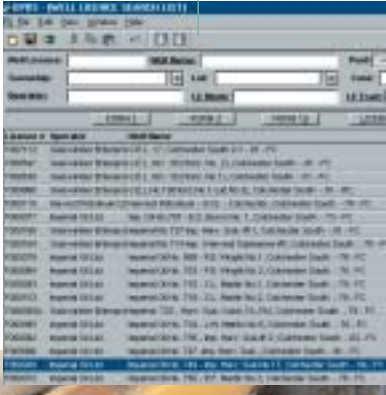
Access to digital data will help to encourage the sustainable development of Ontario's resources by existing industry participants, as well as attracting new investment to the province.

12-Year and Annual Summary

The Trust will compile and publish a 12-year summary of oil, gas, and salt resources exploration, drilling, production and storage in Ontario. In future years an Annual Summary of activity will be prepared and published.

Research

The Trust has established a research budget and has begun working with industry and academia to identify and undertake research projects relevant to the Trust Purposes.



Grant Thornton LLP
Chartered Accountants
Canadian Member Firm of
Grant Thornton International



Auditor’s Report

To the Members of Oil, Gas & Salt Resources Trust

We have audited the balance sheet of the Oil, Gas & Salt Resources Trust as at December 31, 2001 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 Canadian 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 & Salt Resources Trust as at December 31, 2001 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

London, Ontario
February 28, 2002

150 Dufferin Avenue
Suite 902
London, Ontario
N6A 5N6
Tel: (519) 672-2930
Fax: (519) 672-6455

Statement of Earnings and Retained Earnings

Years Ended December 31	2001	2000
Revenue		
Well licence fees	\$ 128,149	\$ 128,830
Sample processing fees	56,353	45,703
Photocopying	9,327	7,416
Memberships	5,915	6,835
Lab user fees	3,695	1,857
Maps	6,282	-
Interest and foreign exchange	11,814	12,777
	<u>221,505</u>	<u>203,418</u>
Expenses		
Wages and employee benefits	77,563	57,539
Contract and co-op wages	63,637	-
Processing supplies	18,513	7,246
Waste removal	509	124
Sundry	7,479	7,054
Trustee management fee	5,000	5,000
Trust services fee	5,000	5,000
Professional fees	5,702	3,671
Research fees	-	7,992
Office expenses	6,589	5,529
Postage and telephone	5,173	3,310
Insurance	1,831	1,825
Travel	2,064	80
Rent	46,785	-
Database management	15,706	13,600
Bad debts	458	-
Map expenses	2,476	-
Amortization	8,749	6,751
	<u>273,234</u>	<u>124,721</u>
Earnings (loss) before allocation	(51,729)	78,697
Allocation of the Province of Ontario	(51,729)	78,697
Net earnings	\$ -	\$ -
Retained earnings, beginning of year	\$ -	\$ -
Net earnings	\$ -	\$ -
Retained earnings, end of year	<u>\$ -</u>	<u>\$ -</u>

see accompanying notes to the financial statements