

EB-2015-0206
Tribute Resources Inc.
Responses to Interrogatories from
Municipal Property Assessment Corporation,
The County of Norfolk,
The Municipality of Bayham,
and The Township of Malahide

Reference: Tab 2, paras 14-16 and Tab 2, Schedule A

Interrogatory 1:

- a) Please indicate the basis on which Tribute Resources Inc. states the pipelines ought to be assessed.
 - b) Please indicate the material used in the construction of each section of the pipeline illustrated on the map.
 - c) Please indicate the length of each section of the pipeline illustrated on the map.
 - d) Please indicate the diameter of each section of the pipeline illustrated on the map.
 - e) Please confirm that the information included in the below chart, representing MPAC's current information relating to the pipeline at issue, is correct. If any information is incorrect, please advise of any corrections:
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Interrogatory 1 Response:

- a) It is Tribute's position that the pipelines ought not to be assessed under the *Assessment Act* because they are not transmission pipelines and have never been designated by Tribute as transmission pipelines for the relevant tax years under appeal. Neither Tribute nor, to the best of our knowledge, have Tribute's predecessors, Magnum Gas Corp. or Echo Energy Canada Inc., have designated the pipelines as transmission pipelines pursuant to section 25(2) of the Assessment Act, R.S.O. 1990 c.A.31, as amended (the "Act") for the taxation years 2012 and following.
- b) Please refer to the attached Tribute Resources Inc. Gathering Pipeline Map, MPAC Interrogatory 1b) and 1d).
- c) Please see the attached table titled MPAC Interrogatory 1c).
- d) Please refer to the attached Tribute Resources Inc. Gathering Pipeline Map, MPAC Interrogatory 1b) and 1d).
- e) Unfortunately, Tribute regrets that it is not in a position to confirm the correctness or incorrectness, with certainty, of any information on the chart. Tribute presumes that the Municipality names are accurate and that the Owner Name should be changed to Tribute Resources Inc. in all cases. Tribute refers to the responses under 1. b) and d) above as this is the information provided to Tribute by Magnum. Tribute has not surveyed these pipelines to confirm correctness. For example, Tribute is unable to verify with certainty the roll numbers as

they pertain to certain lengths of pipe, or which roll numbers relate to which specific sections on the map we have provided at Schedule A to the Tribute Pre-filed Evidence. We do not have all of the historical data on when each section was installed as generally the gathering systems are only installed after new production is drilled, over a period of years.

Notwithstanding Tribute's comments above under Interrogatory 1 above, it is Tribute's position that the pipelines ought not to be assessed under the *Assessment Act* because they are not transmission pipelines and have never been designated by Tribute as transmission pipelines for the relevant tax years under appeal.

Interrogatory: August 25, 2015
Response: September 04, 2015
Docket: EB-2015-0206

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Reference: Tab 2, at para. 9

Interrogatory 2:

- a) Please confirm that the steel pipeline referred to in reference i) is the same as the “steel transmission pipeline” referred to on the September 26, 2014 posting on Tribute’s website, and highlighted in the excerpt below (referred to in the original question):

Interrogatory 2 Response:

- a) Yes.

The Ministry of Natural Resources (“MNR”) is the governing regulator/agency charged with overseeing and regulating, in the field, Ontario’s oil and natural gas producers and production processes. The MNR is obliged to rely upon and its authority to regulate derives from the *Oil, Gas and Salt Resources Act* (the “OGSR”). The former Magnum Gas assets, now Tribute assets, including the Pipelines and Wells referred to in Tribute’s Pre-filed Evidence Sections 6 and 8 (hereinafter defined as the “Purchased Assets”) directly fall under the MNR’s supervision.

Tribute’s position is that the steel transmission *pipeline* referred to in the September 26, 2014 posting on Tribute’s website forms an integral part of the “work(s)”, which are clearly defined in the Definitions section of the OGSR, R.S.O. 1990, CHAPTER P.12.

“work” means a well or *any pipeline* or other structure or equipment that is used *in association with a well*.
[emphasis added]

The pipeline referred to in the definition of “work” above conforms to and is clearly in association with a producing well and represents an integral part of the gas gathering system, all of which occurs prior to the delivery point of sale, in this case, the Union Gas Limited (“Union”) Meter Site (please see Board Staff Interrogatory 3 Response). Tribute’s reference in its corporate press release was intended to be a simple, easily understood explanation for a public investor audience as required by the public company regulators. Tribute was explaining that it had purchased assets including a steel pipeline; the clear intention was and remains that all of the pipeline assets purchased formed part of a gas gathering system delivering gas to Union’s transmission pipeline system after the point of sale being the Meter Site.

Furthermore, the definition of “pipeline” in the OGSR (below) is clear in that it includes broadly pipelines used for the collection of gas produced from a well and transportation of that gas to a distribution or transmission pipeline:

“pipeline” means a pipeline used for the collection of oil, gas or other substance produced from or injected into a well and transportation of the oil, gas or substance to a separating, processing or storage facility or to a distribution or transmission pipeline;

The reference immediately above in the definition of “pipeline” to “a distribution or transmission pipeline”, Tribute asserts, is logically referring to a utility distribution or pipeline system because there is no distribution off a gas gathering system. Furthermore, there is no separate definition in the OGSR of a “transmission pipeline” or “distribution pipeline” as these utility pipelines are not governed by the OGSR or the MNR.

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Reference: Tab 2, para. 24

Interrogatory 3:

- a) Please provide a copy of any Orders made, or licenses granted, under the *Oil, Gas and Salt Resources Act*, R.S.O. 1990, c. P.12, as amended;
- b) Please provide a copy of any Orders made under the *Ontario Energy Board Act*, 1998, S.O. 1998, c. 15, Sched. B, specifically including any Orders granting leave to construct a hydrocarbon line.

Interrogatory 3 Response:

- a) In respect of Orders made, Tribute is not aware of any current or pending Orders made under the OGSR in respect of the Purchased Assets. Tribute has relied on all of the Representations and Warranties made by Magnum Gas Corp. in the executed Asset Purchase and Sale Agreement between Magnum Gas Corp. and Tribute Resources Inc. dated June 24th, 2014 (hereinafter referred to as the "Agreement") to the effect that there were no outstanding Orders, environmental or otherwise, in relation to the Purchased Assets at the time of the purchase by Tribute Resources Inc..

The only licenses granted under the OGSR of which Tribute is aware are the standard well licenses required to legally drill and operate each well. Please find a list of all of the producing wells and a sample well license, all of which are substantially in the same form.

- b) We are not aware of any Orders issued by the Ontario Energy Board in relation to (we presume from the question above) the Purchased Assets referred to in Tribute's Pre-filed Evidence Sections 6 and 8.

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Reference: Tab 2, para. 18

Interrogatory 4:

- b) Please provide a copy of the Agreement(s) of Purchase and Sale, or in the alternative, any documents relating to the asset purchase at issue in this Application.
- c) Please provide a copy of any appraisals or opinions of value obtained for the pipelines.

Interrogatory 4 Response:

- b) Tribute has filed highlights of the asset purchase transaction in the public forum through the press release process (see response to Interrogatory 2 above) and in its Pre-filed Evidence. Tribute respectfully declines to file in the public forum the executed Agreement on the basis that it constitutes commercially sensitive information and on the basis of a confidentiality clause contained within the Agreement.
- c) Tribute has not obtained nor does it have within its possession or control any appraisals or opinions of value in relation to the pipelines.

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