

Ontario Petroleum Institute Inc.

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July 10, 2020

Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto Ontario M4P 1E4

Attn: Ms. Kristen Walli

Dear Ms. Walli,

Re: Application for Intervenor Status EB-2019-0166

The Ontario Petroleum Institute (OPI) is the industry association (www.ontariopetroleuminstitute.com) that represents the oil and natural gas production, hydrocarbon storage, and solution mining industries in Ontario.

The OPI is writing to apply for Intervenor Status in OEB Hearing EB-2019-0166.

The OPI's primary objective is to encourage the responsible exploration and development of oil and natural gas as part of the sector's contribution to the provincial economy.

Ontario has been producing oil since 1858 followed by natural gas in the 1880's. The OPI, formed in 1963, has a membership that includes commercial oil and gas production companies, drilling contractors, well and oilfield services, geologists, geophysicists and engineers, environmental consultants, financial/legal services, land services, trades and utilities.

Ontario's oil and natural gas industry provides \$47 million in direct oil and natural gas product revenues, annual investments of \$15 - 18 million in capital expenditures, ~500 full time jobs, \$25 million in salary and wages and ~500 additional indirect jobs as well as generating \$4.3 million in annual royalties, and significant yearly corporate taxes that play a vital role in the prosperity and well-being of Ontario's economy.

Presently, 85 companies of differing size produce oil and natural gas throughout Southwestern Ontario supplying residents, farms, and businesses.

Ontario companies and individuals in the business of exploring and producing natural gas have assets in their operations that are assessed for municipal taxes. The industry assets subject to municipal taxes include land, buildings, equipment – storage tanks and compressors, well-heads, and pipelines. In the Assessment Act these assets are assessed under general assessment, and *Section 25 Pipe Line*.

Pipelines are an integral component of the production, distribution, and marketing of natural gas. Produced raw natural gas is collected via a gathering line system to the producer's central field facilities to be transformed into marketable natural gas. The producer's marketable natural gas is transferred into the natural gas transmission pipeline system at the utilities sales meter.

There is a key difference to consider in the assessment: gathering lines deliver raw natural gas production from reservoirs that naturally decline over time as opposed to utility lines that pass on their costs to consumers and generally have a continuous and growing throughput.


Ontario natural gas production went from a high point in 1995 of 16 Bcf to 4.7 Bcf in 2018. In 2018 there were 1,567 commercial wells producing natural gas in Southwestern Ontario. A significant portion of the natural gas is being produced from 423 wells located on Lake Erie.

The 2020 Ontario Upstream Oil and Natural Gas Sustainability Plan is calling for a review of the municipal assessment of industry assets including pipelines, equipment, and land to address the irregularities of the municipal taxation of these assets. This would require opening the Assessment Act and proposing a new definition for gathering systems.

The OPI will participate in the proceeding, cross-examine, submit evidence, and possibly advance witnesses, etc.

The OPI respectfully requests to be granted Intervenor Status in the Ontario Energy Board Hearing EB-2019-0166 and is not seeking an award of costs.

Sincerely,

A handwritten signature in dark ink, appearing to read "Hugh Moran". The signature is fluid and cursive, with the first name "Hugh" and last name "Moran" clearly distinguishable.

Hugh Moran
Executive Director