

**REMARKS FOR
BILL THORNTON, DEPUTY MINISTER OF NATURAL RESOURCES AND
FORESTRY
AT THE ONTARIO PETROLEUM INSTITUTE'S 54TH ANNUAL CONFERENCE AND
TRADE SHOW**

**DOUBLE TREE BY HILTON HOTEL, LONDON
THURSDAY, MAY 5, 2016
12:15 P.M.**

GREETINGS AND ACKNOWLEDGEMENTS

- Good day everyone.
- I'm very pleased to be here with you today, on behalf of Minister of Natural Resources and Forestry Bill Mauro.
- I've met in the past months with OPI's executive and Board members here in London and at Queen's Park — and now it's a pleasure for me to have the opportunity to meet with all of you.
- The Ontario Petroleum Institute is a valued and long-standing stakeholder to my ministry.
- Here in southwestern Ontario, the oil and natural gas industry has always been a significant part of the local economy and important contributor to the quality of life in this area.
- This conference and trade show is a great opportunity to learn about the latest developments in the province's oil patch.
- It's also an occasion to hear a range of unique perspectives from individuals who possess significant technical knowledge and experience in the industry, and to discuss new challenges and opportunities.

HISTORICAL PERSPECTIVE

- Many people in Ontario don't know that the very first commercial oil well in all of North America began in Oil Springs, Ontario, in 1858.
- At least, many didn't, until the town was featured last summer on a new CBC television program called *Still Standing*. Perhaps some of you have seen it? ¹
- Host Jonny Harris, an actor and comedian, immerses himself into the local culture of small towns that are “on the ropes,” so to speak.
- He chats with the locals — in this case, making an instant star out of fourth-generation oil producer Charlie Fairbanks, here [\[confirmed to attend\]](#) — and performs a stand-up comedy routine for the community based on what he's learned.
- To many who saw the show featuring Oil Springs, it was a revelation. A village in south-western Ontario was the birthplace of the modern oil industry. Not California? Not Texas? Not the Middle East?
- And while the show focused on the successes and challenges of Oil Springs and the village's stubborn determination to survive, it could very well have spoken to your industry as a whole. After the peaks and valleys and twists and turns your industry has weathered over the years, you are *Still Standing*. And proudly so.
- Your industry has been active in Ontario for more than 155 years². That longevity suggests that the industry is made up of highly skilled, knowledgeable people, as well as companies that are reliable, hard-working and responsible.
- I want to thank you for all of the work that you do — for the good jobs that you create and the communities that you helped to build and now are helping to sustain.
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¹ <http://www.cbc.ca/player/play/2673146653>; <http://www.cbc.ca/stillstanding/about/>;
<http://www.theobserver.ca/2015/08/22/still-standing-episode-shows-the-humour-in-oil-springs>;
<http://www.cbc.ca/stillstanding/m/videos/first-look-old-ontario-oil>

² 158 years in 2016 (since 1858)

MNRF's REGULATORY ROLE

- MNRF, as you know, regulates onshore and offshore exploration, development and production of oil, natural gas and solution-mined salt resources. We also regulate the storage of oil, natural gas and other hydrocarbons in underground geological formations, such as caverns and reservoirs.
- Together, our legislation, regulations and standards support the safe and environmentally responsible development of oil, gas and salt resources in the province.
- There are roughly 125 licensed oil, gas and salt solution operators in the province. Some are quite large but the majority are considered small to medium-sized businesses.
- We have a shared interest in an industry that promotes best practices, is a good neighbour in the communities in which it operates, and is a steward of our natural environment.
- Handling oil and gas safely at every stage — from development to production through to transportation to market — while improving environmental performance and meeting societal expectations, is key to ensuring a vital industry that will survive well into the future.
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MODERNIZING OPERATING STANDARDS AND FORMS

- As times change, we need to keep pace with new technology, keep up with industry practices in other jurisdictions, and streamline processes to be more efficient.
- For this reason, we're working to improve the government forms you routinely use and the process for their submission.
- This will modernize the way information is inputted into our system and reduce possible duplication and errors. I suspect that everyone would welcome that. We'll be communicating further on this initiative once the prototypes are ready.

- As you know, the current Operating Standards are dated 2002. It has been a number of years since we have taken a look at them, so it's time to focus some attention on updating them now.
- We have been reviewing the technical requirements and the feedback we have received over the past few years from our staff and industry members to help inform this process.
- We will be carefully assessing the operating standards to consider changes that are in keeping with accepted industry requirements and our needs here in the province.
- We are committed to working collaboratively with you on this initiative.
- Once we complete our initial assessment and have identified possible opportunities for improvement, we will begin engaging the OPI and other key stakeholders to get feedback on the approach to be taken to address these changes.
- We recognize the current business climate your industry is facing now. We look forward to receiving your input to help modernize our framework, reduce red tape and improve clarity regarding responsibilities.

ONTARIO ACTIVITIES OF INTEREST TO THE INDUSTRY

- The Ontario government has embarked on a course for change in a number of key program areas ...a course that will make Ontario greener, stronger and healthier for our generation and future generations.
- This change is important and necessary for the province.
- I would like to speak briefly with you about one of these initiatives.

CLIMATE CHANGE

- Climate change is an area of interest to all Ontarians, including your industry.
- As Bob Delaney [[Parliamentary Assistant to the Minister of Energy](#)] noted earlier today, Ontario is demonstrating leadership on the climate change file.
- Through its decision to put in place a cap and trade program, Ontario is building on the progress it has already made, such as closing coal plants and continuing to invest in public transit.
- Almost nine out of 10 Canadians live in a province where a price on carbon is in place or around the corner, and Ontario's cap and trade program will cover over 80 per cent of our economy's emissions.
- The government is working towards having a fully functioning cap and trade program in place for January 1, 2017, the start of the first compliance period. We are looking to establish long-term forums for ongoing discussions regarding all elements of Ontario's climate change agenda.
- We remain committed to a balanced and transparent approach in determining Ontario's next steps to address climate change.

CHALLENGING TIMES FOR THE INDUSTRY

- As I mentioned earlier, I recently met with OPI executives and Board members and our Petroleum Operations staff here in London, where I visited the Ontario Oil, Gas and Salt Resources Library.
- It was an excellent opportunity for me to hear directly from our petroleum producers and to learn more about the important role MNRF plays in understanding and regulating this industry in our province.
- I also gained a greater appreciation for the challenges faced by the industry.

- Everyone in this room is well aware that the oil and gas industry is currently going through some difficult times. Commodity prices are low, production is down.
- But our oil and gas industry has successfully overcome challenges in the past and I have every confidence that it will continue to do so in the future.

THE INDUSTRY TODAY

- It is true that, compared to other Canadian provinces — such as Alberta and Saskatchewan — Ontario's oil and gas business is quite modest.
- We currently have 1,220 onshore oil wells in production in Ontario. Those wells produced about 349,000 barrels of oil in 2015, representing about two per cent of the province's total requirements.
- In the same year, Ontario produced some 5.7 billion cubic feet of natural gas from on-shore and offshore gas wells. The gas from these wells represented about one per cent of Ontario's total requirements.
- However, the oil, gas and salt resources industry continues to be an important economic and social force in the province of Ontario.
- Ontario has the highest number of salt cavern storage facilities in Canada, and they store about \$2 billion in petrochemicals.
- For more than 55 years, the natural gas storage industry has been providing year-round access to reliable supplies of clean natural gas to Ontarians.
- Here in southwestern Ontario, up to 60 per cent of the natural gas supply we use on cold winter days is provided from storage in Sarnia and Lambton County. This gas comes from 35 designated natural gas storage pools in Ontario, with a total capacity of 260 billion cubic feet.
- Our natural gas industry also continues to play an important role in Ontario's energy strategy.

- With the elimination of coal-fired plants, natural gas-fired generation on peak demand days is now the second largest source of electrical supply in Ontario.
- This increased use of natural gas reinforces the importance of underground storage to the province.

WORKING TOGETHER TO FIND SOLUTIONS TO CHALLENGES

- The OPI has identified several important challenges the industry is currently facing. This includes how future exploration and development can be encouraged to counter the steady decline in oil and gas production since 2000. I've also heard your concerns about regulations affecting suspended wells and disposal wells.
- As a ministry, we welcome ideas and suggestions from your industry on how we can help you meet the challenges that are applicable to our role.
- Rest assured, oil and gas are now, and will continue to be, an important part of the province's energy mix.
- And as I know this group appreciates, oil and natural gas production and resource management is a complex issue that requires a thoughtful approach.
- Our ministry will work together with industry on finding balanced and informed solutions for issues relating to the management of Ontario's oil and gas resources and its commercial production.
- Likewise, the oil and gas industry will need to balance future opportunities with preserving Ontario's natural heritage and supporting high standards of quality, safety and conduct in the industry.
- I've asked my staff to find common ground through respectful discussion and thoughtful reflection, build upon the long history between your organization and our ministry, and ensure the continuation of our positive relationship moving forward.

- I'm also reaching out to other ministries to make sure they understand the challenges and opportunities facing your sector. I hope that will lead to a more coordinated and comprehensive dialogue for all of us.

CONCLUSION

- In closing, I want to thank you for the opportunity to be here today.
- By continuing to work together, and by meeting the challenges we face along the way, I believe we can retain and build on the spirit of exploration that got its start in Oil Springs, Ontario — and keep it going strong throughout the next century.
- I look forward to meeting many of you and working with you to explore how we may achieve a solid future for the oil, natural gas and solution salt industry.
- Please accept my best wishes for a productive and successful conference.