



OPI NEWSLETTER

THE VOICE OF THE ONTARIO OIL AND NATURAL GAS INDUSTRY

APRIL 2023

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Lorraine Fillmore, Office Manager

Encouraging responsible exploration and
development of the oil, gas, hydrocarbon
storage and solution-mining industries in
Ontario

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EPEX 2023 OPI's 60th Conference & Trade Show

EPEX 2023 – OPI's 60th Conference & Trade Show is scheduled for May 31 – June 1, 2023 at the Best Western Plus Lamplighter Inn & Conference Centre. Get ready to discuss Ontario's energy future and hear what's happening in Ontario with petroleum, underground energy storage, and beyond!

A huge thank you goes out to our conference committee that has been working hard to put EPEX 2023 together.

Conference Committee

Co-Chairs: Peter Budd, Niki Clarke
Jordan Clark
Matt Dupont
Lorraine Fillmore
Rhys Paterson

If you haven't already registered to attend EPEX 2023, what are you waiting for? Send in your registration form today.

If your company would like to put a booth in the trade show, it's not too late, send in your exhibit registration and we'll make it happen.

<https://www.ontariopetroleuminstitute.com/conference-2023/>

OPI Golf Tournament

The OPI Golf Tournament is scheduled for the day after EPEX 2023. Friday, June 2nd at Echo Valley Golf Club. Hope to see you out for a fun day of golf and networking.

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Worrisome Antics in Ottawa: the destructive carbon tax Canadians *cannot* afford

Let's set aside our politics for the moment; we need to have a close look at what price (read: tax) shock Canadians are facing. We must consider this hard, pending reality as a nation of real people paying real bills.

I am worried.

In January, the Superior Propane truck lumbered into my farm laneway and filled my green bullet shaped tank. The operator smiled as he scrolled off the invoice and cautioned me gently that I might be surprised with one new line item on the bill. Thanking him, I replied, I will have a look.

That sunny morning turned cloudy when I scanned the invoice. I discovered the new federal carbon tax. Here is what I saw:

\$2000 Propane
\$250 Carbon Tax at \$0.0774 per Litre of propane and RISING!
\$250 HST on BOTH the cost of the propane PLUS the Carbon Tax
\$2000 Propane

Total \$2500

Being no math genius, I thought...hmmm: \$500 in two taxes (with one that includes a tax on a tax!), or 20% of the bill. I mean, I recognize we all need to pay our taxes, but to pay that \$500 of Carbon and HST taxes, I need to earn \$1000, then pay \$500 in income tax to just pay the \$500 HST and Carbon Tax. So that'll really cost us \$1000 in total tax, or roughly about 1/3 of the invoice. Hmmm, Ok...

Then I remembered that Ottawa's Carbon Tax, which Ontario challenged unsuccessfully, and which is to be escalated from the original 2019 level of \$20 tonne to \$170 tonne in 2030 – a multiple of over 8X in a decade. As of April 1, the carbon tax is now \$65 tonne, so what might that bill look like in 2030, just as I retire?

\$2000 Propane
~\$850 Carbon Tax in 2030 (up from \$250 in 2022)
~\$370 HST Tax on BOTH the cost of propane PLUS Carbon Tax

Total \$3220

Seriously, \$1220 for two taxes levied on a \$2000 tank fill-up? But that is, of course, not the whole picture, is it? To earn that \$1220 it takes roughly \$2440 in income – with one half paid to Ottawa in income tax, and the other half to pay the Carbon Tax and HST. So the real tax bill is:

\$2440 on top of the \$2000 of propane. Not good when the tax paid to buy something costs more than 100% more than the fuel item being purchased, I concluded.

By 2030, I realized: one tank of propane will cost \$6,440 for a Canadian family paying income tax, HST, Carbon Tax and the propane commodity. Two usual fill-ups annually will total almost **\$13,000.**, each year. I conclude: we are headed into an avoidable energy affordability crisis. I can and will fortunately find a way to pay for this, but many cannot afford to carry the tax burden on just one of their essential energy needs.

This matters to most Canadians! If Ottawa's objective is to cut usage of propane, gasoline, oil, jet fuel, etc. by imposing this punishing, escalating tax, then I say, we have a big problem of simple affordability. The manufactured embedded inflation this will drive throughout our entire economy as fossil energy makes up 90% of our current energy usage is and should be highly worrisome. We need energy to make and process most items, move most goods to market and to safeguard the advantages our society has gained. Why are we doing this to ourselves?

In the world of monopoly utilities, the Ontario Energy Board, as regulator and legal guardian of the public interest, would classify rate increases above 10% as "rate shock". That is precisely what Ottawa has designed and is shoving on Canadians – a shocking tax that is not affordable, and I believe is not sustainable past this government's 2025 tenure.

Let's scroll back half a century. I am of the vintage that I remember everyone in the 1960s being directed by government advertising to "live better electrically", so hurry up and move off coal, oil and firewood. We all did, with our new nuclear-powered electric heating of air and water. It was all the rage.

Then, when power prices soared in the 70s through mismanagement, and shortages loomed in the 80s, the new government mantra was for everyone to convert where possible from electricity to "*clean burning natural gas*". That was the rage. So we all did switch, at significant cost. I remember my parents heralding the new gas furnace and how clean and wonderful it was. Then came the high efficiency ones, adorned with all those government incentives, subsidies and grants. Remember?

Groundhog day. Now Canadians are being whip-sawed and shamed into submission by the anti-fossil, anti-marketeers. Personal choice on energy supply is going sideways with the multiple discipline sticks of federal taxation, with some promise of uncertain reallocation of an income tax rebate claims to some, to make the latest change easier, allegedly. Ottawa is forcing everyone from the provinces and their citizenry to make the next change back to everything electric – typically with no real plan on how to do this, and with minimal consideration as to actual affordability. What are we to do with our new gas appliances we were guided to buy and urged to install?

Now, rather than being dismayed with the incredible costs our family will go through to convert everything from natural gas, propane and gasoline to electricity, I decided to adopt the positive seminal thinking of some of our First Nations. These leaders believe wisely that if we really want to make a difference in the carbon content of our atmosphere, perhaps as Canadians, we should look at the broader, global picture.

The First Nation Cedar LNG project on British Columbia's coast is aimed smartly at real and admirable solutions. Their practical view seems to be: why not address the primary causes of carbon pollution by assisting nations, which burn coal to make electricity? Help them to not continue to build coal-powered electricity factories. The Cedar project will share Canadian natural gas as a transition fuel as nations move to deploying incremental renewable power, not necessarily over Ottawa's imaginary time horizon of 25 years to 'net zero', but more realistically.

What is missing lately in Ottawa is common sense. Renewables are welcome and coming along as they should. Their capital and operating costs are way down, and their contribution to the future in terms of energy production is remarkable and real. Their competitiveness is very well poised for growth in the market – for what they are, and at a sensible pace, according to market realities and dynamics, as the energy impacts due to the Ukraine conflict have demonstrated. People will continue to move to solar and smart grid operators will purchase cheap, bulk wind-powered electricity and energy storage. This trend and transition will occur naturally and appropriately. All good.

What is seriously objectionable is the taxation abruptness, forcefulness and interference that takes another hard income swipe at normal Canadian families. These are our neighbors and friends, who may not be able to easily afford the mandated cut-offs and switches to electric cars and air heat pumps, after just having bought an efficient ICE vehicle and/or installed high efficiency gas furnaces, ranges and BBQs. I say, let the market work out these transitions, as they will.

Please, Ottawa, have some consideration for the very people who put you there, and maybe do some clearer thinking and much more listening.

Peter Budd, LLB
Vice-Chair, OPI
Former Co-Chair, *Ontario Electricity Conservation and Supply Task Force*,
Founding Director, *Ontario's Independent Electricity Market Operator*



EPEX 2023

May 31

12:00 PM - 4:00 PM Exhibit Setup
 5:00 PM Welcoming Reception/Exhibit Hall Opens

June 1

7:30 AM Welcome Breakfast
 8:00 AM Exhibit Hall Opens
 8:45 AM Opening Remarks
 9:00 AM OPI Plenary
 9:30 AM Morning Coffee Break
 10:30 AM BLOCK 1 – CAES, Hydrogen, and Utilities
 Zain Javed, Bedrock Energy
 Harry De Rose, Hydrogen Optimized
 Susannah Robinson, EPCOR
 Phil Walsh, Toronto Metropolitan University
 11:45 AM Networking Lunch and Exhibits
 1:15 PM Student Poster Awards
 1:30 PM BLOCK 2 – Underground Storage
 Coleman Hale, Lonquist
 Colten Long and Patrick Seymour, Lonquist
 Jug Manocha, Consultant
 2:45 PM Afternoon Break
 3:15 PM BLOCK 3 – Ontario and Services
 Matthew Slotwinski, Sarnia-Lambton Economic Partnership
 Josepha Michaelson, Canadian Association of Petroleum Producers
 Dave Olmsted, Stream-Flo Industries
 Jacquie Hoornwe, Ontario Tech University
 4:15 PM Closing Remarks
 5:00 PM Everyone is invited to 2807 Woodhull Road, London for a BBQ
 Hosted by Lagasco Inc. and Eastern Oilfield Services Inc.

OPI Barbecue

*Hosted by Lagasco Inc. and
Eastern Oilfield Services Ltd.*

Thursday June 1st at 5 pm

Come straight after the OPI Conference

Cocktails 5:00 pm

Dinner 6:30 pm

Live Music and Dancing 5:30 pm

2807 Woodhull Rd., London

RSVP to: gkendall@lagasco.ca



VIRTUAL TALK

Hydrocarbon Storage in Geological Formations in Lambton County - Professional Engineer, Jug Manocha, presents the OMC Talk: Lambton County-Hydrocarbon Storage in Geological Formations. More than 50% of peak natural gas supply in Ontario comes from underground natural gas storage reservoirs in Lambton County. Many of the products that are used for making rubber, plastics and propane are stored in subsurface salt mined caverns in the County of Lambton. <https://www.youtube.com/watch?v=qisTrIoBNoM>

LINKS ON WHEATLEY RELEASES

<https://epaper.montrealgazette.com/article/281522230296332>

<https://www.letstalkchatham-kent.ca/wheatley-updates>

https://ehq-production-canada.s3.ca-central-1.amazonaws.com/2270faee6d583aeac371b5ad36491cf4884e51ed/original/1678798422/c625e2cd055a4fa53ec0aa573f3665ca_GOLDER-WSP-Wheatley_Pathways_Report-Final.pdf?X-Amz-Algorithm=AWS4-HMAC-SHA256&X-Amz-Credential=AKIA4KKNQAKIOR7VAOP4%2F20230324%2Fca-central-1%2Fs3%2Faws4_request&X-Amz-Date=20230324T155516Z&X-Amz-Expires=300&X-Amz-SignedHeaders=host&X-Amz-Signature=564dfe4512ca970c4f74303cb82674c1e12180325f88fc3c983fb05da

<https://www.letstalkchatham-kent.ca/25676/widgets/147077/documents/99778>

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Upcoming Events

Board of Director's Meeting
May 12, 2023
Via Zoom Video Conferencing

OGSR Corporation Meeting
May 17, 2023
Via Zoom Video Conferencing

EPEX 2023
May 31 – June 1, 2023
Best Western Lamplighter Inn, London

OPI Golf Tournament
June 2, 2023
Echo Valley Golf Club



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