

**BOARD ORDER: MGB 099/03**

**IN THE MATTER OF THE** *Municipal Government Act* being Chapter M-26 of the Revised Statutes of Alberta 2000 (Act).

**AND IN THE MATTER OF COMPLAINTS** respecting Linear Property Assessments filed by Mr. Randy Affolder on behalf of the County of Two Hills, Lac Ste. Anne County, the Municipal District of Bonnyville No. 87 and the Municipal District of Greenview No. 16 for the 2002 tax year.

**BETWEEN:**

County of Two Hills, Lac Ste. Anne County, the Municipal District of Bonnyville No. 87 and the Municipal District of Greenview No. 16 – represented by Reynolds Mirth Richards and Farmer -  
Complainants

- a n d -

Designated Linear Assessor for the Province of Alberta - represented by Bishop McKenzie –  
Respondent

- a n d -

AltaGas Services Inc. et al – represented by Wilson Laycraft - Intervenors

**BEFORE:**

Members:

N. Dennis, Presiding Officer

L. Atkey, Member

C. Bethune, Member

Secretariat:

Don Marchand

Sean Sexton

Upon notice being given to the affected parties, a hearing was held in the City of Edmonton, in the Province of Alberta on May 26, 2003.

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These are complaints to the Municipal Government Board (MGB) by the above mentioned municipalities from the linear assessment notices issued by the Designated Linear Assessor (DLA) for the 2001 assessment year, 2002 tax year. All of the properties under complaint and the owners/operators who have status as Intervenors at these proceedings, are listed in Appendix C.

### DECISION FORMAT

The MGB has decided it is clearer and more efficient to issue separate Board Orders on the separate issues in this case. The background and file history are set out in Appendix “E” to this Order.

### OVERVIEW

Section 292 of the Act requires that the DLA annually prepare an assessment for linear property, which reflects the records of the Alberta Energy and Utilities Board (AEUB). The DLA must do so applying the Regulations, the Minister’s Guidelines (Guidelines) and the Linear Property Assessment Manual (Manual).

The Guidelines establish the basic procedures for the calculation of the assessment. This involves four steps: (a) establishing base costs, (b) applying yearly modifiers and (c) applying depreciation factors. Step (d) is the one at issue here. Section 3.002 (d) reads:

“(d) if applicable, adjusting the amount determined in clause (c) for additional depreciation as prescribed in Schedule D of the *2001 Alberta Linear Property Assessment Manual*.”

The additional depreciation concerned here is called the W policy described in section 4.003.100 of the Manual as follows.

“Pipe that has a facility code WE and the from location is within an LSD that has a Non Producing Well.”

If this W policy applies, the segment of pipeline in question is to be given an additional depreciation of 0.10 which means it is depreciated by 90% and assessed at only 10% of the otherwise applicable amount. Each segment of pipeline has a Permanent Property Inventory Identifier (PPI-ID).

A WE code represents a well in the AEUB records. The issue here arises because a legal subdivision (LSD) may contain a non-producing well and along with it pipeline that no longer carries any product. However, there are circumstances where the LSD with the non-producing well also contains pipeline

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that is transmitting product, presumably from another well site in the same LSD. The nub of the issue is whether such producing pipeline is still to get the W policy's additional depreciation on the basis of the wording of the W policy, or whether it should instead be assessed on the basis of its continuing utility.

The arguments the Board must deal with are, in summary:

- (1) Whether the W policy "is applicable" under 3.002(d) in these circumstances.
- (2) Whether the W policy has been applied correctly and
- (3) Whether there is any discretion not to apply the W policy in these circumstances if the result is not fair and equitable.

The Complainants argue that the Respondent has incorrectly applied 90% depreciation to fully operational pipeline, wrongly applying the Guidelines and the Manual. The Respondent argues that the Guidelines and Manual require the application of 90% depreciation even for pipeline connected to an operating well.

### **BACKGROUND**

The complaints relate to the 2001 assessment of certain linear properties located in or relating to four Alberta municipalities. It is contended that the Respondent has incorrectly or inequitably assessed a number of these properties. The Respondent contends that the assessments were carried out in accordance with the legislative provisions and in line with the current departmental policies for the assessment of linear property.

On April 30, 2003 the Complainants sent the MGB a colour-coded condensed compilation of the properties, grouped by issue. Two such categories involved cases conceded by the Respondent and properties subsequently withdrawn by the Complainants. The remaining 293 properties in dispute were re-sorted into four different complaint headings: a) Missing Wells, b) Missing Pipeline, c) Pipeline to Check, and d) Conceded. Appendix C lists all of these linear properties according to their license number or by their PPI-ID.

The category (b) and (c) complaints involve pipeline properties the Respondent assessed as eligible for a W policy 90% depreciation factor, but the pipeline in question was alleged to be operational or capable of being operated. The issue for these PPD-IDs is whether or not the Respondent correctly applied the extra depreciation of 90% to those pipelines under the W policy. Appendix D lists the properties or PPI-IDs under complaint for this issue.

During the course of these proceedings the Complainants withdrew the following PPI-IDs.

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M.D. of Greenview: 752937, 809454, 814634, 815427, 819736, 821577, 823106, 812686  
M.D. of Bonnyville: 600273

### ISSUES

1. Did the Respondent correctly apply the W policy in “Schedule D” of the Manual when deciding if additional depreciation of 90% was warranted?
2. Is the application of the 90% depreciation under “Schedule D” of the Manual mandatory or discretionary?
3. What are the “specifications and characteristics of the linear property” that the Respondent is required to consider in assessing this linear property?
4. Is the role of the MGB limited to determining if the Respondent applied the regulations in a fair and equitable manner or does the MGB have the jurisdiction to determine if the regulations themselves are fair and equitable?

### LEGISLATION

#### *Municipal Government Act*

Section 292 gives a broad outline of the standards, procedure, and practice for the assessment of linear property. The assessor must use records provided by the AEUB and any other available sources to complete the assessment.

#### *Assessments for linear property*

*292(1) Assessments for linear property must be prepared by the assessor designated by the Minister.*

*(2) Each assessment must reflect*

- (a) the valuation standard set out in the regulations for linear property, and*
- (b) the specifications and characteristics of the linear property on October 31 of the year prior to the year in which a tax is imposed under Part 10 in respect of the linear property, as contained in*

*(i) the records of the Alberta Energy and Utilities Board,*  
*or*

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(ii) *the report requested by the assessor under subsection (3).*

(3) *If the assessor considers it necessary, the assessor may request the operator of linear property to provide a report relating to that property setting out the information requested by the assessor.*

The Act requires that the assessor follow the specific requirements set out in the Regulations in preparing the assessment.

### *Duties of assessors*

293(1) *In preparing an assessment, the assessor must, in a fair and equitable manner,*

(a) *apply the valuation standards set out in the regulations,*

*and*

(b) *follow the procedures set out in the regulations.*

### ***Matters Related to Assessment and Taxation Regulation (AR 289/99)***

Section 6 (1) and (2) establish that the assessor must follow the procedures set out in the Guidelines.

### *Valuation standard for linear property*

6(1) *The valuation standard for linear property is that calculated in accordance with the procedures referred to in subsection (2).*

(2) *In preparing an assessment for linear property, the assessor must follow the procedures set out in the Alberta Linear Property Assessment Minister's Guidelines established and maintained by the Department of Municipal Affairs, as amended from time to time.*

### **2001 Minister's Guidelines for the Assessment of Farmland, Linear Property, Machinery and Equipment and Railway**

Part 3, Section 3.002 sets out the methodology that must be followed for the creation of linear assessments. It is mandatory that the procedure to be followed is in accordance with the criteria in this section:

#### **PART 3**

#### **3.002**

#### **CALCULATION OF ASSESSMENT**

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The assessed value of linear property in a municipality, excluding wellsite land, shall be calculated by:

- (a) establishing the base cost as prescribed in Schedule A of the 2001 Alberta Linear Property Assessment Manual;
- (b) multiplying the base cost by the appropriate Assessment Year Modifier prescribed in Schedule B of the 2001 Alberta Linear Property Assessment Manual, to adjust the base cost to the assessment year;
- (c) multiplying the amount determined in clause (b) by the appropriate depreciation factor prescribed in Schedule C of the 2001 Alberta Linear Property Assessment Manual;
- (d) if applicable, adjusting the amount determined in clause (c) for additional depreciation as prescribed in Schedule D of the 2001 Alberta Linear Property Assessment Manual.

### **2001 Alberta Linear Property Assessment Manual**

Section 3.004 in “Schedule C” of the Manual sets out the applicable depreciation factor that applies to all pipeline that is assessed.

#### 3.000 SCHEDULE C – DEPRECIATION

#### 3.004 PIPELINE DEPRECIATION FACTORS

The depreciation factor for pipeline is 0.75

“Schedule D”, section 4.003.001 outlines the requirements that must be met in order for additional depreciation to apply and indicates the amount of additional depreciation that must be applied under each different requirement:

#### 4.000 SCHEDULE D – ADDITIONAL DEPRECIATION

#### 4.003 PIPELINE

#### 4.003.001 Pipe

Additional depreciation of pipe shall be determined using the table below.

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Code	Pipe	Depreciation Factor
W	Pipe that has a facility code WE and the to or from locations is within an LSD that has a non producing well	0.10
D	Discontinued	0.10
B	Pipe constructed prior to 1940*	0.50

\* Status declared by each company

### SUMMARY OF COMPLAINANTS' POSITION

#### Application of the W Policy

These complaints relate to those pipelines originating in an LSD for which there is a non-producing well in the “from” LSD location of a pipeline with a WE code in the AEUB records, and those pipelines have received a depreciation factor of 90%. The issue is whether the Respondent has misinterpreted the W policy and granted additional depreciation of 90% contrary to the legislation. The Complainants referred to three scenarios to provide examples that show how additional depreciation has been unfairly or incorrectly applied pursuant to “Schedule D” of the Manual.

The first situation relates to pipelines with a W status code at the “from” location in the AEUB records, and there is both a non-producing and a producing well at the “from” LSD. One example is where the pipeline from the non-producing well in the LSD connects into an operational line into which flows one or more producing wells within the same LSD. A second example is the same as the first except that pipeline from the non-producing well does not connect to any of the operational pipeline and the pipelines from the active wells in the LSD may or may not be connected together. All pipeline in these examples received 90% depreciation.

The other scenario involves pipelines that have a W status code at the “from” location and there is only a non-producing well in the “from” LSD, but product from other producing wells flows through these lines. Through their submissions, the municipalities offered the example where pipeline originating at a producing well from one LSD, connects into the pipeline that originates from a non-producing well in the second LSD. In this case the pipeline that runs from the first LSD is fully assessed, but the pipeline in the second LSD containing the non-producing well, now connected to the first line and with product flowing through it, is given the 90% depreciation factor. Two pipelines doing the same thing are thus assessed quite differently.

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The thrust of the argument that was put forward is similar for each category: pipeline that is operational (i.e. which has flow going through it) should not be given a 90% reduction for depreciation, which is the same depreciation given to pipeline that is discontinued (i.e. no longer having any flow going through it). They submitted that it is improper to interpret the legislation in a manner that ignores the utility of the pipeline and assess pipelines with similar characteristics differently. To do so results in an unfair and inequitable assessment which the legislation cannot have intended.

The Complainants argued that the legislation contemplates utility as one of the characteristics to be considered in the assessment of linear property under section 292 (2) (b) of the Act. The only way that an assessment can be done in a fair and equitable manner is to apply the valuations and standards set out in the Manual and the Guidelines in a way that treats property of a similar class in a similar fashion. The Respondent's interpretation does not do so. It violates section 293 of the Act because it gives an interpretation of the Regulations, Manual and Guidelines that is neither fair nor equitable in the result.

The Complainants suggested an alternative interpretation of section 292 in conjunction with AR 289/99, the Guidelines and the Manual. Before applying the W Code additional depreciation from "Schedule D" of the Manual, the Respondent should ask the operator for a report on the status of the pipeline. This would determine the physical characteristics of the pipeline at October 31 of the assessment year, as required by section 292 (2) (b) of the Act. The Guidelines should only be applied once it is known whether the pipeline is active. The Respondent must take utility into account before considering if further depreciation is "applicable" under section 3.002 of Part 3 of the Guidelines. Additional depreciation is applicable only if the characteristics of the property reflect a lack of utility, thereby making it fair and equitable for the Respondent to apply the additional depreciation under "Schedule D".

The Respondent's current policy not to assess operational pipeline because of a non-producing well in the LSD ignores the fact that depreciation under the well code is itself based on well production. Under section 4.003 of the Manual the principle behind the granting of any additional depreciation is that property should not be taxed for its non-productive features. In line with this rationale it was argued that any pipeline, whether linked to a producing well or otherwise operational, must be treated in the same way as other operational pipeline.

### **SUMMARY OF RESPONDENT'S POSITION**

#### **Application of the W Policy**

The Respondent argued that, as a result of the transition from the self-reporting system to the AEUB records system, it is no longer necessary or possible in most cases, to link pipeline to a specific facility in order to establish whether additional depreciation is applicable. The new system recognizes proximity over utility as the central reference for determining what depreciation will apply to a particular piece of



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pipeline. The new system is cognizant of the fact that it is not possible to definitively link a piece of pipeline to a particular well where there are many kilometres of pipeline and numerous facilities in a municipality. The utility or *de facto* status of a particular pipeline is not easy to determine. Only when the well is a gas well or when there is only one such well at the “from” location of the pipeline, can the Respondent assume that the pipeline appears to be serving a specific well. Both Mr. Kevin Halsted and Mr. Greg Johnson from the office of the DLA testified to this fact. The Respondent suggested that the Complainants’ map demonstration unwittingly demonstrated the same point.

The Respondent suggested that the only way to establish utility, as argued by the Complainants, would be through the reports of the owners and operators of the pipeline. This would be tantamount to returning to the old system that the AEUB record system was intended to replace. A Pipeline Transition Committee (PTC) was established to make recommendations on the transition from a self-reporting system of assessment for linear property to a records based reporting system. The new record based reporting system has effectively eliminated the need to recognize the utility of pipeline in determining the applicable depreciation that will apply. This fact was acknowledged by all stakeholders on the PTC. The recommendations of the PTC have been legislated into the Manual with full recognition that, from time to time, fully productive pipeline would sometimes be granted 90 % depreciation.

The Respondent submitted that all Operational or “O” status pipeline is, generally speaking, assessable and subject to additional depreciation only in limited circumstances. Any pipeline that meets the requirements of the W code in “Schedule D” must be given the applicable depreciation of 90%. There is only one circumstance where pipeline will be given depreciation in order to recognize non-producing wells: where the pipeline has a “from” facility code of WE, and where the “from” facility is within an LSD that has a non-producing well. Mr. Johnson stated that, although there may be anomalies on both ends of the spectrum, the current system was recognized by the PTC as being the best choice for recognizing non-productive wells and granting additional depreciation.

The Respondent urged a plain reading of the Manual and Guidelines in determining when additional depreciation under the W code applies. It emphasized that nowhere in the Manual or Guidelines does it express that this policy applies only to pipeline that does not carry product. The straight-forward reading of “if applicable” in section 3.002 (d), leads to the conclusion that if the pipeline in question meets the criteria set out in “Schedule D”, additional depreciation is applicable and a factor of 90% must be applied regardless of its operational status. The Respondent argued that these properties have been assessed correctly, fairly, and according to legislation and policy. The Respondent asked that the MGB deny these complaints.

### **SUMMARY OF INTERVENORS’ POSITION**

#### **Application of the W Policy**

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The Intervenor took the position that where the depreciation amounts are prescribed by the regulations, the Respondent must apply these factors. There is clear legal direction to apply the additional depreciation and there is no discretion given to the Respondent or to the MGB to decide otherwise. To ignore this direction would disentitle the taxpaying operators of an allowance expressly provided to them by the legislators.

The legislation and Regulations are so clear in this matter that there is not even a *bona fide* question of interpretation that the Complainants have brought before the MGB. They submitted that in fact what the Complainants are challenging is either the depreciation amount itself or the eligibility requirements outlined in “Schedule D” of the Manual. They argued that the Complainants can challenge neither of these areas. The valuation standard itself cannot be appealed and the MGB has no authority to deny pipeline depreciation prescribed by law. This would be tantamount to circumventing the Act and AR 289/99 by allowing the Complainants to define their own valuation standards.

Even if the valuation standard is a live issue under complaint, the Intervenor submitted that the only way to dispute this is to show that the current standard is not correct. To demonstrate this would require expert evidence. As no experts were called in this area, they submitted that the depreciation factors have not been properly appealed. The proper forum, if the Complainants take issue with legislated depreciation factors, is with the Minister or their MLA.

The Intervenor also maintained the procedure and policy for the assessment of linear property has been followed and, since the application of the appropriate depreciation factors and valuation standards were equally applied across the entire Province, fairness and equity has been achieved. The MGB cannot interfere with an assessment that is fair and equitable. As such, the MGB has no jurisdiction to change the assessments for the linear property under complaint.

The Intervenor argued that the Complainants’ evidence is neither clear nor cogent. It is insufficient for any MGB determination, even should the MGB agree with the Complainants’ position. Many of the categories in this complaint have been changed or withdrawn since the time of the original complaint. It was the duty of the Complainants to properly go through all of the Respondent’s production data and determine all of the legitimate complaints about the linear property in a timely manner. By not doing so, the Intervenor submitted that the Complainants have not been duly diligent in the presentation of this complaint.

### **FINDINGS**

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Upon hearing and considering the representations and the evidence of the parties shown on Appendix A, and upon having read and considered the documents shown on Appendix B attached, the MGB finds as follows:

- 1) In all of the Complainant's different examples, the Respondent correctly applied the W code. The application of additional depreciation accords with the existing Guidelines.
- 2) Additional depreciation, once the requirements in "Schedule D" are met, is mandatory not discretionary.
- 3) The most reasonable interpretation of the application of the W policy within the current legislative framework is the interpretation that is followed by the Respondent.
- 4) The Respondent is entitled to rely on the specifications and characteristics of linear property as they appear in the records of the AEUB and in these circumstances was not obliged to inquire further.
- 5) The role of the MGB is limited to determining whether or not the Respondent applied the Regulations, Guidelines and Manual in a correct, fair and equitable manner, not whether or not the Regulations, Guidelines and Manual themselves are correct, fair and equitable.

Therefore, the MGB makes the following decision for the reasons set out below.

### **DECISION**

The complaints in respect to the assessments for the linear properties that are listed in Appendix "C" are denied and the assessments are confirmed.

It is so ordered.

### **REASONS**

#### **Introduction**

The MGB was not convinced by the Complainants' argument and evidence that the Respondent applied the additional depreciation in an unfair and inequitable manner. The duty of the MGB is to determine if the Act, Regulations, Guidelines and Manual were applied in a correct, fair and equitable manner. There was no evidence to the contrary.

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The Complainants' interpretation amounts to a request that MGB find that the Act, Regulations, Guidelines and Manual produce inequitable and incorrect results, which the MGB should correct. One of the key presumptions in any legislation is that it is not the intent of the drafters to produce absurd results. The MGB is satisfied that the legislators knew the results of implementing the additional depreciation policy. There are vast amounts of linear property and the enormous numbers of wells and pipelines in various configurations within LSDs across the Province. The MGB accepts that the legislators intended to adopt this records based system recognizing that, in some cases, operational pipeline would receive additional depreciation because the LSD included a non-producing well.

This result was a trade off for the efficient production of an affordable and timely linear property assessment. The additional depreciation prescribed in section 4.003.001 of the Manual was deliberate and intended. If the Complainants disagree with this intent then they may approach the legislators for change. That is not the role of the MGB.

The MGB does not accept the proposition that the words "if applicable" in section 3.002 (d) require an individual analysis of each piece of pipe. Rather, the MGB accepts that, if the circumstances described in section 4.003.001 exist, then the additional depreciation is in fact applicable. Section 4.003.001 is a specific legislative directive.

### **Correct Application of the W Code by the Respondent**

The first consideration is whether the policy itself was correctly applied in each of the Complainants' fact scenarios. Correctness requires that the policy or direction governing the assessment in each case is adhered to and applied consistently with the legislation in order to achieve the type of result that the policy intended. In the present case, the question is whether the factual circumstances can reasonably be seen to bear the intended meaning of the wording within the Guidelines and Manual, thus making additional depreciation applicable.

The first scenario relating to the linear property under complaint for this issue is pipelines with a W status code at the "from" location in the AEUB records and there is both a non-producing and a producing well at the "from" LSD. The first example in this scenario relates to pipeline from a non-producing well in a particular LSD which connects into an operational line that has one or more connecting active pipelines from producing wells within the same LSD. All of these pipelines have a "from" facility code of "WE". All of these pipelines have a "from" location within an LSD that contains a non-producing well. All of the pipelines in question meet the requirements specified in "Schedule D" of the Manual for additional depreciation. The Respondent's grant of additional depreciation for this example is, therefore, correct.

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The second example relates to pipeline from a non-producing well that does not connect to any of the operational pipeline and the pipelines from the active wells or well in the same LSD may or may not be connected together. The MGB recognizes that it is only the pipeline that connects to the non-producing well in this LSD that has no throughput or is not active. The other pipelines originate from active wells within the LSD and presumably have throughput. However, in each case these active pipelines have a “from” location within an LSD that contains a non-producing well and have a from facility code of WE. These properties also meet the requirements outlined in “Schedule D”. Applying additional depreciation is correct.

The final example given was for pipelines that have a W status code at the “from” location and there is only a non-producing well in the “from” LSD, but through these lines flows the product from other producing wells. While the application of the W code to this category is conceptually more complicated than for the other categories, the Respondent is correct in giving these properties additional depreciation.

The example related to active pipeline originating at a producing well from one LSD connecting to the pipeline that originates from a non-producing well in the second LSD. The MGB recognizes that the second pipeline in this case now has throughput, which originates from a producing well. However, the “from” location of the second pipeline has a facility code of “WE”. The “from” location of the second pipeline is also within an LSD that has a non-producing well. The first pipeline attracts no additional depreciation in either LSD. The characteristics of the second pipeline comply strictly with the criteria set out in “Schedule D” and thus it attracts additional depreciation of 90% under the W policy.

The end result for the properties under complaint is that some fully active pipelines receive 90% depreciation. Following the policy and Manual to the letter this way may lead to an incongruous outcome, but it is nonetheless correct for the Respondent to grant additional depreciation of 90% according to the policy. The legislation contemplates such a result.

### **Fairness and Equity**

The question that the MGB must consider is not whether the W policy, standing alone, results in a fair and equitable assessment, but whether this policy has been applied correctly and achieves as fair and equitable a result as is permitted within the governing legislation. The MGB is not given legislative authority to assess the fairness or equity of legislated guidelines that are clear and unambiguous. If they were unclear, and two interpretations were possible, fairness and equity of result would be criteria for choosing between them, but that is not the situation here.

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Section 293(1) specifies that an assessor must, in a fair and equitable manner, follow the procedures and apply the valuation standards set out in the regulations [emphasis added]. This section in the primary legislation makes it mandatory for the assessor to follow the direction given in the regulations. It is within the context of this mandatory procedure that fairness and equity must be considered. Section 6(2) of AR 289/99 makes it clear that “the assessor must follow the procedures set out in the Alberta Linear Property Assessment Minister's Guidelines”. Part 3 of the Guidelines sets out a procedure for the calculation of the assessed value of linear property in a municipality, specifying that the assessment shall be calculated by following steps (a) to (d) outlined therein [emphasis added]. These steps are mandatory and there is no discretion in their application.

It is within this chain of mandatory legislative procedures that the MGB interprets the meaning behind the words “if applicable” in step (d) of Part 3 of the Guidelines, which determines when additional depreciation is warranted. The exact wording of that subsection is as follows:

*“(d) if applicable, adjusting the amount determined in clause (c) for additional depreciation as prescribed in Schedule D of the 2001 Alberta Linear Property Assessment Manual.”*

The MGB finds that the plain meaning behind this subsection is to refer the reader to “Schedule D” of the Manual for further guidance on whether additional depreciation is applicable. Section 4.003.100 of “Schedule D” of the Manual sets out three circumstances for additional depreciation and what factor is to be used. When linear property fits the description of one of those three circumstances, the legislation directs the assessor to apply the appropriate depreciation factor. When the criteria under the W code are met, the assessor applies a depreciation factor of 0.10, meaning it is assessed at 10% of its value (90% depreciation).

The argument advanced by the Complainants is that the strict application of this policy creates situations where operational pipeline in one LSD is fully assessed and similarly operational pipeline in another LSD is not. Therefore, a strict or mandatory application of the W policy when the requirements in “Schedule D” are met, results in an assessment that is unfair and inequitable, contrary to section 293 of the Act. The Act, it is said, is the primary source of legislation and the main determiner of how an assessment should be carried out.

The plain reading of section 293 (1) indicates that there is no alternative for the Respondent but to apply the valuation standards and procedures specified in the Regulations. Fairness and equity must be considered within the confines of the mandated procedures specified under this section. There is no discretion for the Respondent to go outside or beyond these procedures, even where it appears that their application results in an inequity such as a full assessment to linear property in some circumstances and a 90% depreciation to linear property with similar characteristics in other circumstances. The

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procedures are clearly specified and are mandatory at every stage in the enabling legislation. Fairness and equity within this paradigm are to be gauged by applying the appropriate depreciation standards only under the appropriate circumstances, as prescribed by the legislation, in a straightforward and consistent fashion.

All pipelines within the Province that meets the characteristics specified under “Schedule D” of the Manual will receive the applicable depreciation. Under this analysis, all linear property with similar characteristics within a given LSD are treated in a similar manner with one another, as contemplated by the legislation. The assessment of the subject property was correctly, fairly and equitably prepared by the Respondent and is in accordance with the current legislative regime for the assessment of linear property.

### **‘Specifications and Characteristics’**

The Complainants have argued that “specifications and characteristics” of the pipeline under section 292 (2)(b) connotes the actual operational status of the pipeline. It was further suggested that additional depreciation is not applicable where the pipeline is found to be active. The result is that pipeline that is active and assessed fully is treated inequitably with similar pipeline that is active and not being assessed fully under the W policy. The Complainants argued that the Respondent has a resulting duty to request information from the operators of linear property when it is brought to its attention that the pipeline in question is receiving the 90% depreciation under the W policy, may be fully operational.

The MGB finds that the legislation creates no connection between the actual operational status of the pipeline and the applicability of additional depreciation under section 3.002 of the Guidelines. The specifications and characteristics of the linear property as contemplated in section 292 (2)(b) are to be considered by the Respondent only as they relate to the assessment procedure outlined in the Act, Guidelines and Manual. Actual operational status or “utility” of the pipeline is not a characteristic nor is it identified as being relevant to additional depreciation under the W policy.

The present system for linear assessment is a step away from the self-reporting system and is intended to facilitate the assessment process by having the relevant specifications and characteristics available within the AEUB records themselves, as evidenced by section 292 (2)(b)(i) of the Act. The Respondent is entitled to rely on the characteristics of linear property as they appear in the records of the AEUB on October 31 of the assessment year.

Having made this finding, it can no longer be argued that the suspected operational status of pipeline creates an obligation upon the Respondent to ask for a report from the operator. Operational status is not relevant to the W policy, therefore, a request for a report is not warranted since the purpose of such

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a report would merely be to confirm a factor (operational status) that is not relevant to the Respondent's responsibility.

### **Conclusion**

The MGB is aware that within the current system for applying depreciation under the W policy, certain linear properties that would otherwise be fully assessed are not. It is also recognized that these pipelines in most cases are active or capable of being used for production purposes. Standing alone, this seems incongruous, as it creates situations where identical linear properties in different LSDs can be subject to highly divergent assessments as the result of factors or characteristics extraneous to the property's value and utility. This result is properly justified by the current legislation and applies equally to all municipalities throughout the Province. The MGB accepts this result as being intended by the legislators. There is no ambiguity concerning the applicability of additional depreciation. When any of the conditions spelled out in "Schedule D" are met, additional depreciation is applicable.

No costs to either party.

Dated at the City of Edmonton, in the Province of Alberta, this 7th day of August 2003.

**MUNICIPAL GOVERNMENT BOARD**

(SGD) L. Atkey, Member



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**APPENDIX "A"**

**APPEARANCES**

<b>NAME</b>	<b>CAPACITY</b>
R. Affolder	Assessment Consultant for the Complainants
S. McNaughtan	Solicitor for the Complainants
C. Plante	Solicitor for the Respondent
G. Ludwig	Solicitor for the Intervenors/Assessed Persons
K. Halsted	Assessor for the Respondent
G. Johnson	Assessor for the Respondent
D. Bielecki	Representative for Talisman Energy Co.

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**APPENDIX "B"**

DOCUMENTS RECEIVED AT THE HEARING AND CONSIDERED BY THE MGB:

<b>NO.</b>	<b>ITEM</b>
A1.	Complainants' Brief
A2.	Complainants' Binder as Attachment to Brief
R1.	Respondent's Brief
R2.	Respondent's Binders as Attachment to Brief
A3.	Complainants' Rebuttal
R3.	Letter from Bishop McKenzie Conceding Properties
A4.	Complainants' Colour Code Submissions
R4.	Letter from Bishop McKenzie – New Counsel
A5.	Letter From RMRF – No Further Clarifications
R5.	Consolidation of A4 Submissions
R6.	Missing Wells/Pipelines, Pipeline to Review
I1.	Letter from Wilson Laycraft – No “Add-ons”
I2.	Letter from Wilson Laycraft – Costs & PPI-IDs
1.	Final Submissions of the Complainants
2.	Final Submissions of the Respondent
3.	Final Submissions of the Intervenors
4.	Rebuttal Submissions of the Complainants
5.	Rebuttal Submissions of the Respondent
6.	Rebuttal Submissions of the Intervenors
7.	Letter from Bishop McKenzie Resolving Boundary Issue
8.	Letter of Objection - Randy Affolder
9.	Response to Objection – Bishop McKenzie
10.	Response to Objection – Wilson Laycraft
11.	Binder of Summarized File History - MGB

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**APPENDIX "C"**

**LISTING OF ALL 293 PROPERTIES UNDER COMPLAINT & OWNERS / OPERATORS OF THOSE PROPERTIES HAVING STATUS AS INTERVENORS**

- For those properties that are in **BOLD** type, the DLA has put forward a recommendation, and has conceded that the assessment was missed.
- For those properties with an **ASTERISK (\*)**, the respective complaints associated with these properties have been withdrawn during the course of this hearing.

<b>COUNTY OF TWO HILLS</b>		
<b>ASSESSED PERSONS / INTERVENORS</b>	<b>PPI-ID</b>	<b>LICENSE</b>
ANADARKO CANADA CORPORATION	585212	10737
ANADARKO CANADA CORPORATION	643888	24088
ANADARKO CANADA CORPORATION	585218	10737
ANADARKO CANADA CORPORATION	643891	24088
ANADARKO CANADA CORPORATION	618975	19032
ANADARKO CANADA CORPORATION	621392	19482
ANADARKO CANADA CORPORATION	643884	24088
ANADARKO CANADA CORPORATION	618967	19032
ANADARKO CANADA CORPORATION	621701	19541
CANADIAN NATURAL RESOURCES LIMITED	603836	15791
CANADIAN NATURAL RESOURCES LIMITED	597111	14132
CANADIAN NATURAL RESOURCES LIMITED	603832	15791
CANADIAN NATURAL RESOURCES LIMITED	599778	14765
CANADIAN NATURAL RESOURCES LIMITED	597096	14132
DOMINION EXPLORATION CANADA LTD.	695246	26890
<b>DOMINION EXPLORATION CANADA LTD.</b>	<b>812472</b>	<b>26890</b>
HUSKY OIL OPERATIONS LIMITED	580993	9943
SIGNALTA RESOURCES LIMITED	612392	17449
SIGNALTA RESOURCES LIMITED	746731	17449
SOUTHWARD ENERGY LTD.	629913	20961
<b>SOUTHWARD ENERGY LTD.</b>	<b>823334</b>	<b>7975</b>
ANADARKO CANADA CORPORATION		10402
ANADARKO CANADA CORPORATION		19541
CANADIAN NATURAL RESOURCES LIMITED		192405
HAWK OIL INC.		222762

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<b>MD OF GREENVIEW NO. 16</b>		
<b>ASSESSED PERSONS / INTERVENORS</b>	<b>PPI-ID</b>	<b>LICENSE</b>
AEC OIL & GAS CO. LTD.*	821577*	37161*
AEC OIL & GAS CO. LTD.	817032	35681
ALTAGAS SERVICES INC.	663169	28438
ALTAGAS SERVICES INC.	662800	28312
<b>ANADARKO CANADA CORPORATION</b>	<b>820510</b>	<b>36820</b>
ARKOMA ENERGY, INC.	698815	32601
BP CANADA ENERGY COMPANY	566072	6983
BP CANADA ENERGY COMPANY	816850	35596
BP CANADA ENERGY COMPANY	697466	31883
BP CANADA ENERGY COMPANY	622171	19601
BP CANADA ENERGY COMPANY*	823106*	6983*
BP CANADA ENERGY COMPANY	814458	32134
BP CANADA ENERGY COMPANY	810439	19660
<b>BP CANADA ENERGY COMPANY</b>	<b>814496</b>	<b>32220</b>
BP CANADA ENERGY COMPANY	673245	31544
BURLINGTON RESOURCES CANADA LTD.	616312	18459
BURLINGTON RESOURCES CANADA LTD.	815971	35052
BURLINGTON RESOURCES CANADA LTD.	616302	18459
<b>BURLINGTON RESOURCES CANADA LTD.</b>	<b>819774</b>	<b>36634</b>
BURLINGTON RESOURCES CANADA LTD.	614122	17939
BURLINGTON RESOURCES CANADA LTD.	614128	17939
BURLINGTON RESOURCES CANADA LTD.	614143	17939
BURLINGTON RESOURCES CANADA LTD.	616303	18459
CANADIAN HUNTER EXPLORATION LTD.	811283	23596
<b>CANADIAN HUNTER EXPLORATION LTD.</b>	<b>811161</b>	<b>23018</b>
<b>CANADIAN HUNTER EXPLORATION LTD.</b>	<b>811163</b>	<b>23018</b>
<b>CANADIAN HUNTER EXPLORATION LTD.</b>	<b>811160</b>	<b>23018</b>
<b>CANADIAN HUNTER EXPLORATION LTD.</b>	<b>812233</b>	<b>26192</b>
CANADIAN NATURAL RESOURCES LIMITED	697063	31499
CHEVRON CANADA LIMITED	600074	14872
CHEVRON CANADA LIMITED	809244	14182
CHEVRON CANADA LIMITED	597313	14186
CONOCO CANADA RESOURCES LIMITED	633189	21725
DEFIANT ENERGY CORPORATION	815867	34935
DEVON AOG CORPORATION	724294	15631
DEVON AOG CORPORATION	819441	36526
DEVON AOG CORPORATION	819442	36527
<b>DEVON AOG CORPORATION</b>	<b>898819</b>	<b>36527</b>

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<b>MD OF GREENVIEW NO. 16</b>		
<b>ASSESSED PERSONS / INTERVENORS</b>	<b>PPI-ID</b>	<b>LICENSE</b>
DEVON AOG CORPORATION*	819736*	36622*
<b>DEVON AOG CORPORATION</b>	<b>809473</b>	<b>15631</b>
DEVON AOG CORPORATION	692470	15631
DEVON CANADA CORPORATION	697630	31951
DEVON CANADA CORPORATION	814407	31951
<b>DEVON CANADA CORPORATION</b>	<b>815324</b>	<b>34046</b>
EDGE ENERGY INC.	754982	35026
ENERMARK INC.	659160	27482
ENERMARK INC.	667740	29572
GULF CANADA LIMITED	692864	16997
HUSKY OIL OPERATIONS LIMITED	812057	25850
KAISER ENERGY LTD.	660747	27856
KAISER ENERGY LTD.	699930	32896
<b>MARATHON CANADA LIMITED</b>	<b>815145</b>	<b>33637</b>
MARATHON CANADA LIMITED	748628	33709
<b>MARATHON CANADA LIMITED</b>	<b>819683</b>	<b>36605</b>
<b>NORTHROCK RESOURCES LTD.</b>	<b>812685</b>	<b>27463</b>
NORTHROCK RESOURCES LTD.*	812686*	27464*
NUMAC ENERGY INC.	614189	17953
NUMAC ENERGY INC.	616887	18587
PARAMOUNT RESOURCES LTD*	809454*	15617*
PARAMOUNT RESOURCES LTD	642865	23851
PARAMOUNT RESOURCES LTD	658031	27193
PARAMOUNT RESOURCES LTD	811215	23307
PARAMOUNT RESOURCES LTD	635510	22211
PARAMOUNT RESOURCES LTD	634597	22007
PARAMOUNT RESOURCES LTD	695349	27142
PARAMOUNT RESOURCES LTD	657870	27142
PARAMOUNT RESOURCES LTD	657861	27142
PARAMOUNT RESOURCES LTD	613845	17871
<b>PARAMOUNT RESOURCES LTD</b>	<b>809866</b>	<b>17871</b>
<b>PARAMOUNT RESOURCES LTD</b>	<b>813247</b>	<b>28758</b>
<b>PARAMOUNT RESOURCES LTD</b>	<b>813251</b>	<b>28758</b>
<b>PARAMOUNT RESOURCES LTD</b>	<b>820790</b>	<b>36932</b>
PARAMOUNT RESOURCES LTD	661436	27998
PARAMOUNT RESOURCES LTD	698815	32601
<b>PARAMOUNT RESOURCES LTD</b>	<b>820802</b>	<b>36935</b>
<b>PARAMOUNT RESOURCES LTD</b>	<b>811062</b>	<b>22211</b>
PARAMOUNT RESOURCES LTD	664432	28756

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<b>MD OF GREENVIEW NO. 16</b>		
<b>ASSESSED PERSONS / INTERVENORS</b>	<b>PPI-ID</b>	<b>LICENSE</b>
PARAMOUNT RESOURCES LTD	664435	28758
PARAMOUNT RESOURCES LTD	664436	28758
PARAMOUNT RESOURCES LTD	813246	28758
<b>PARAMOUNT RESOURCES LTD</b>	<b>813253</b>	<b>28758</b>
PARAMOUNT RESOURCES LTD	748030	31313
PARAMOUNT RESOURCES LTD	698257	32299
PENGROWTH CORPORATION	554907	3257
PENGROWTH CORPORATION	554908	3257
PENGROWTH CORPORATION	822902	6011
PENGROWTH CORPORATION	562624	6056
PETRO-CANADA	603302	15700
PETRO-CANADA	639923	23307
PETRO-CANADA	639928	23307
PETRO-CANADA	562524	6011
PETRO-CANADA	573956	8658
PETRO-CANADA	562615	6056
PETROMET RESOURCES LIMITED	658073	27194
PETROMET RESOURCES LIMITED	658115	27194
PETROMET RESOURCES LIMITED	724855	27194
PETROMET RESOURCES LIMITED	695359	27194
PETROMET RESOURCES LIMITED	753363	29951
PETROMET RESOURCES LIMITED	658059	27194
PETROMET RESOURCES LIMITED	658052	27194
PRIMEWEST ENERGY INC.	581280	10008
PRIMEWEST OIL AND GAS CORP.	823912	9374
PROGRESS ENERGY LTD.	815068	33551
PROGRESS ENERGY LTD.	745316	33551
RIFE RESOURCES LTD.	652906	26063
RIO ALTO EXPLORATIONS LTD.	634099	21916
RIO ALTO EXPLORATIONS LTD.	696377	29960
RIO ALTO EXPLORATIONS LTD.	616355	18464
RIO ALTO EXPLORATIONS LTD.	634094	21916
RIO ALTO EXPLORATIONS LTD.	646125	24568
RIO ALTO EXPLORATIONS LTD.	669272	29960
RIO ALTO EXPLORATIONS LTD.	816783	35557
RIO ALTO EXPLORATIONS LTD.*	752937*	25283*
RIO ALTO EXPLORATIONS LTD.	618541	18932
RIO ALTO EXPLORATIONS LTD.	618542	18932
RIO ALTO EXPLORATIONS LTD.	813866	30392

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<b>MD OF GREENVIEW NO. 16</b>		
<b>ASSESSED PERSONS / INTERVENORS</b>	<b>PPI-ID</b>	<b>LICENSE</b>
RIO ALTO EXPLORATIONS LTD.	768334	23582
RIO ALTO EXPLORATIONS LTD.	820508	36819
RIO ALTO EXPLORATIONS LTD.	568862	7581
RIO ALTO EXPLORATIONS LTD.	694311	23582
RIO ALTO EXPLORATIONS LTD.	812377	26617
SUMMIT RESOURCES LIMITED	658230	27228
SUNCOR ENERGY INC.	618949	19031
SUNCOR ENERGY INC.	615255	18190
SUNCOR ENERGY INC.	897388	10062
TALISMAN ENERGY INC.	667656	29539
TALISMAN ENERGY INC.	747643	28679
TALISMAN ENERGY INC.	578037	9330
TALISMAN ENERGY INC.	814548	32376
TALISMAN ENERGY INC.	660631	27826
TOM BROWN RESOURCES LTD	635509	22211
TUSK ENERGY INC.	578244	9376
VINTAGE PETROLEUM CANADA, INC.	588450	11622
VINTAGE PETROLEUM CANADA, INC.	813396	29061
<b>VINTAGE PETROLEUM CANADA, INC.</b>	<b>814633</b>	<b>32541</b>
VINTAGE PETROLEUM CANADA, INC.	589264	11864
VINTAGE PETROLEUM CANADA, INC.	813394	29061
VINTAGE PETROLEUM CANADA, INC.	813395	29061
VINTAGE PETROLEUM CANADA, INC.	592995	13010
VINTAGE PETROLEUM CANADA, INC.	754366	34697
VINTAGE PETROLEUM CANADA, INC.	754614	34836
VINTAGE PETROLEUM CANADA, INC.*	814634*	32541*
VINTAGE PETROLEUM CANADA, INC.	593937	13347
VINTAGE PETROLEUM CANADA, INC.	672659	31244
VINTAGE PETROLEUM CANADA, INC. *	815427*	3421*
VINTAGE PETROLEUM CANADA, INC.	588446	11622
VINTAGE PETROLEUM CANADA, INC.	817644	35953
VINTAGE PETROLEUM CANADA, INC.	817645	35953
VINTAGE PETROLEUM CANADA, INC.	817912	36067
VINTAGE PETROLEUM CANADA, INC.	817913	36067
VINTAGE PETROLEUM CANADA, INC.	817914	36067
VINTAGE PETROLEUM CANADA, INC.	602881	15596
<b>VINTAGE PETROLEUM CANADA, INC.</b>	<b>814633</b>	<b>32541</b>
VINTAGE PETROLEUM CANADA, INC.	593929	13347
VINTAGE PETROLEUM CANADA, INC.	822583	37402

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<b>MD OF GREENVIEW NO. 16</b>		
<b>ASSESSED PERSONS / INTERVENORS</b>	<b>PPI-ID</b>	<b>LICENSE</b>
VISTA MIDSTREAM SOLUTIONS LTD.	820491	36808
AMOCO CANADA PETROLEUM COMPANY LTD.		223852
AMOCO CANADA PETROLEUM COMPANY LTD.		216593
AMOCO CANADA PETROLEUM COMPANY LTD.		79363
<b>CANADIAN FOREST OIL LTD.</b>		<b>238305</b>
CANADIAN FOREST OIL LTD.		226702
BP CANADA ENERGY COMPANY		7120
BP CANADA ENERGY COMPANY		35669
BP CANADA ENERGY COMPANY*		36821*
BURLINGTON RESOURCES CANADA LTD.		20817
PARAMOUNT RESOURCES LTD.		31313

<b>LAC STE. ANNE COUNTY</b>		
<b>ASSESSED PERSONS / INTERVENORS</b>	<b>PPI-ID</b>	<b>LICENSE</b>
925011 ALBERTA LTD.	724363	18108
BAYTEX ENERGY LTD.	607766	16610
BAYTEX ENERGY LTD.	607759	16610
BAYTEX ENERGY LTD.	607767	16610
BONAVISTA PETROLEUM LTD.	673411	31675
<b>BONAVISTA PETROLEUM LTD.</b>	<b>810790</b>	<b>20705</b>
BONAVISTA PETROLEUM LTD.	600407	14987
BONAVISTA PETROLEUM LTD.	600406	14987
BONAVISTA PETROLEUM LTD.	809344	14987
CALCRUDE OILS LIMITED	627489	20535
CALPINE CANADA RESOURCES LTD.	659921	27669
CAPTURE RESOURCES CORPORATION	748282	32663
CAPTURE RESOURCES CORPORATION	698917	32663
COASTAL RESOURCES LIMITED	640845	23468
CONOCO CANADA RESOURCES LIMITED	669891	30163
ELK POINT RESOURCES INC.	748690	33789
ENERMARK INC.	753070	27009
SHININGBANK ENERGY LTD.	648640	25208
<b>SOUTHWARD ENERGY LTD.</b>	<b>821161</b>	<b>37048</b>
STARTECH ENERGY INC	627480	20532
SHININGBANK ENERGY LTD.		25208
BONAVISTA PETROLEUM LTD.		260419
<b>NORTHROCK RESOURCES LTD.</b>		<b>221520</b>
RUBICON ENERGY CORPORATION		229639



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<b>MD OF BONNYVILLE NO. 87</b>		
<b>ASSESSED PERSONS / INTERVENORS</b>	<b>PPI-ID</b>	<b>LICENSE</b>
ALTAGAS SERVICES INC.	670502	30375
ALTAGAS SERVICES INC.	549417	860
ALTAGAS SERVICES INC.	550399	1532
ALTAGAS SERVICES INC.	671730	30777
ALTAGAS SERVICES INC.	550407	1532
ALTAGAS SERVICES INC.	549412	860
ALTAGAS SERVICES INC.	550434	1532
ALTAGAS SERVICES INC.	534284	1532
ALTAGAS SERVICES INC.	550421	1532
ALTAGAS SERVICES INC.	550422	1532
ALTAGAS SERVICES INC.	534302	1532
ALTAGAS SERVICES INC.	736152	1532
ALTAGAS SERVICES INC.	671230	30586
ALTAGAS SERVICES INC.	638414	22968
ALTAGAS SERVICES INC.	558866	4876
ANADARKO CANADA CORPORATION	669468	30011
BONAVISTA PETROLEUM LTD.	658900	27424
BP CANADA ENERGY COMPANY	594278	13441
BP CANADA ENERGY COMPANY	594276	13441
BP CANADA ENERGY COMPANY	746462	13441
CANADIAN NATURAL RESOURCES LIMITED	625386	20147
CANADIAN NATURAL RESOURCES LIMITED	671200	30579
CANADIAN NATURAL RESOURCES LIMITED	671276	30611
CANADIAN NATURAL RESOURCES LIMITED	698133	32218
CANADIAN NATURAL RESOURCES LIMITED	725382	33008
CANADIAN NATURAL RESOURCES LIMITED	650051	25527
CANADIAN NATURAL RESOURCES LIMITED	662519	28218
DIAZ RESOURCES LTD.	603436	15737
EXXONMOBIL CANADA LTD.	628266	20659
HUSKY OIL OPERATIONS LIMITED	695182	26720
HUSKY OIL OPERATIONS LIMITED	638628	23020
HUSKY OIL OPERATIONS LIMITED	638632	23020
HUSKY OIL OPERATIONS LIMITED	649627	25444
IMPERIAL OIL RESOURCES LIMITED	654990	26487
IMPERIAL OIL RESOURCES LIMITED	633057	21691
IMPERIAL OIL RESOURCES LIMITED	633058	21691
KOCH EXPLORATION CANADA LTD.*	600273*	14921*

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<b>MD OF BONNYVILLE NO. 87</b>		
<b>ASSESSED PERSONS / INTERVENORS</b>	<b>PPI-ID</b>	<b>LICENSE</b>
NORTHSTAR ENERGY CORPORATION	624185	19931
NORTHSTAR ENERGY CORPORATION	624186	19931
NUMAC ENERGY INC.	635013	22078
NUMAC ENERGY INC.	635012	22078
NUMAC ENERGY INC.	635005	22078
PARAMOUNT RESOURCES LTD	661746	28056
PARAMOUNT RESOURCES LTD	660473	27774
<b>PARAMOUNT RESOURCES LTD</b>	<b>821534</b>	<b>37153</b>
TOUCHWOOD PETROLEUM LTD.	672419	31111
TOUCHWOOD PETROLEUM LTD.	697919	32130
VINTAGE PETROLEUM CANADA, INC.	647186	24850
VINTAGE PETROLEUM CANADA, INC.	660506	27784
VINTAGE PETROLEUM CANADA, INC.	647403	24912
ALTAGAS SERVICES INC.		18415
CANADIAN NATURAL RESOURCES LIMITED		22855
CANADIAN NATURAL RESOURCES LIMITED		22855
CANADIAN NATURAL RESOURCES LIMITED		22855
CANADIAN NATURAL RESOURCES LIMITED		23538
IMPERIAL OIL RESOURCES LIMITED		20434
KOCH EXPLORATION CANADA, LTD.		19928
NUMAC ENERGY INC.		29284
AMOCO CANADA PETROLEUM COMPANY LTD.		181354
ANDERSON RESOURCES LTD.		192384
CANADIAN NATURAL RESOURCES LIMITED		180283
CANADIAN NATURAL RESOURCES LIMITED		153136
CANADIAN NATURAL RESOURCES LIMITED		168716
CANADIAN NATURAL RESOURCES LIMITED		190384
CANNAT RESOURCES INC.		205833
CANNAT RESOURCES INC.		205835
CANNAT RESOURCES INC.		205834
HUSKY OIL OPERATIONS LIMITED		216480
HUSKY OIL OPERATIONS LIMITED		216480
HUSKY OIL OPERATIONS LIMITED		214644
HUSKY OIL OPERATIONS LTD.		215645
<b>IMPERIAL OIL RESOURCES LIMITED</b>		<b>237004</b>
<b>IMPERIAL OIL RESOURCES LIMITED</b>		<b>263090</b>
<b>IMPERIAL OIL RESOURCES LIMITED</b>		<b>263091</b>
<b>IMPERIAL OIL RESOURCES LIMITED</b>		<b>263092</b>
<b>IMPERIAL OIL RESOURCES LIMITED</b>		<b>263093</b>

**BOARD ORDER: MGB 099/03**

<b>MD OF BONNYVILLE NO. 87</b>		
<b>ASSESSED PERSONS / INTERVENORS</b>	<b>PPI-ID</b>	<b>LICENSE</b>
<b>IMPERIAL OIL RESOURCES LIMITED</b>		<b>0048610A</b>
<b>IMPERIAL OIL RESOURCES LIMITED</b>		<b>0048609C</b>

**BOARD ORDER: MGB 099/03**

**APPENDIX "D"**

**W PIPELINE UNDER COMPLAINT - LISTED BY LOCATION & PPI-ID NUMBER**

<b>MUNICIPALITY</b>	<b>Greenview</b>	<b>Greenview</b>	<b>Greenview</b>	<b>Greenview</b>	<b>Greenview</b>	<b>Greenview</b>
<b>PPI-ID #</b>	554907	600074	634099	661436	697630	811283
<b>PPI-ID #</b>	554908	602881	634597	662800	698257	812057
<b>PPI-ID #</b>	562524	603302	635509	663169	698815	812377
<b>PPI-ID #</b>	562615	613845	635510	664432	698815	813246
<b>PPI-ID #</b>	562624	614122	639923	664435	699212	813394
<b>PPI-ID #</b>	566072	614128	639928	664436	699930	813395
<b>PPI-ID #</b>	566870	614143	642865	666177	724294	813396
<b>PPI-ID #</b>	568835	614189	646125	667656	24855	813866
<b>PPI-ID #</b>	568862	615255	652906	667740	745316	814407
<b>PPI-ID #</b>	573956	616302	657861	669272	747643	814458
<b>PPI-ID #</b>	578037	616303	657870	672659	748030	814548
<b>PPI-ID #</b>	578244	616312	658031	673245	748628	815068
<b>PPI-ID #</b>	581280	616355	658052	692470	752937	815867
<b>PPI-ID #</b>	588446	616887	658059	692864	754366	815971
<b>PPI-ID #</b>	588450	618541	658073	694311	754614	816783
<b>PPI-ID #</b>	589264	618542	658115	695349	754982	816850
<b>PPI-ID #</b>	592995	618949	658230	695359	809244	817032
<b>PPI-ID #</b>	593929	622171	659160	696377	809454	81744
<b>PPI-ID #</b>	593937	633189	660631	697063	810439	817645
<b>PPI-ID #</b>	597313	634094	660747	697466	811215	817912
<b>PPI-ID #</b>	817913	820491	897388	822583	817914	819442
<b>PPI-ID #</b>	819441	823912	822902			

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**APPENDIX "D" (Continued)**

**W PIPELINE UNDER COMPLAINT - LISTED BY LOCATION & PPI-ID NUMBER**

<b>MUNICIPALITY</b>	<b>Two-Hills</b>	<b>Lac St. Anne</b>	<b>Bonnyville</b>	<b>Bonnyville</b>	<b>Bonnyville</b>
<b>PPI-ID #</b>	580993	698917	534284	633058	625386
<b>PPI-ID #</b>	621392	748282	736152	661746	593280
<b>PPI-ID #</b>	603836	607766	550407	672419	695182
<b>PPI-ID #</b>	599778	607759	550434	697919	603436
<b>PPI-ID #</b>	618967	607767	671200	647186	669468
<b>PPI-ID #</b>	603832	640845	550399	647403	594278
<b>PPI-ID #</b>	621701	627480	671230	650051	594276
<b>PPI-ID #</b>	618975	648640	549417	662519	746462
<b>PPI-ID #</b>	695246	753070	649627	550421	624185
<b>PPI-ID #</b>	643888	724363	549412	550422	624186
<b>PPI-ID #</b>	597096	748690	658900	670502	
<b>PPI-ID #</b>	597111	627489	638414	534302	
<b>PPI-ID #</b>	643884	659921	671276	694066	
<b>PPI-ID #</b>	643891	673411	698133	6282666	
<b>PPI-ID #</b>	629913	600407	725382	660473	
<b>PPI-ID #</b>	746731	600406	660506	671730	
<b>PPI-ID #</b>	612392	809344	558866	635012	
<b>PPI-ID #</b>	585212	669891	638628	635013	
<b>PPI-ID #</b>	585218		638632	633057	

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### **APPENDIX "E"**

#### **COMPREHENSIVE FILE HISTORY**

On April 15, 2002 the Complainants upon receiving the 2001 linear property assessments, filed 2,277 individual linear property complaints under four different complaint headings: a) Missing Wells, b) Missing Pipeline, c) Oil Flowing, and d) Pipeline to Check. The properties were listed either by their license number or by their Personal Property Inventory Identifier number (PPI-ID). Due to uncertainty as to the specific bases for the complaints, these complaints together with the 1999 assessment complaints were subject to a preliminary hearing on May 9, 2002 to deal with the validity of the complaints filed.

On May 08, 2002, just prior to the preliminary hearing, the MGB was informed by e-mail that the Complainants were in contact with the Respondent seeking clarification as to whether or not the Respondent was prepared to review each individual linear property complaint and, if necessary, make any changes pursuant to section 305 of the Act, as was done for the previous year's complaints.

Board Order MGB 072/02 was issued on June 5, 2002, relative to the May 9, 2002 preliminary hearing. The MGB declared that the 1999 complaints were invalid on the basis that they did not comply with the information requirements under section 491 (2) of Act and section 6.5 of the MGB's Procedure Guide. The MGB also found that the information required under section 491 (2) of the Act and under section 6.4 (b) and section 6.5 (a) of the MGB Procedure Guide in respect of the complaints for the 2000 tax year were not provided by the Complainants within the time limits prescribed, and were subsequently dismissed. The 2001 complaints were considered incomplete for the same reasons, however the MGB gave the Complainants 14 days to make complete and file these applications with the MGB.

On June 19, 2002, the MGB received revised complaints. The revised complaints filed were reduced in number to 567 PPI-IDs in total and were re-categorized under three different complaint headings: a) Missing Wells, b) Missing Pipeline, and c) Pipeline to Check. Along with these revised categories came a three-page explanation of what each entailed, and several Excel spreadsheets identifying each property from each municipality for each complaint category.

The Respondent objected to these revised complaints, maintaining that they were still incomplete, and did not meet the requirements set out in MGB 072/02. The Respondent further contested the fact that many of the properties under complaint had not had assessment notices prepared for them, and could therefore not be complained on. A notice of preliminary hearing went out to all parties, setting a hearing date of July 30, 2002 to deal with this objection. Board Order MGB 178/02 was issued on November 26, 2002 relative to the preliminary hearing of July 30, 2002. This Board Order stated that the

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complaints filed by the Complainants were deemed to be complete applications and the question of whether a complaint can be filed on missing wells or pipelines, or pipeline of less than 50 metres, when no assessments were prepared for these properties, was still outstanding and would be dealt with as an issue at the scheduled hearing.

On November 29, 2002, the MGB issued directions to the parties outlining the schedule that was to be followed for providing disclosure. These instructions were subsequently amended on December 17, 2002, and a hearing date was set for March 24, 2003.

On March 24, the MGB convened to hear the complaints submitted by the municipalities. At this time, it was the intent of the MGB to hear the complaints in their entirety, including any matters preliminary to the complaint. The non-appearance of the Complainants key witness due to physical injury suffered while skiing precluded the MGB from hearing the complaint on its merits. The MGB did however make two preliminary rulings, the first regarding the appropriateness of an adjournment and the second regarding the admissibility of new documents submitted by the Respondent the evening prior. These rulings and the setting of the current hearing are contained in DL 024/03. The MGB decided that the new information would be permitted with the understanding that the parties would convene in the interim to review the documents with a view to resolving the new properties or PPI-IDs under complaint, and to consolidate the information for the purposes of this hearing.

On April 4th, a Notice of Hearing was sent out to the two parties as well as to the third party owners/operators as Intervenor, amending the proposed hearing schedule. The letter also indicated that pursuant to DL 024/03 certain PPI-IDs in dispute had been resolved between the Respondent and the Complainants, such PPI-IDs being annexed to that notice as "Attachment B". The MGB acknowledged that a jurisdictional question was to be heard at this hearing, and that the owner operators affected by the resolution between the Respondent and Complainants as identified in the attachment, could request copies of the submissions of the parties concerning this jurisdictional question. The jurisdictional question pertained to the MGB's authority to deal with a complaint for which no assessment had been prepared by the Respondent.

On April 30, 2003, the Complainants submitted to the MGB a colour-coded condensed compilation of the properties, which grouped certain properties together by issue category and PPI-IDs or license numbers. Among the items put into separate colour categories were those properties for which the complaint had been subsequently agreed to or "conceded" by the Respondent, and those properties that had subsequently been withdrawn by the Complainants. As a result the categories and properties in dispute were re-identified under four different complaint headings: a) Missing Wells, b) Missing Pipeline, c) Pipeline to Check and d) Conceded. The number of PPI-IDs or license numbers filed was reduced to 293 in total.

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Included in this package was a series of maps and production information that was intended to assist the MGB to consider the complaints at the hearing. The MGB was also informed that the Complainants intended to bring to the hearing for the purposes of presenting their complaint, electronic AEUB data for referral purpose should such data become necessary.

On May 9, 2003 counsel for the Respondent contended that it was inappropriate to provide these new productions at such a late stage and that, absent an adjournment, counsel was unprepared to analyze this further information. The letter also objected to the possibility of live electronic data being used at the hearing.

The hearing went forward on May 20, 2003, to address all of the relevant issues. The hearing was scheduled for 5 days. Near the end of the scheduled hearing time, the parties agreed that final submissions to the MGB would be made in writing. The MGB informed the parties that it would issue its decision in this matter after considering these final submissions, and any rebuttal submissions. Directions setting out the timeline for final submissions were given to the parties.