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RECOVERY OF TAXES FOR LINEAR PROPERTY AND MACHINERY & EQUIPMENT

**Marco Poretti
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Recovery of Taxes Not Related to Land

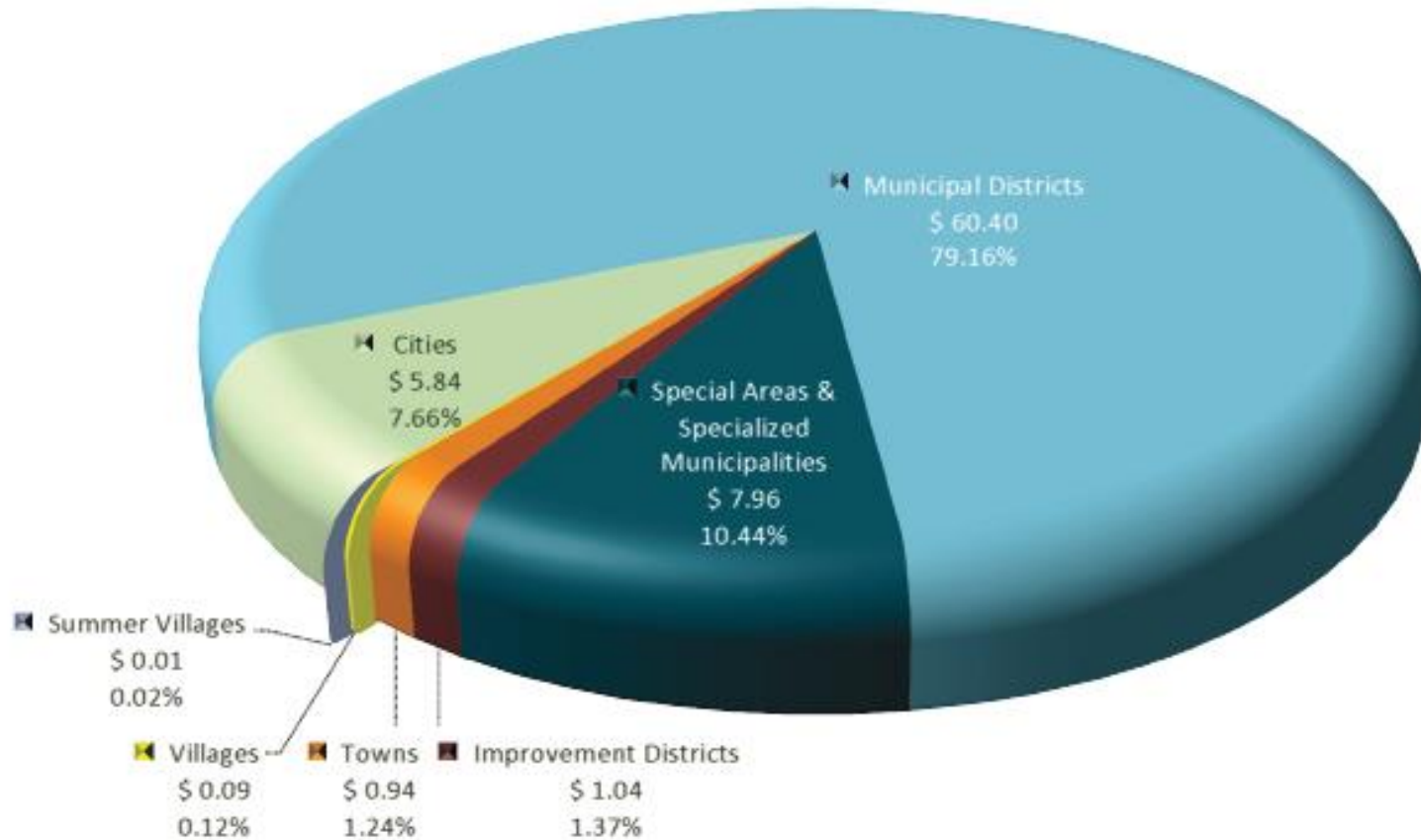
- The remedy of a charge against title at Land Titles is not available
- Selling the property at public auction not available
- Well and pipeline 2015 assessment for taxation in 2016 was \$59.4 billion or 78% of all linear assessment



Property Type	Linear Assessment \$ (in millions)		Change				% of Prov. Base
	2015	2016	Overall \$	Overall %	Inventory %	Inflationary %	
Cable Distribution Systems	337	356	19	5.71%	2.23%	3.47%	0.46%
Electric Power Systems	6,751	7,421	671	9.94%	10.45%	-0.51%	9.73%
Electric Power Generation	6,310	7,179	870	13.78%	14.19%	-0.41%	9.41%
Pipelines (includes Gas Distribution)	32,896	30,269	-2,627	-7.99%	1.39%	-9.38%	39.67%
Telecommunication Systems	1,908	1,929	29	1.51%	0.72%	0.79%	2.53%
Wells	30,080	29,142	-938	-3.12%	3.43%	-6.54%	38.20%
Total	78,274	76,296	-1,977	-2.53%	3.97%	-6.50%	100%



**2016 Tax Year Linear Property Assessment Distribution by Municipal Type
(\$76.3 Billion)**





Recovery of Taxes Not Related to Land (*cont'd*)

MGA Part 10 Division 9 Sections 437 - 452 applies to:

- Land at well sites
- M&E
- Linear property



Recovery of Taxes Not Related to Land (*cont'd*)

- Remedies
 - Issue a distress warrant to seize goods;
 - Remove goods and sell at a public auction; or
 - Sue for the money as an unsecured creditor



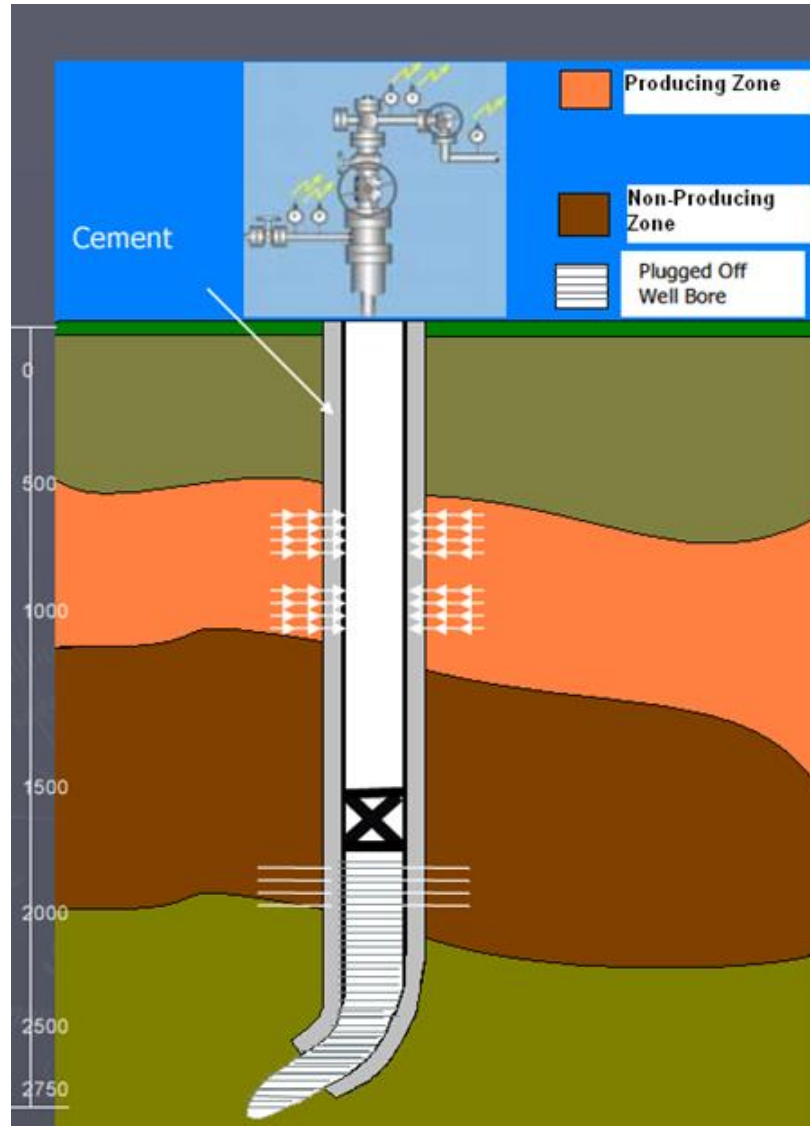
Issue a Distress Warrant to Seize Goods

- What can you seize?
 - Office equipment
 - Drilling equipment (if they own it)
 - The linear property or M&E



What Does it Mean to Seize the Linear Property?

- Wells - well head and the pipe in the ground
- Pipeline - horizontal string of pipe welded together and buried under ground (excludes compressor station, meter station, battery, etc.)



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Practical Realities of Seizing Linear Property and Selling it at Auction

- The well head is tied into surface equipment and pipelines (AER well abandonment requirements)
- The cost and environmental liability of disconnecting the well head and surface equipment
- Cannot remove the pipe in the ground (AER well abandonment requirements)
- Weigh the likelihood that the above costs are less than what would be achieved at auction

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Thank You For Your Attention Questions Are Welcome

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