

STANDING COMMITTEE ON CROWN CORPORATIONS

May 19, 1998

MINUTE NO. 42 9:00 a.m. - Room 10

1. **PRESENT:** Ms. Lorje in the Chair and Members Bjornerud, Gantefoer*, Hamilton, Hillson, Kowalsky, Shillington*, Tchorzewski*, Thomson* and Trew.

Mr. Gantefoer substituting for Mr. Heppner
Mr. Shillington substituting for Mr. Johnson
Mr. Tchorzewski substituting for Mr. Kasperski
Mr. Thomson substituting for Mr. Renaud

Other Members

Mr. Johnson, Ms. Stanger

Staff to the Committee

Ms. Margaret Woods, Clerk to the Committee
Mr. Bob Cosman, Legislative Counsel and Law Clerk
Mr. Ted Priel, Special Advisor to the Committee

2. The Committee resumed its examination of the Channel Lake Petroleum Ltd. matter:

Witness:

Mr. Michael A. Hurst, partner, Milner Fenerty law firm

Mr. Hurst began his testimony with an opening statement and then responded to questions from Committee Members.

3. The Committee recessed from 10:10 a.m. until 10:30 a.m.
4. The Committee concluded its examination of the witness, Mr. Hurst.
5. Mr. Gantefoer moved the following motion:

That the Standing Committee on Crown Corporations contract with an oil and gas industry expert to provide an opinion on whether the 15% discount rate used to value Channel Lake Petroleum was the appropriate rate given market conditions at the time of the sale; and

If the discount rate is not appropriate, provide an opinion on what the appropriate discount rate should have been given market conditions for gas properties at the time of the sale of Channel Lake Petroleum.

A debate arising and the question being put, the motion was agreed to.

6. Mr. Gantefoer moved the following motion:

That a representative of Gilbert Laustsen Jung, namely D.R. Sutton, be called as a witness before the Standing Committee on Crown Corporations.

A debate arising and the question being put, the motion was agreed to.

7. Mr. Gantefoer moved the following motion:

That the Standing Committee on Crown Corporations report to the Legislative Assembly requesting authorization to enter into a contract with an oil and gas industry expert who shall be directed to do the following:

1. Provide an opinion as to whether the 15% discount rate used by SaskPower to determine the value of Channel Lake Petroleum was appropriate given the marketplace at the time of the sale of the company; and
2. If the 15% discount rate was not appropriate, provide an opinion as to what discount rate should have been used given the marketplace for gas properties at the time of the sale of Channel Lake Petroleum.

A debate arising and the question being put, the motion was agreed to.

8. Mr. Gantefoer moved the following motion:

That the Standing Committee on Crown Corporations request Legal Counsel to provide an opinion as to whether the failure of Milner Fenerty lawyer Michael Hurst to forward copies of all drafts of the Channel Lake Sale Agreements to SaskPower legal counsel as specified in the retainer letter executed by Milner Fenerty constitutes negligence or breach of contract on the part of Milner Fenerty.

A debate arising, Mr. Gantefoer withdrew the motion.

9. The Committee adjourned at 12:04 p.m. until 9:00 a.m. on Wednesday, May 20, 1998.