



Blake, Cassels & Graydon LLP  
Barristers & Solicitors  
Patent & Trade-mark Agents  
199 Bay Street  
Suite 2800, Commerce Court West  
Toronto ON M5L 1A9 Canada  
Tel: 416-863-2400 Fax: 416-863-2653

April 6, 2009

**Sharon Wong**  
Dir: 416-863-4178  
sharon.wong@blakes.com

Reference: 9483/3651

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
P.O. Box 2319  
2300 Yonge Street  
Toronto, Ontario  
M4P 1E4

Dear Ms. Walli:

**Re: Union's Application for Designation of the Heritage Gas Storage Pool,  
EB-2008-0405**

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Dear Ms. Walli:

I am writing as counsel for Union Gas Limited (Union) to provide Union's submissions in support of its application EB-2008-0405.

Union submits that the evidence in this matter, including the pre-filed evidence of Union, the written answers to the Technical Conference Written Questions from Board Staff, the information presented by Union during the Technical Conference on March 31, 2009, and the three undertakings given by Union at that Technical Conference, amply demonstrates that all of the questions set out in the Issues List should be answered in the affirmative and that it would be in the public interest for the Board to grant the orders requested in Union's application.

The Ministry of Natural Resources (MNR) was represented at the Technical Conference. At the request of MNR, Union provided the following undertakings:

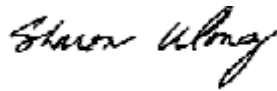
- 1) to update, before first injection, Union's operating procedures and emergency manuals to take into account Union's operations at the Heritage Gas Storage Pool and to provide notice to the MNR and to the Board once the update has been completed; and
- 2) to work with the MNR on the creation of a one or two page handout that could be provided to the public that provides information that would be useful to the public in case of an emergency, such as emergency contact telephone numbers.

Subject to Union complying with those undertakings, Union understands that MNR has no objections to the Board granting the requested orders. No other party has raised any concerns about the requested orders.

Union undertook to provide formal notice of the proceedings to the Ministry of Transportation (MTO). Union complied with this undertaking on April 1, 2009, by couriering a copy of Union's Application, the Board's Notice of Application and the Procedural Orders to the MTO's OPCC representative and also to the MTO representative who Union has been dealing with in respect of this project. A copy of the covering letter to MTO is enclosed.

Accordingly, Union requests that the Board grant the orders as applied for in Union's Application dated December 18, 2008.

Yours truly,



Sharon Wong

encl.

c: Ljuba Cochrane  
Zora Crnojacki  
All Intervenors

21870949.1



**uniongas**

A Spectra Energy Company

April 1, 2009

By email & regular mail

Ministry of Transportation  
301 St. Paul Street, 2<sup>nd</sup> Floor  
St. Catharines, Ontario.  
L2R 7R4

Attention: Mr. Doug Peeling

Dear Sir:

**RE: Heritage Storage Pool**

Union Gas Limited (Union) is proposing to develop a natural Gas Storage Pool in St. Clair Township north of Wallaceburg. A small portion of the proposed storage area will be under Highway 40 in Lot 6 Concession 15 of the former township of Sombra.

For your information I am enclosing a copy of Union's application to the Ontario Energy Board (OEB) and the notice of application and the procedural orders which were issued by the OEB. Unfortunately, the Ministry of Transportation was not provided with this material earlier as a result of an oversight. Union committed to provide the Ministry of Transportation with the notice of application at a technical conference convened by the OEB on March 31, 2009.

Mr. Bruce Elliott from ELS and Company (ELS) has been in contact with your London office regarding this project. A copy of his letter dated March 24<sup>th</sup>, 2009 is attached hereto. ELS have been retained by Union to obtain the necessary land rights for the proposed storage facility.

If you have any questions or concerns regarding the project please contact ELS or myself.

Sincerely,

William Wachsmuth  
Senior Administrator, Regulatory Projects  
:mjp  
Encl.

cc. Klazina (Ina) Smit - [klazina.smith@ontario.ca](mailto:klazina.smith@ontario.ca)

## ONTARIO ENERGY BOARD

IN THE MATTER OF the Ontario Energy Board Act, 1998, S.O. 1998, c.15, Schedule B; and in particular sections 36.1(1), 38(1) and 40(1) thereof.

AND IN THE MATTER OF an Application by Union Gas Limited for a regulation designating the area known as the Heritage Pool, in the Township of St. Clair (Geographic Township of Sombra), in the County of Lambton, as a gas storage area;

AND IN THE MATTER OF an Application by Union Gas Limited for authority to inject gas into, store gas in and remove gas from the Heritage Pool, and to enter into and upon the lands in the said area and use the said lands for such purposes;

AND IN THE MATTER OF an Application by Union Gas Limited to the Ministry of Natural Resources for licences to drill wells in the said area;

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### UNION GAS LIMITED

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1. Union Gas Limited (the "Applicant") seeks to designate and develop a gas reservoir as a gas storage pool for service in 2009 (the "Heritage Pool") in order to meet increased customer demands for underground gas storage.
2. The Applicant hereby applies to the Board pursuant to Section 36.1 of the Ontario Energy Board Act (the "Act"), for an order designating the area containing a gas reservoir known as the Heritage Pool being located on part of Lots 6, 7, and 8, Concession 14 and part of Lots 6, 7 and 8, Concession 15, in the Township of St. Clair (Geographic Township of Sombra) all in the County of Lambton, as a gas storage area (hereinafter referred to as the "Heritage Pool").
3. The Applicant also applies to the Board pursuant to section 38(1) of the Act for an order granting the right to inject gas into, store gas in and remove gas from the Heritage Pool, and enter into and upon the lands in the area for such purposes.
4. Pursuant to section 40(1) of the Act, the Applicant seeks a favourable report from the Board to the Ministry of Natural Resources to which Union has applied for licences to drill two (2) injection/withdrawal wells within the proposed designated storage areas of the Heritage Pool.
5. Attached hereto as Schedule "A" is the description of the lands within the Heritage Pool for which designation is sought.

6. Attached hereto as Schedule "B" is a map showing the general location of the proposed designated storage areas for the Heritage Pool, the proposed gathering pipelines, and the proposed transmission pipelines.
7. In order to meet the proposed in-service date for the Heritage Pool, Union Gas Limited must order pipeline and station equipment in early 2009. The Applicant therefore applies to the Board for a timely approval of this Application.

Dated at the Municipality of Chatham-Kent, Ontario this 18th day of December, 2008.

**UNION GAS LIMITED**

  
Per Dan Jones

Associate General Counsel for Union Gas Limited

Comments respecting this Application should be directed to:

Dan Jones  
Associate General Counsel  
Union Gas Limited  
50 Keil Drive North  
Chatham, Ontario  
N7M 5M1  
dxjones1@uniongas.com  
Telephone: (519)-436-5396  
Facsimile: (519) 426-5218

Mark A. Murray  
Manager, Regulatory Projects & Lands Acquisitions  
Union Gas Limited  
50 Keil Drive North  
Chatham, Ontario  
N7M 5M1  
mmurray@spectraenergy.com  
Telephone: (519) 436-4601  
Facsimile: (519) 436-4641

**Metes and Bounds Description of the DSA**

All and Singular that certain parcel or tract of land and premises, situate, lying and being in the Township of St. Clair, (Geographic Township of Sombra), in the County of Lambton and being composed of:

**Firstly:**

The North  $\frac{1}{4}$  of Lots 6, 7 and 8, Concession 14 more particularly described as follows:

Commencing at the northeasterly corner of Lot 8, Concession 14;

Thence westerly along the southerly limit of Stanley Line a distance of 1810.5 meters more or less to a point being the northwest corner of Lot 6, Concession 14;

Thence southerly along the easterly limit of Lot 8, Concession 14 a distance of 335.3 meters more or less to the line between the north  $\frac{1}{4}$  and the south  $\frac{3}{4}$  of Lot 6, Concession 14;

Thence easterly along the line between the north  $\frac{1}{4}$  and the south  $\frac{3}{4}$  of Lots 6, 7 and 8, Concession 14 a distance of 1810.5 meters more or less to the Lot line between Lots 8 and 9 Concession 14;

Thence northerly along the westerly limit of Lot 6, Concession 14 a distance of 335.3 meters more or less, to the place of commencement.

**Secondly:**

The South  $\frac{3}{4}$  of Lots 7 & 8, Concession 15 & the South  $\frac{1}{2}$  of Lot 6, Concession 15 more particularly described as follows:

Commencing at the southeasterly corner of Lot 8 Concession 15;

Thence westerly along the northerly limit of Stanley Line a distance of 1810.5 meters more or less to the southwest corner of Lot 6, Concession 15;

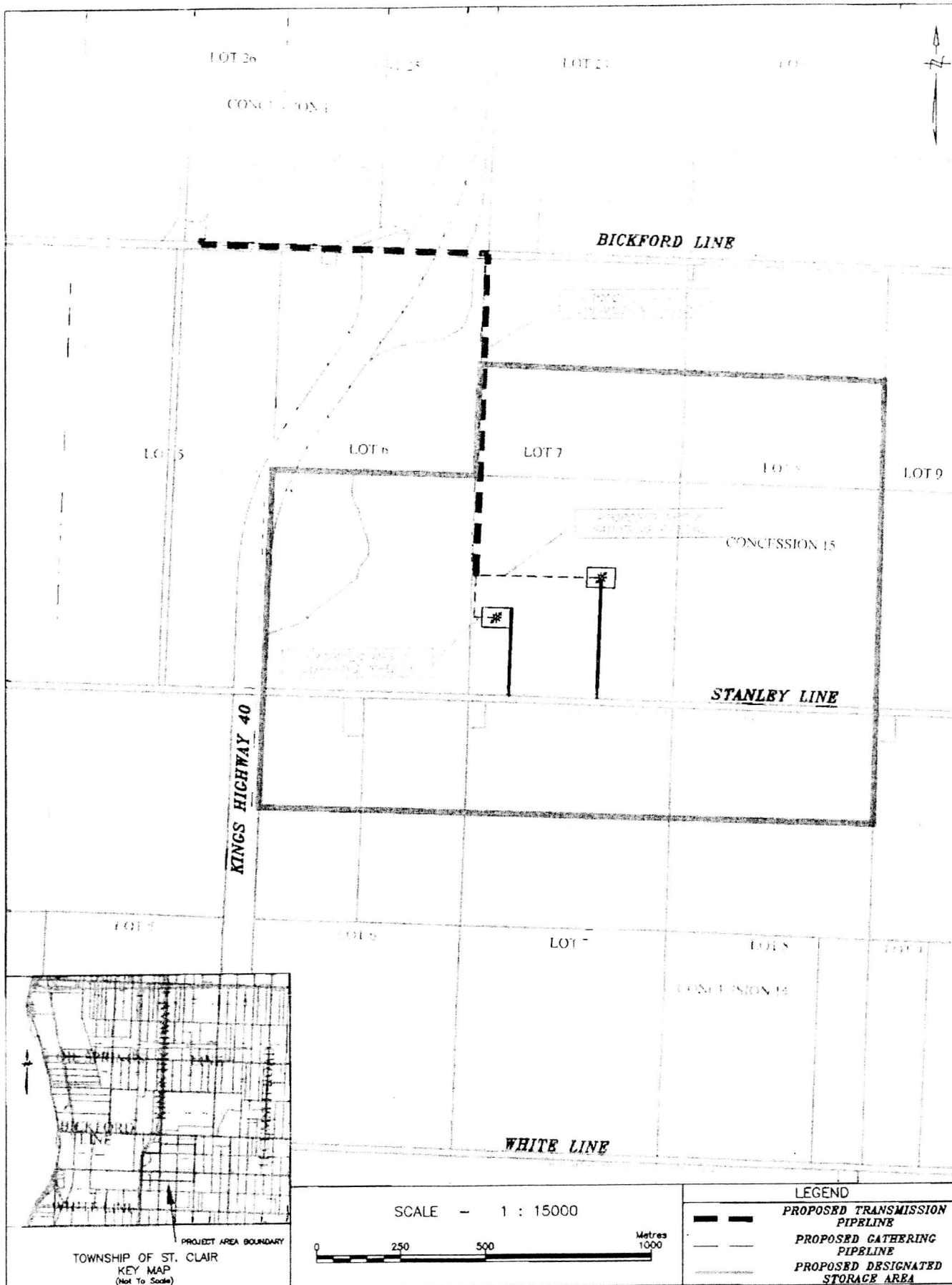
Thence northerly along the westerly limit of Lot 6, Concession 15 a distance of 670.5 meters more or less to the line between the north and south halves of Lot 6, Concession 15;

Thence easterly along said line between the north and south halves of Lot 6, Concession 15 a distance of 603.5 meters more or less to the westerly limit of Lot 7, Concession 15;

Thence northerly along the westerly limit of Lot 7, Concession 15 a distance of 335.3 meters more or less to the line between the north  $\frac{1}{4}$  and the south  $\frac{3}{4}$  of Lot 7, Concession 15;

Thence easterly along the limit between the north  $\frac{1}{4}$  and the south  $\frac{3}{4}$  of Lots 7 and 8 a distance of 1207.0 meters more or less to the easterly limit of Lot 8, Concession 15;

Thence southerly along the easterly limit of Lot 8, Concession 15 a distance of 1005.8 meters more or less to the point of beginning.





EB-2008-0405

## **NOTICE OF APPLICATIONS**

### **UNION GAS LIMITED**

#### **ORDER DESIGNATING THE AREA KNOWN AS HERITAGE POOL IN THE TOWNSHIP OF ST. CLAIR (GEOGRAPHIC TOWNSHIP OF SOMBRA), COUNTY OF LAMBTON, AS A GAS STORAGE AREA**

#### **AUTHORITY TO INJECT GAS INTO, STORE GAS IN AND REMOVE GAS FROM DESIGNATED STORAGE AREA – HERITAGE POOL**

#### **LICENCE TO DRILL WELLS WITHIN THE HERITAGE POOL, IN THE TOWNSHIP OF ST. CLAIR (GEOGRAPHIC TOWNSHIP OF SOMBRA), COUNTY OF LAMBTON**

Union Gas Limited ("Union" or the "Applicant") has filed applications with the Ontario Energy Board, (the "Board") dated December 19, 2008, under sections 36.1(1), 38(1) and 40(1) of the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15, Schedule B that would, if granted, allow Union to develop Heritage Gas Storage Pool in the Township of St. Clair, County of Lambton, Ontario ("Heritage Pool").

The Applicant has applied to the Board for the following:

- An Order designating the area containing a gas reservoir known as the Heritage Pool located on part of Lots 6,7 and 8, Concession 14 and part of Lots 6,7 and 8, Concession 15, in the township of St. Clair (Geographic Township of Sombra) all in the County of Lambton, as a storage area pursuant to section 36.1(1) of the Act;
- Authority to inject gas into, store gas in, and remove gas from the Heritage Pool, pursuant to subsection 38(1) of the Act;



- A favourable report of the Board under subsection 40(1) of the Act, to the Minister of Natural Resources to whom Union has applied for licences to drill two (2) injection/withdrawal wells within the proposed Heritage Pool.

By a letter, dated January 19, 2009, the Ministry of Natural Resources, Petroleum Resources Centre, has referred to the Board, pursuant to section 40 of the Act an application by Union for licences to drill 2 injection/withdrawal wells in the proposed Heritage Pool, as follows:

- Union Heritage 1 (Horiz.#1) Sombra 7-7-XV
- Union Heritage 1 (Horiz.#2) Sombra 5-7-XV

The Applicant has proposed to develop about 0.95 Bcf of natural gas working storage space in the proposed Heritage Pool with the planned in-service date of July 2009.

The Board has assigned File No. EB-2008-0405 to this Application.

A map showing the location of the proposed wells and pipelines is included as Appendix "A" in this Notice.

### **How to see the Applicant's Pre-filed Evidence**

Copies of the applications and the pre-filed evidence in support of the applications will be available for public inspection at the Board's offices, at the Union's office and in the case of the licences to drill wells application at the office of Petroleum Resources Centre in London (addresses below).

### **How to Participate**

You may participate in this proceeding in one of three ways:

You may send the Board a letter of comment. Your letter may include a request to make an oral presentation to the Board, and must be received by the Board no later than **30 days** from the publication date of this notice.

You may request observer status in order to receive documents issued by the Board in the proceeding. Your request must be made by letter received by the Board no later

than **10 days** from the publication date of this notice.

You may request intervenor status if you wish to actively participate in the proceeding. Your request must be made by letter of intervention received no later than **10 days** from the publication date of this notice, or, if you have been served this notice personally, no later than **10 days** from the date of service. Your letter of intervention must include a description of how you are, or may be, affected by the proceeding; and if you represent a group, a description of the group and its membership. The Board may choose to hold either a written or an oral hearing. Your letter of intervention should indicate your preference for a written or oral hearing, and the reasons for that preference. The Board may order costs in this proceeding. You must indicate in your letter of intervention whether you expect to seek costs from the applicant and the grounds for your eligibility for costs. You must provide a copy of your letter of intervention to the applicant.

### **Need More Information?**

Further information on how to participate may be obtained by visiting the Board's Web site at [www.oeb.gov.on.ca](http://www.oeb.gov.on.ca) or by calling our Consumer Relations Centre at 1-877-632-2727.

### **How to Contact Us**

In responding to this notice please reference Board file number EB-2008-0405. It is also important that you provide your name, postal address, telephone number and, if available, an e-mail addresses and fax number. All communications should be directed to the attention of the Board Secretary at the address below, and be received no later than **4:45 p.m. on the required date**.

For your convenience, the Board accepts letters of comment by either post or e-mail. Our e-mail address is [Boardsec@oeb.gov.on.ca](mailto:Boardsec@oeb.gov.on.ca). Please include the application file reference number in the subject line of your e-mail.

Letters of intervention must be sent to the Board by regular mail to the address below. Please remember that you must send a copy of your request for intervention to the Applicant at the address listed below.

**IMPORTANT**

**IF YOU DO NOT REQUEST TO PARTICIPATE IN ACCORDANCE WITH THIS NOTICE, THE BOARD MAY PROCEED IN YOUR ABSENCE AND YOU WILL NOT BE ENTITLED TO ANY FURTHER NOTICE OF THESE PROCEEDINGS.**

**Addresses**

Ontario Energy Board  
P.O. Box 2319  
2300 Yonge Street, 27th Floor  
Toronto ON M4P 1E4

Attention: Ms. Kirsten Walli  
Board Secretary

Tel: 1-888-632-6273 (toll free)  
Fax: 416 440-7656

Petroleum Resources Centre  
Ministry of Natural Resources  
659 Exeter Road  
London, ON  
N6E 1L3

Attention: Mr. Dan Elliot  
Manager

Tel: 519-873-4635  
Fax: 519-873-4645

Union Gas Limited  
P.O. Box 2001  
50 Keil Dr. N.  
Chatham, Ontario  
N7M 5M1

Attention: Mr. Mark A. Murray  
Manager, Regulatory Projects  
and Land Acquisition  
e-mail: [mmurray@spectraenergy.com](mailto:mmurray@spectraenergy.com)

Tel: 519 436-4601  
Fax: 519 436-4641

Union Gas Limited  
P.O. Box 2001  
50 Keil Dr. N.  
Chatham, Ontario  
N7M 5M1

Attention: Mr. Dan Jones  
Associate General Counsel

e-mail: [dxjones1@spectraenergy.com](mailto:dxjones1@spectraenergy.com)

Tel: 519 436-5396  
Fax: 519 436-5218

**DATED** at Toronto, January 27, 2009

**ONTARIO ENERGY BOARD**

*Original signed by*

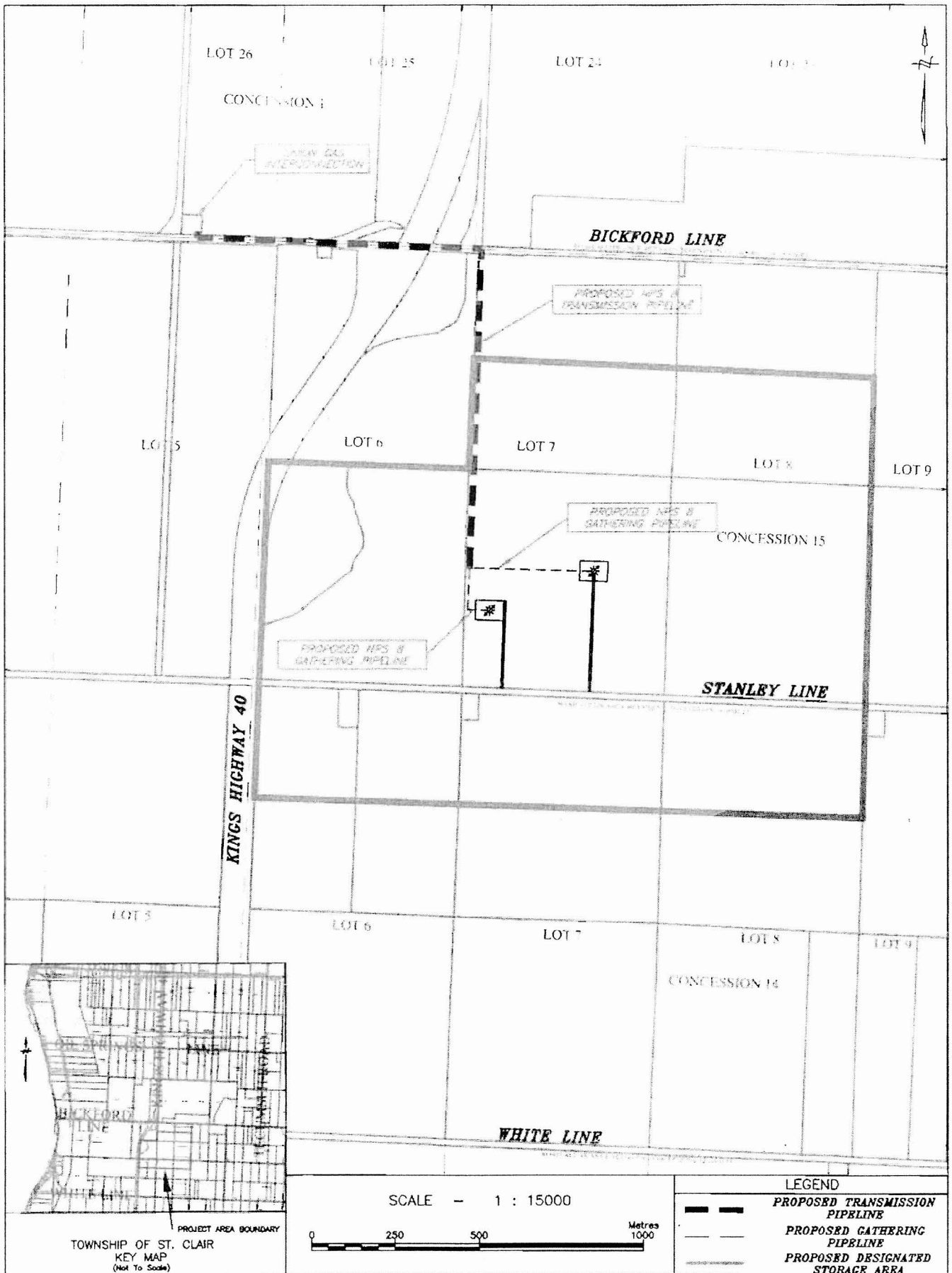
Kirsten Walli  
Board Secretary

## APPENDIX A

Map showing the location of the proposed pipelines and wells

Union Gas Limited  
EB-2008-0405

January 27, 2009





**EB-2008-0405**

**IN THE MATTER** OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15, Schedule B; and in particular sections 36.1(1), 38(1), 40(1) thereof;

**AND IN THE MATTER OF** an application by Union Gas Limited for an Order designating the area known as the Heritage Gas Storage Pool, in the Geographic Township of St. Clair in the County of Lambton, as a gas storage area;

**AND IN THE MATTER OF** an application by Union Gas Limited for authority to inject gas into, store gas in and remove gas from the areas designated as the Heritage Gas Storage Pool, and to enter into and upon the lands in the said areas and use the said lands for such purposes;

**AND IN THE MATTER OF** an application Union Gas Limited to the Ministry of Natural Resources for a license to drill wells in the said areas.

### **PROCEDURAL ORDER No. 1**

Union Gas Limited ("Union" or the "Applicant") has filed applications with the Ontario Energy Board, (the "Board") dated December 19, 2008, under sections 36.1(1), 38(1) and 40(1) of the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15, Schedule B that would, if granted, allow Union to develop Heritage Gas Storage Pool in the Township of St. Clair, County of Lambton, Ontario ("Heritage Pool").

The Applicant has applied to the Board for the following:

- An Order designating the area containing a gas reservoir known as the Heritage Pool located on part of Lots 6,7 and 8, Concession 14 and part of Lots 6,7 and 8, Concession 15, in the Township of St. Clair (Geographic Township of Sombra) all in the County of Lambton, as a storage area pursuant to section 36.1(1) of the Act;
- Authority to inject gas into, store gas in, and remove gas from the Heritage Pool, pursuant to subsection 38(1) of the Act;
- A favourable report of the Board under subsection 40(1) of the Act, to the Minister of Natural Resources to whom Union has applied for licences to drill two (2) injection/withdrawal wells within the proposed Heritage Pool.

The Notice of Application was issued on January 27, 2009. The Applicant served and published the Notice of Application as directed by the Board.

The registered intervenors in the proceeding are the MNR and Enbridge Gas Distribution Inc. ("EGDI"). An Intervener List with contact information, including the Applicant's information is attached as Appendix "A" to this Procedural Order.

No party requested an oral hearing. The Board has decided to proceed with a written hearing initially, but may hold an oral hearing if circumstances require it later.

The Board considers it necessary to make provision for the following procedural matters.



**THE BOARD ORDERS THAT:**

1. The Applicant, Board Staff and Intervenor may file any comments on the Proposed Issues List, attached in the Appendix "B", by **Monday, March 16, 2009**.
2. A Technical Conference will be held at 2300 Yonge Street, 25th floor, Toronto, Ontario in the Board's West Hearing Room. The Technical Conference will commence on **Tuesday, March 31, 2009** at 9:30 a.m. To facilitate the process, parties to the proceeding who are seeking additional information on the evidence filed with the Board, and that is relevant to the hearing, may submit questions in writing and file these questions with the Board and deliver them to the Applicant and the intervenors by **Monday, March 23, 2009**. The Technical Conference will be transcribed and will form part of the public record.
3. The Applicant may file argument-in-chief on or before **Monday, April 6, 2009**.
4. Board Staff may file argument on or before **Monday, April 13, 2009**.
5. Intervenor may file final arguments on or before **Monday, April 20, 2009**.
6. The Applicant may file reply argument on or before **Friday, April 24, 2009**.

All filings to the Board must quote file number EB-2008-0405, and consist of an electronic copy in searchable / unrestricted PDF format filed through the Board's web portal at [www.errr.oeb.gov.on.ca](http://www.errr.oeb.gov.on.ca), and three paper copies sent to the address below. Filings must clearly state the sender's name, postal address and telephone number, fax number and e-mail address. Please use the document naming conventions and document submission standards outlined in the RESS Document Guideline found at [www.oeb.gov.on.ca](http://www.oeb.gov.on.ca). If the web portal is not available you may email your document to [BoardSec@oeb.gov.on.ca](mailto:BoardSec@oeb.gov.on.ca).

All communications should be directed to the attention of the Board Secretary at the address below, and be received no later than 4:45 p.m. on the required date.

Parties must also include the Case Manager, Ms. Zora Crnojacki  
[zora.crnojacki@oeb.gov.on.ca](mailto:zora.crnojacki@oeb.gov.on.ca) and Board Counsel, Ms. Ljuba Cochrane  
[ljuba.cochrane@oeb.gov.on.ca](mailto:ljuba.cochrane@oeb.gov.on.ca) on all electronic correspondence related to this case.

**DATED** at Toronto March 12, 2009  
**ONTARIO ENERGY BOARD**

*Original signed by*

Kirsten Walli  
Board Secretary

Appendix A  
to  
Procedural Order No. 1

EB-2008-0405

List of Intervenors

Union Gas Limited

EB-2008-0405

**APPLICANT & LIST OF INTERVENORS**

March 12, 2009

**APPLICANT**

**Union Gas Limited**

**Rep. and Address for Service**

Patrick McMahon  
Manager, Regulatory Research and Records  
Union Gas Limited  
50 Keil Drive North, P.O. Box 2001  
Chatham, ON N7M 5M1

Tel: 519-436-5325  
Fax: 519-436-4641  
Email: [pmcmahon@uniongas.com](mailto:pmcmahon@uniongas.com)

Dan Jones  
Union Gas Limited  
50 Keil Drive North  
Chatham ON N7M 5M1

Tel: 519-436-5396  
Fax: 519-436-5218  
Email: [dxjones1@uniongas.com](mailto:dxjones1@uniongas.com)

Mark Murray  
Union Gas Limited  
50 Keil Drive North,  
P.O. Box 2001  
Chatham ON N7M 5M1

Tel: 519-436-4601  
Fax: 519-436-4641  
Email: [mmurray@spectraenergy.com](mailto:mmurray@spectraenergy.com)

Sharon Wong  
Union Gas Limited  
199 Bay Street, 28th Floor Commerce Court  
Toronto ON M5L 1A9

Tel: 416-863-4178  
Fax: 416-863-2653  
Email: [sharon.wong@blakes.com](mailto:sharon.wong@blakes.com)

**INTERVENORS**

**Enbridge Gas Distribution Inc.**

**Rep. and Address for Service**

Bonnie Adams  
Assistant Regulatory Coordinator  
P.o. Box 650  
Scarborough ON M1K 5E3

Tel: 415-495-6409  
Fax: 416-495-6072  
Email: [EGDRegulatoryProceedings@enbridge.co](mailto:EGDRegulatoryProceedings@enbridge.co)

**Ministry of Natural Resources**

Demetrius Kappos  
Counsel  
99 Wellesley St. W., Rm 3420  
Toronto ON M7A 1W3

Tel: 416-314-2007  
Fax: 416-314-2030  
Email: [demetrius.kappos@ontario.ca](mailto:demetrius.kappos@ontario.ca)

Dan Elliott  
Manager  
659 Exeter Rd.  
London ON N6E 1L3

Tel: 519-873-4634  
Fax: 519-873-4634  
Email: [dan.elliott@ontario.ca](mailto:dan.elliott@ontario.ca)

Jug Manocha  
Caverns & Storage Engineer  
659 Exeter Road  
London ON N6E 1L3

Tel: 519-873-4637  
Fax: 519-873-4645  
Email: [jug.manocha@mnr.gov.on.ca](mailto:jug.manocha@mnr.gov.on.ca)

Appendix B  
to  
Procedural Order No. 1

EB-2008-0405

Proposed Issues List

**EB-2008-0405**  
**Proposed Issues List**

**1. Designation of the Gas Storage Pool**

- 1.1. Is the underlying geological formation appropriate for storage operations?
- 1.2. Is the tract of land to be designated appropriately bound and sized to provide for safe operation of the storage pool?
- 1.3. Does the applicant have the necessary leases and agreements with the directly affected landowners?
- 1.4. Have all Aboriginal Peoples whose existing or asserted Aboriginal or treaty rights may be affected by the proposed Heritage Pool been identified, have appropriate consultations been conducted with these groups, and if necessary, have appropriate accommodations been made with these groups?
- 1.5. Is there a need for this incremental storage capacity in Ontario?

**2. Authorization to Inject, Store and Withdraw**

- 2.1. Is the applicant a capable prospective storage operator in terms of technical and financial capabilities to develop and operate the proposed storage facilities?
- 2.2. Will the appropriate safety requirements for proposed injection/withdrawal activities be ensured in accordance with all relevant codes and standards?
- 2.3. Is the proposed maximum operating pressure safe?
- 2.4. What are the potential impacts of injection/withdrawal activities on the integrity of the gas storage pool?
- 2.5. Is the applicant appropriately accountable and for losses or damages caused by its activities? In particular, will the appropriate insurance coverage be in effect prior to construction/operation commencement?

**3. Well Drilling Licence**

- 3.1. Does the geological evidence support the proposed well locations and drilling programs?
- 3.2. Are the proposed storage wells appropriately designed? Are construction and maintenance plans in order?

- 3.3. Does the applicant have the technical capability to conduct the drilling in accordance with applicable standards and codes?
- 3.4. Does the applicant propose an appropriate program to mitigate the environmental impacts and impacts on directly affected properties?





24<sup>th</sup> March 2009

Ministry of Transportation  
Engineering Office  
Property Section  
Southwestern Region  
659 Exeter Road  
London, Ontario  
N6E 1L3

Attn: Klazina (Ina) Smit

Dear Ina,

Re: Sombra Township, Lot 6 Concession 15

Further to our earlier correspondence, Union Gas Limited is proposing to create a Designated Storage Unit for the purposes of storing Natural Gas in the area of Highway 40, Sombra Township, Lot 6 Concession 15. In order to move ahead with our development program we must lease all of the lands or portions of lands within the boundary of the proposed unit. You have lands within that area.

The area of interest is quite small, 5 acres more or less in total, but we must lease the entire area and thus we must lease your parcel as well. This is an area under Highway 40 roadway and the right of way. I am enclosing a map of the area to indicate where the parcel is located. I am also enclosing copies of our proposed Petroleum and Natural Gas Lease and Grant and our proposed Gas Storage Lease Agreement. These are standard documents with standard terms.

The reason that we are asking you to sign a Petroleum and Natural Gas Lease and Grant and the Gas Storage Lease Agreement is to provide us with a standard document that the Energy Board will recognize as being similar or the same as the documents that everyone else signed in the area and at the same terms.

I trust that the enclosed is in order and meets with your approval. If there is anything that I can help you with please do not hesitate to call. I understand fully, as was explained, that there is a review process and an approval process and that the process moves at a steady pace. As always in a development of this nature time is of the essence and we require a reply of some nature from your office stating that you have received our materials and that the process has begun. If you could fax my office a statement of that nature it would be greatly appreciated.

Yours truly,  
ELS and Company Inc.

A handwritten signature in dark ink, appearing to read "Bruce Elliott", is written over the typed name.

C. Bruce Elliott  
Vice President