



uniongas

A Spectra Energy Company

March 27, 2009

BY RESS & Courier

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
Suite 2700, 2300 Yonge Street
Toronto, Ontario
M4P 1E4

Dear Ms. Walli:

**Re: Union Gas Limited
Heritage Pool
Board File # EB-2008-0405**

Please find attached two copies of Union's responses to the Board's Technical Conference questions.

As well, please find attached Presentation which will form part of the Technical Conference on Tuesday, March 31, 2009.

As a further attachment, enclosed is the updated OPCC Summary of Comments which is shown as Section 5 – Schedule 2 of our pre-filed evidence.

Sincerely,

Mary Jane Patrick
Regulatory Analyst, Regulatory Projects
:mjp
Encl.

cc: Neil McKay, Manager Facilities Applications (neil.mckay@oeb.gov.on.ca)
Zora Crnojacki, Project Advisor (zora.crnojacki@oeb.gov.on.ca)
Giovanna Dragic, Senior Case Administrator (giovanna.dragic@oeb.gov.on.ca)
All Intervenors

UNION GAS LIMITED

Response to Technical Conference Question
from Board Staff

Reference: Issue 1.3

Question:

1. Regarding storage and land rights:

- a) Please provide an update and anticipated timing of acquiring the P&NG lease from the Crown.
- b) Please discuss the status of acquiring land and storage rights from the Ministry of Transportation or any other party that is directly affected by the proposed designation and operation of the Heritage Storage Pool.

Response:

The Real Estate Section of the Ministry of Transportation for the Province of Ontario and the Public Lands Section of Natural Resources Canada for the Government of Canada are aware of the proposed Heritage Storage Pool project. Discussions have been held with both agencies regarding leases for properties in which they have interests. Neither agency has identified any significant issues regarding the project. Union expects to have the final agreements in place late in 2009.

UNION GAS LIMITED
Response to Technical Conference Question
from Board Staff

Reference: Issue 1.4

Question:

- 2) Please provide a status update on consultations with Aboriginal groups with regard to the following points:
- a) Identify all of the Aboriginal groups that have been contacted in respect of this application.
 - b) Indicate:
 - i) How the Aboriginal groups were identified;
 - ii) when contact was first initiated;
 - iii) the individuals within the Aboriginal group who were contacted, and their position in or representative role for the group;
 - iv) a listing, including the dates, of any phone calls, meetings and other means that may have been used to provide information about the project and hear any interests or concerns of Aboriginal groups with respect to the project.
 - c) Provide relevant information gathered from or about the Aboriginal groups as to their treaty rights, any filed and outstanding claims or litigation concerning their treaty rights, treaty land entitlement or aboriginal title or rights, which may potentially be impacted by the project.
 - d) Provide any relevant written documentation regarding consultations, such as notes or minutes that may have been taken at meetings or from phone calls, or letters received from, or sent to, Aboriginal groups.
 - e) Identify any specific issues or concerns that have been raised by Aboriginal groups in respect of the project and, where applicable, how those issues or concerns will be mitigated or accommodated.
 - f) Explain whether any of the concerns raised by Aboriginal groups with respect to the applied-for project have been discussed with any government department or agencies, and if so, identify when contacts were made and who was contacted.
 - g) If any of the Aboriginal groups who were contacted either support the application or have no objection to the project proceeding, identify those groups and provide any available written documentation of their position. Also, indicate if their positions are final or preliminary or conditional in nature.

- h) Provide details of any know Crown involvement in consultations with Aboriginal groups in respect of the applied-for project.

Response:

- a) Contacts regarding this project are as follows:

Walpole Island First Nation

Chief Joseph Gilbert

RR #3

Wallaceburg, On. N8A 4K9

Aamjiwnaang First Nation (Chippewas of Sarnia)

Chief Chris Plain

978 Tashmoo Ave.

Sarnia, On. N7T 7H5

Chippewa's of Kettle and Stoney Point First Nations

Chief Liz Cloud

RR #2

Forest, On. N0N 1J0

- b)

- i) The Union Gas Limited (Union) Manager of Government and Aboriginal Affairs, John Bonin in initial consultation on April 30, 2008 with Walpole Island First Nation representative Naomi Williams, Environmental Assistant to the Executive Director of the Walpole Island Heritage Centre (WIHC), Dr. Dean Jacobs, presented an overview of the project along with maps and general information. At this meeting Mr. Bonin was advised of the other groups involved in the Chenail Ecarté Treaty and Treaty 25 Land Claim negotiations most notably the Aamjiwaang First Nations and the Chippewa's of Kettle and Stoney Point First Nations which the project would be located within.
- ii) As noted above, contact with the Walpole Island First Nations was initiated on April 30, 2008. Contact was first initiated, with the Aamjiwaang First Nations and Chippewa's of Kettle and Stoney Point First Nations on December 18, 2008 when notification was sent to the government agencies and landowners informing them of the project and requesting comments about the project and offering to supply a copy of the Environmental Protection Plan upon request.
- iii) Walpole Island First Nations
Contacted: Chief Joseph Gilbert
Dr. Dean Jacobs, Executive Director of the Walpole Island Heritage Centre
Naomi Williams, Environmental Assistant to Dean Jacobs.

Aamjiwaang First Nations (Chippewas of Sarnia)

Contacted - Chief Chris Plain

Chippewa's of Kettle and Stoney Point First Nations

Contacted- - Chief Liz Cloud

Exclusive of the aforementioned dates, a meeting between Naomi Williams, Environmental Assistant for the WIHC and a Union representative from the geology department was held on May 14, 2008 to assist in the understanding of the work being completed to develop the storage pool. The use of the seismic information and its interpretation to determine the location of the reservoir and the Designated Storage Area were discussed.

On January 16, 2009, Union met with Dean Jacobs, Executive Director of the WIHC and presented him with a copy of the Environmental Protection Plan for the project upon his request.

On January 29th, 2009, Union served Aamjiwnaang First Nation by courier delivery and on January 30th, 2009 served Chippewas of Kettle and Stoney Point First Nation by registered mail, with a with a copy of the Board's Notice of Application, location map and a copy of Union's Application.

On February 25, 2009, on the request of the Walpole Island First Nations, Union presented an overview of storage pool development to the Walpole Island Heritage Centre staff, portfolio Band Councillors and interested community members to assist those attending in better understanding the process.

- c) In previous Consultations, Dr. Dean Jacobs provided a copy of several presentations that outline the historical treaty rights of Walpole Island First Nations.
- d) Copies of the letters sent to the First Nations informing them of the project as well as the overview presented to the Walpole Island First Nations on January 16, 2009 are attached.
- e) No specific issues or concerns were raised.
- f) No specific issues or concerns were raised.
- g) Dr. Dean Jacobs, Walpole Island First Nation, responded verbally at the January 16, 2009 meeting there were no specific issues or concerns with the project.
- h) We are not aware of any Crown involvement in consultations with the Aboriginal groups in respect of this project.



December 18, 2008

Chippewa's of Kettle and Stoney Point First Nations
Chief Liz Cloud
RR #2
Forest, On. N0N 1J0

Attention Chief Liz Cloud

Re: Heritage Storage Pool Development Project

Dear: Chief Cloud

Union Gas Limited (Union) proposes to develop the Heritage Storage Pool located in Lots 6, 7 and 8 of Concession 15 within the Township of St. Clair (formally Sombra) in Lambton County. Union Gas is proposing to develop the pool commencing with the well drilling in the winter of 2009 and the construction of the pipelines in the summer of 2009.

An Environmental Protection Plan (EPP) for this project has recently been completed by Union which includes information regarding the existing natural environment and proposed mitigations for the protection of the environment in conjunction with the development of the Project.

If you would like a copy of the EPP please contact Mr. Norm Dumouchelle, Environmental Planner, Union Gas Limited, 750 Richmond Street, Chatham, Ontario, N7M 5J5 or at 1-866-949-1595 x 76955 or by email at npdumouchelle@uniongas.com Comments would be appreciated by February 20, 2009.

Thank you for your time in this endeavor.

Yours very truly,

UNION GAS LIMITED

Norm Dumouchelle
Environmental Planner



December 18, 2008

Aamjiwnaang First Nation
Chief Chris Plain
978 Tashmoo Ave.
Sarnia, On. N7T 7H5

Attention Chief Chris Plain

Re: Heritage Storage Pool Development Project

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Yours very truly,

UNION GAS LIMITED

Norm Dumouchelle
Environmental Planner



December 18, 2008

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Chief Joseph Gilbert
RR #3
Wallaceburg, On. N8A 4K9

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Thank you for your time in this endeavor.

Yours very truly,

UNION GAS LIMITED

Norm Dumouchelle
Environmental Planner

UNION GAS LIMITED

Response to Technical Conference Question
from Board Staff

Reference: Issue 2.3

Question:

3. Maximum safe delta pressure limit was determined by tests in accordance with CAN/CSA Z 341.1 -06. There are 2 required tests that jointly indicate the maximum operating pressure above the discovery pressure: i) Caprock core samples threshold pressure testing; and ii) microfracture testing.

The discovery pressure of the pool was 7,269 kPaa. Union intends to operate the pool at the maximum operating pressure of 10,623 kPaa.

The caprock core samples were obtained and sent for a test. Union stated that results will be submitted to the MNR prior to the first injection.

Please provide more specific estimate of time when the caprock core testing results will be available.

Response:

Based on recent discussions with the Testing Laboratory Union is not able to provide a definitive date when the test results will be available. However, it is expected that the results will be available in the next ten to twelve weeks. Again, Union commits to submit the results to the MNR prior to first injection.

UNION GAS LIMITED

Response to Technical Conference Question
from Board Staff

Reference: Issue 2.4

Question:

4. The integrity of a storage pool is to be ensured following the requirements specified in clause 7.1 of the CAN/CSA Z 341.1 – 06. The pre-filed evidence section 3, page 12 describes the results of the studies that were undertaken in compliance with the clause 7.2. Union stated that the actual results of the assessment were sent to the MNR.

Please describe response that Union received from the MNR on the results of the required studies regarding protecting the integrity of the Heritage Pool.

Response:

A meeting to discuss the technical aspects of the Heritage pool was held with MNR staff on November 28, 2008. Well license applications and the “Assessment of Neighbouring Activities Report”, in accordance with clause 7.2 of CSA Z341, was submitted to the MNR on December 19, 2008. A copy of the “What if – Analysis of Hazard and Operability Issues”, in accordance with clause 7.1 of CSA Z341, was provided to the MNR for review on February 27, 2009.

Union has not received any negative comments from the MNR on this project

UNION GAS LIMITED

Response to Technical Conference Question
from Board Staff

Reference: Issue 2.5

Question:

5. Regarding the appropriate insurance coverage to be in place prior to construction/operation commencement:

Please explain if the insurance will be available and the coverage and liabilities it will include against environmental and pollution risks of Heritage Pool gas storage development and operation.

Response:

Union's insurance program will include, with limits appropriate to the project:

- Commercial general and excess liability insurance for liabilities arising to third parties for bodily injury and property damage resulting from our operations
- Completed operations liability
- Sudden and accidental pollution liability
- Control of well insurance