

**EB-2008-0405  
Union Gas Limited  
Heritage Gas Storage Pool**

**Board Staff Submissions**

**April 9, 2009**

**Introduction**

Board Staff submissions relate to proposed conditions to the Board order under section 38 (1) of the OEB Act (“Authorization to operate the pool”) and are set out in Appendix ‘A’ as well as the Board report to the MNR on applications to drill wells under section 40(1) of the OEB Act which are set out in Appendix “B”. The proposed conditions, for the most part, are the standard conditions the Board applies to storage development projects.

In addition to the standard conditions, Board Staff propose three project specific conditions to be attached to Board’s Authorization to operate the pool. No project specific conditions are proposed to be added to the standard conditions of approval for the licence to drill.

Board Staff does not take issue and has no submissions regarding the application under section 36.1(1) to designate the Heritage Pool for storage.

**Conditions to Authorization to Operate the Heritage Pool**

Attached as Appendix “A” are conditions proposed by Board Staff.

The standard conditions cover operation of the Heritage Storage Pool and general conditions applicable to storage development projects.

The three project specific conditions are related to the issues raised and the evidence provided in this proceeding.

**Condition 3.1 –Notice to the Ministry of Transportation**

Union revised its application on March 20, 2009 to include a section of Highway 40 in the Northwest corner of the proposed Designated Storage Area. In the Technical Conference, Board Staff asked Union whether notice had been given to the Ministry of Transportation (MTO) as part of the Board’s notice and direction. Union advised that the MTO had not been notified but undertook to

give notice to the MTO (Technical Conference Undertaking KU. 1 and Union's Argument-in-Chief, dated April 6, 2009). At the Technical Conference Union filed, as Exhibit KT1.4, a letter to the MNR dated March 27, 2009, that initiated the process to acquire the land rights from the MTO.

In its Argument-in-Chief Union stated that on April 1, 2009 it sent a copy of the application, the Board's Notice of Application and Procedural Orders Nos. 1 and 2 to the MTO.. Union enclosed with its Argument-in-Chief copies of the April 1, 2009 notice along with copies of all the documentation provided to the MTO with the notice.

Board Staff note that proof of service on the MTO, or a statement from the MTO regarding the Heritage Pool operation, was not filed by Union. Therefore, Board Staff propose a project specific Condition 3.1 as follows:

*3.1 Prior to commencement of any injection, storage or withdrawal operations Union shall file with the Board:*

- a) an affidavit of service confirming that the Notice of Application, Procedural Orders and a copy of Union's revised Application have been served on the Ministry of Transportation;*
- b) a statement by the Ministry of Transportation that it had no issues or concerns regarding the Heritage Pool operation.*

### Conditions 3.2 and 3.3

In the Technical Conference, the MNR representatives asked that Union undertake to update its operating and emergency manuals and to create and make available to the public and affected landowners an information brochure on an emergency response plan including emergency contacts. Union undertook to comply with MNR's request and such undertakings were recorded at the Technical Conference as undertakings KU.2 and KU.3 respectively.

Board Staff note that Union has not complied with undertakings KU.2 and KU.3 at this time and that the timeline to complete these undertakings was not specified. Therefore, Board Staff propose project specific Conditions 3.2 and 3.3 to ensure that information as to operational and emergency procedures is updated and available prior to the start of the Heritage Pool operation.

- 3.2 *Before first injection, Union shall update its operating and emergency manuals to take into account Union's operations at the Heritage Pool and shall notify the MNR and the Board once the update has been completed.*
- 3.3 *Union shall develop a short Emergency Response brochure to be made available to the public and file copies with the MNR and the Board prior to first injection.*

**Appendix A**

**EB-2008-0405  
Union Gas Limited  
Heritage Gas Storage Pool**

**Board Staff Submissions**

**Proposed Conditions by Board Staff**

**Authorization to Inject, Store and Remove Gas**

**EB-2008-0405**  
**Union Gas Limited**  
**Heritage Gas Storage Pool**  
**Proposed Conditions of Approval**

**Authorization to Inject, Store and Remove Gas**

1. Operation of the Heritage Storage Pool
  - 1.1 Union Gas Limited ("Union") shall adhere to the evidence filed with the Board in the EB-2008-0405 proceeding. Union shall comply with applicable laws, regulations and codes to the satisfaction of the responsible agency pertaining to the construction, operation and maintenance of the proposed project and should evaluations conducted in accordance with those applicable laws, regulations and codes identify any risk and/or specify any remedial work, shall implement, complete and maintain such works prior to commencement of any injection.
  - 1.2. Prior to commencement of any injection, storage or withdrawal operations, Union shall obtain all the necessary storage rights within the Heritage Designated Storage Area.
  - 1.3. Union shall design, construct, operate, maintain and abandon the wells and facilities in accordance with the CSA Z341.1-06 Storage of Hydrocarbons in Underground Formations and in accordance with the *Oil, Gas and Salt Resources Act* and its regulations and operating standards.
  - 1.4. Union shall protect the integrity of the reservoir and ensure the safe operation of the Heritage Storage Pool by complying with the requirements of the Provincial Operating Standard, CSA Standard Z341.1-06 and any other applicable laws, regulations and codes.
  - 1.5. Union shall advise the Board's designated representative of any proposed material change or abnormal events in construction or restoration procedures that are reported to authorities. In the event of an emergency, the Board shall be informed immediately after the fact.
  - 1.7. Union shall ensure that the construction, operation and maintenance of the Heritage Storage Pool do not affect the quality or supply of potable water. Union shall conduct a water well test prior to and after the first cycle of gas storage and implement a Water Well Monitoring Program. In the event that the quality of the potable water is impacted by the construction, operation and maintenance of the Heritage Storage Pool, Union shall provide adequate fresh water supplies to all affected landowners until the problem is rectified.

- 1.8. Should Union fail to commence injection before June 1, 2010 Union shall be required to apply to the Board for an extension of the authority granted under the Board's Order and will be required to submit evidence to show why such an extension shall be granted.
- 1.9. After the date on which the OEB grants an order pursuant to Section 38(1) of the OEB Act and before commencement of drilling operations or pipeline construction to use the DSA for storage, and thereafter while the DSA or any part thereof is being used for storage operations, Union shall obtain and maintain in full force and effect insurance coverage, including but not limited to, liability and pollution coverage, in the amount that is determined to be adequate by an independent party with expertise in adequacy of insurance coverage for environmental and other risks and potential impacts of gas storage operations in Southwestern Ontario. Union shall file with the Board documentation proving that the insurance coverage has been obtained as required by this condition.

## 2. General

- 2.1 For the purposes of these conditions conformity of the Applicant with CSA Z341.01-06, the Oil, Gas and Salt Resources Act, and the Provincial Operating Standard shall be to the satisfaction of the Ministry of Natural Resources.
- 2.2 The authority granted under this Order to Union is not transferable to another party without leave of the Board.
- 2.3 The Board's designated representative for the purpose of these conditions shall be the Manager, Natural Gas Applications.

## 3. Project Specific Conditions

- 3.1.1 Prior to commencement of any injection, storage or withdrawal operations Union shall file with the Board:
  - c) an affidavit of service confirming that the Notice of Application, Procedural Orders and a copy of Union's revised Application have been served on the Ministry of Transportation;
  - d) a statement by the Ministry of Transportation that it had no issues or concerns regarding the Heritage Pool operation.
- 3.2 Before first injection, Union shall update its operating and emergency manuals to take into account Union's operations at the Heritage Pool and shall notify the MNR and the Board once the update has been completed.

- 3.3 Union shall develop a short Emergency Response brochure to be made available to the public and file copies with the MNR and the Board prior to first injection.

**Appendix B**

**EB-2008-0405**

**Union Gas Limited  
Heritage Gas Storage Pool**

**Board Staff Submissions**

**Proposed Conditions by Board Staff**

**Wells Drilling Licence**



**EB-2008-0405**  
**Union Gas Limited**  
**Heritage Gas Storage Pool**  
**Proposed Conditions of Approval**

**Wells Drilling Licences Application**

**1. General Requirements**

- 1.1. Union Gas Limited ("Union) shall adhere to the evidence as filed with the Board in EB-2008-0405 and comply with applicable laws, regulations and codes pertaining to the construction of the proposed wells.
- 1.2 Authorization for the issuance of the drilling licences is limited to twelve months from the date of the Board's Report to the Ministry of Natural Resources.
- 1.3 The authority granted under this Order to Union is not transferable to another party without leave of the Board.

**2. Just and Equitable Compensation**

- 2.1 Union shall offer to pay landowners and/or tenants just and equitable compensation for any damages, including present and future crop damage arising from: drilling of injection/withdrawal wells; installation of gathering pipelines; access road construction.

**3. Construction Requirements**

- 3.1 Union shall construct the facilities and restore the land in accordance with its Application and evidence and the undertakings given to the Board, except as modified by this Order and these Conditions of Approval.
- 3.2 Union shall ensure that the movement of equipment is carried out in compliance with all procedures filed with the Board, and as follows:
  - i) Union shall make reasonable efforts to keep the affected landowner as well as adjacent landowners and their respective tenant

farmers, or their designated representatives, informed of its plans and construction activities; and

- ii) the installation of facilities and construction shall be coordinated so as to minimize disruption of agricultural land and agricultural activities.
- 3.3 Union shall, subject to the recommendation by an independent tile contractor and subject to the landowners' approval, construct upstream and downstream drainage headers adjacent to the drilling area and access roads that cross existing systematic drainage tiles, prior to the delivery of heavy equipment, so that continual drainage will be maintained.
- 3.4 Union shall implement all the recommendations of the Environmental Protection Plan filed as Section 5 Schedule1 of the pre-filed evidence.
4. Monitoring and Reporting Requirements
- 4.1 Both during and after construction, Union shall monitor the impacts of construction, and shall file four copies of both an interim and a final monitoring report with the Board. The interim monitoring report shall be filed within six months of the in-service date, and the final monitoring report shall be filed within fifteen months of the in-service date. Union shall attach a log of all complaints to the interim and final monitoring reports. The log shall record the times of all complaints received, the substance of each complaint, the actions taken in response, and the reasons underlying such actions.
- 4.2. The interim monitoring report shall confirm Union adherence to Condition 1.1 and shall include a description of the impacts noted during construction and the actions taken or to be taken to prevent or mitigate the long-term effects of the impacts of construction. This report shall describe any outstanding concerns identified during construction.
- 4.3 The final monitoring report shall describe the condition of the rehabilitated land and the effectiveness of the mitigation measures undertaken. The results of the monitoring programs and analysis shall be included and

recommendations made as appropriate. Any deficiency in compliance with any of the Conditions of Approval shall be explained.

5. Project and Communication Requirements

- 5.1 For the purposes of these conditions, conformity of the Applicant with CSA Z341.1-06, shall be to the satisfaction of the Ministry of Natural Resources.
- 5.2 Union shall designate one of its employees as project manager who will be responsible for the fulfilment of these conditions, and shall provide the employee's name to the Ministry of Natural Resources, the Board and to all appropriate landowners.
- 5.3 The Board's designated representative for the purpose of these Conditions of Approval shall be the Manager, Natural Gas Applications.