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TIPPERARY STORAGE LANDOWNERS' ASSOCIATION

MAY 13 2009

c/o FRED DUTOT
77501 Tipperary Line
R.R.#3, Clinton, Ontario, N0M 1L0

ONTARIO ENERGY BD

May 7, 2009

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

ATT: Ms Kirsten Walli
Board Secretary

Dear Ms Walli:

RE: Board File No. EB-2009-0060
Application for Well Licences, 2009 Tipperary Well Drilling Project

In an effort to allow construction of these wells to proceed as quickly as possible under favorable weather and ground conditions, the Tipperary Storage Landowners' Association will not intervene in the above mentioned application. Union Gas' land agents, Mr. Tom Edwards and Mr. Ryan Langan, have spent considerable time beginning in December 2008 with myself and the landowners directly involved with the proposed construction. I understand they have reached mutual agreements on well sites, permanent roadways, easements for the additional high pressure pipeline and construction agreements for the temporary work areas. I also understand compensation packages for the privileges being granted have also been agreed upon with all landowners involved.

The Tipperary Storage Landowners' Association (TSLA) requests that the following two conditions be added to the Conditions of Approval list in the granting of the application EB-2009-0060 by Union Gas to add additional facilities to the Tipperary Storage Pools.

- 1) During the original application by Tribute/Tipperary (RP-2003-0253/EB2003-315) to develop the Tipperary Pools into a gas storage facility, the TSLA negotiated a water well testing program with Tribute Resources that became Condition of Approval 1.6 & 1.6.1. (copy enclosed).

Union Gas, in their application EB-2007-0837 to purchase 75% of the Tipperary Gas Corporation, also agreed to abide by the Conditions of Approval list from Tribute's original application and the OEB confirmed this in their Decision EB-2007-0837. Union's latest application EB2009-0060 is simply a continuation of the construction of the Tipperary Pools.

The TSLA therefore requests the OEB add the original water testing agreement known as Conditions of Approval 1.6 & 1.6.1 to the OEB's decision in this application.

2) During Tribute's original application (RP-2003-0253/EB-2003-315) to develop the Tipperary Pools, the TSLA, assisted by the Huron County Federation of Agriculture, insisted that a risk assessment be carried out on the proposed storage facilities and proper amounts of general liability insurance and environmental pollution insurance be purchased by Tribute to cover the associated risks. This resulted in Condition of Approval 1.8. (copy enclosed)

Marsh Canada eventually completed the insurance study and made recommendations on the types and amounts Tipperary Gas must carry on the storage facility. Union Gas also agreed to Condition of Approval 1.8 during their application EB-2007-0837 to purchase 75% of the Tipperary Gas Corp. again confirmed by the OEB Decision EB-2007-0837. Union Gas' latest application EB-2009-0060 to construct more facilities on the original DSA will actually DOUBLE the number of active well heads, add two additional horizontal wells and add an additional 700m of high pressure pipeline into farmland. It is to be noted in this application, that the additional pipeline is to be constructed out of Category #1 pipe only. The original project approved by the OEB and landowners and the pipe used in the construction to this point was Category #2 pipe. The TSLA believes the same should apply for any additional installations.

The landowners' position is that the additional facilities can cause more risk to the people, their property and their livelihood. This additional construction and facilities WAS NOT considered in the original Marsh Insurance Study.

The TSLA requests that the OEB add Condition of Approval 1.8 (RP-2003-0253/EB-2003-315) to the Condition of Approval list for this application and that Marsh Canada revisit the insurance requirements for this project as it is now proposed.

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The TSLA does not believe fulfilling these conditions will hinder this project from starting as soon as possible. Thank you for the opportunity to submit TSLA's requests and comments.

Respectfully,

A handwritten signature in cursive script, appearing to read "Fred Dutot".

Fred Dutot
Executive Director, Tipperay Storage Landowners' Association

Cc Union Gas
Ministry of Natural Resources

- 1.6 Tipperary shall ensure that the construction, operation and maintenance of the Tipperary Pool does not affect the quality or supply of potable water. Tipperary shall conduct a water well test prior to and after the first cycle of gas storage and implement a Water Well Monitoring Program using the baseline water quality data provided in the evidence and in accordance with paragraph 1.6.1 below. In the event that the quality of the potable water is impacted by the construction, operation and maintenance of the Tipperary Pool, Tipperary shall provide adequate fresh water supplies to all affected landowners until the problem is rectified.
- 1.6.1 Tipperary shall, at Tipperary's sole expense, conduct water tests:
- (a) in accordance with the procedures and protocols mandated by Stantec; and
 - (b) on water from each well in the DSA that was tested by Stantec in the spring of 2004; and
 - (c) using tests conducted by individuals qualified to conduct such tests on samples of water collected by individuals qualified in the Province of Ontario to collect water samples; and
 - (d) that provide analyses identical to the analyses conducted on the water samples taken by Stantec in the spring of 2004 within the DSA at the following times:
 - (i) before spudding each vertical well to be drilled by Tipperary in the DSA, and
 - (ii) during the drilling of the intermediate string of each vertical well, and
 - (iii) within sixty (60) days of the completion of each such vertical well by Tipperary in the DSA, and
 - (iv) annually in each of the five (5) years following the year in which Tipperary first injects gas into the geological

reservoirs, or either of them, in the DSA (the "post first year injection tests")

provided that it is understood and agreed that:

- A. Tipperary shall forthwith and in any event within 45 days of receipt thereof by Tipperary, deliver to TSLA and to each of its members, full and complete copies of the water test results.
- B. With reference to the post first year injection tests, Tipperary shall:
 - notify TSLA in writing when the gas injection cycle for each such year is complete, and
 - 1. retain the services of a qualified water sampler and instruct the sampler to schedule the collection of water samples during the month requested in writing by TSLA, and
 - 2. instruct the qualified water sampler to notify each member of the TSLA not less than 48 hours of his intention to attend and take samples of water from that member's well.

- 1.8 Tipperary shall, 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, 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 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. Tipperary shall select and retain an independent expert from a list of experts that is prepared by the Board and placed on public file.