

May 11, 2010

BY RESS & Courier

Ms. Kristi Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, 26th Floor
Toronto, Ontario
M4P 1E4

Dear Ms. Walli:

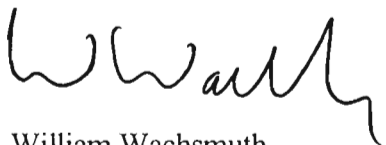
**RE: Union Gas Limited ("Union")
Sudbury Replacement Exemption Request
EB-2010-0154**

Further to recent conversations with Lawrie Gluck of your office and further to the above captioned project, please find attached the following:

- Union's letter to Vale Inco on March 19, 2010 which illustrates requirements and location of easements;
- Letter to Intent between Vale Inco Limited and Union;
- email between Vale Inco Limited and Union dated May 3, 2010.

If you require additional information, please contact Bill Wachsmuth at 519-436-5457.

Yours truly,



William Wachsmuth
Senior Administrator, Regulatory Projects

cc: Neil McKay
Zora Crnojacki
Lawrie Gluck

March 19, 2010

Edward Mazey
Senior Legal Counsel-Ontario Operations
Vale Inco Limited
18 Rink Street
Copper Cliff, Ontario P0M 1N0

Dear Mr. Mazey:

Subject: Maley Extension Project
Pipeline Relocation
Vale Inco Property
PIN: 736010190 - Sudbury

The City of Greater Sudbury is proposing to construct a four lane extension of Maley Drive. The project is schedule to commence this year with an anticipated completion in 2014.

In order to facilitate this project the City requires that Union Gas Limited relocate those portions of its pipelines (10-inch & 12-inch) in areas where there are conflicts between the proposed right-of-way location and our existing pipelines.

In order to proceed, it is necessary for us to acquire additional land rights (easements) from you. Attached for your review is a sketch which illustrates our requirements and location. Within Site 1, the required easements measure 25-feet each for a total width of 50-feet, while only one 25-foot easement is required from Site 4.

This project requires Ontario Energy Board approval, and in this regard, we ask that you provide us with your concurrence by signing the attached Letter of Intent.

In the meantime, should you require additional information, please contact me directly. Thanking you in advance for your anticipated cooperation.

Yours truly,

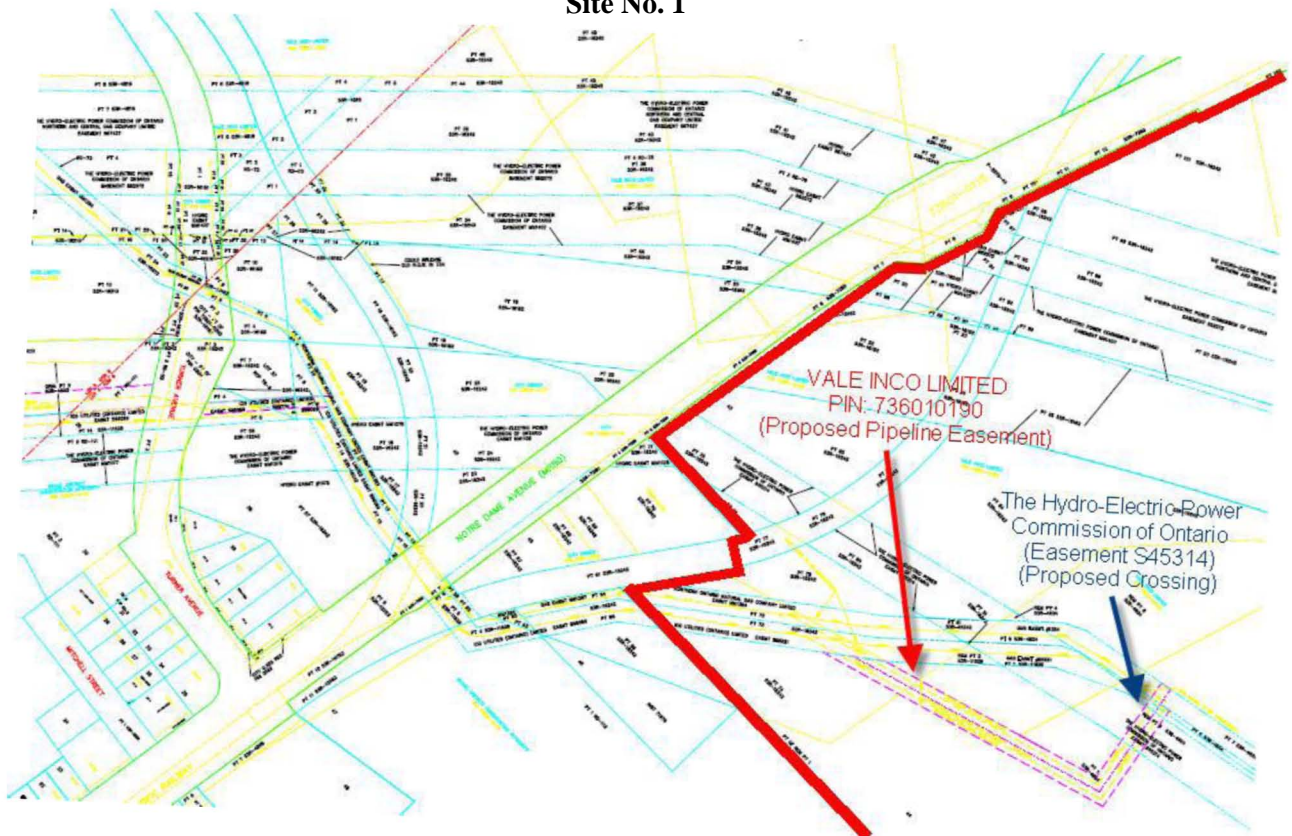


Mike Guillemette, AACI, P.App, DULE
Senior Lands Agent

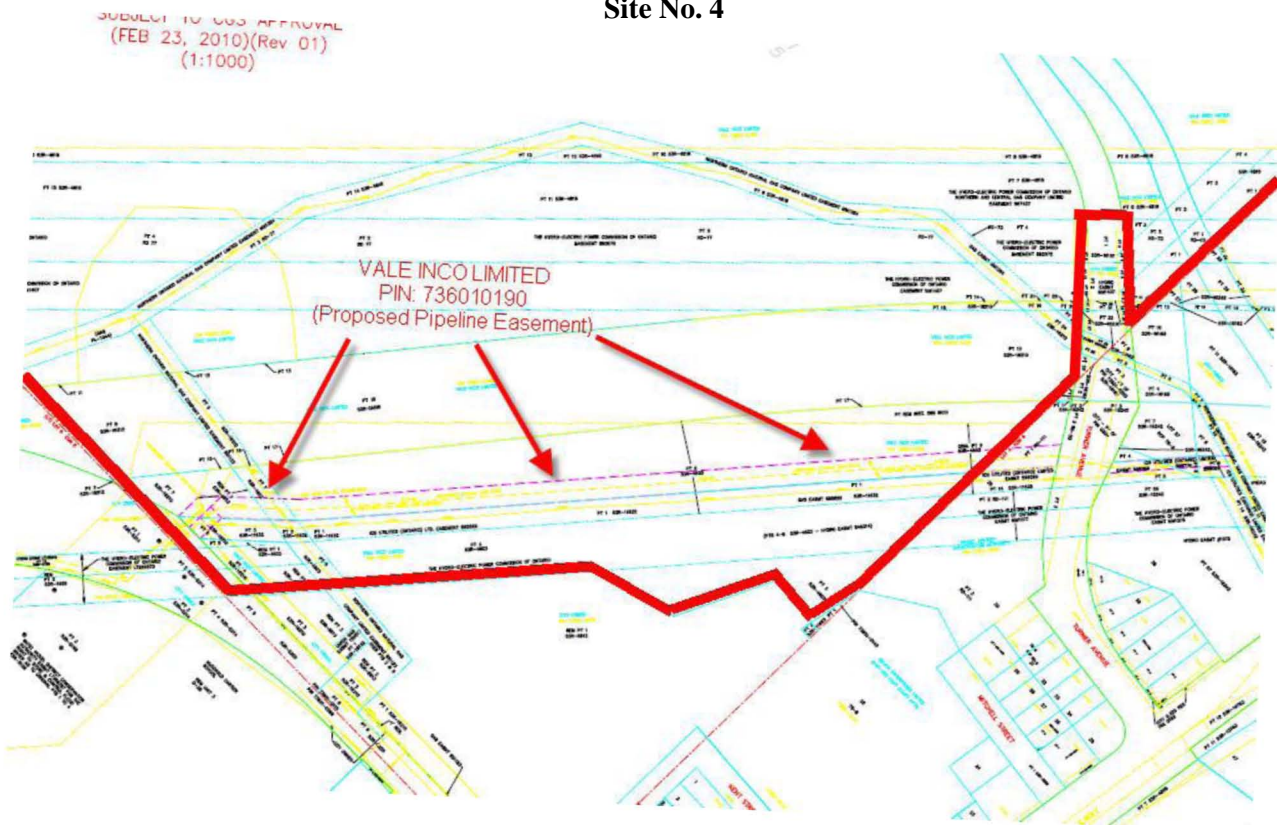
Lands Department
T: 705.475.7916
C: 705.845.5222
mguillemette@uniongas.com



Site No. 1



Site No. 4



Lands File No.: L3072
Cheque No.:
Project:
Account No.:

LETTER OF INTENT

Between

VALE INCO LIMITED
(herein called the “Owner”)

and

UNION GAS LIMITED
(herein called the “Company”)

It is understood and agreed that I/we VALE INCO LIMITED, the owner(s) of PIN 73601-0190 (LT), LT 4-6 CON 6 MCKIM EXCEPT PL 78S (SRO), S59181 (SRO), S69999 (SRO), S76430 (SRO), S78704 (SRO), S78878 (SRO), S96369 (SRO), S113521 (SRO), S113263 (SRO), S114221 (SRO); S/T S59888; S/T S46633 PARTIALLY RELEASED BY S58633; S/T RIGHT IN MM589; S1/2 LT 7 CON 6 MCKIM; PT LT 4 RCP 78S MCKIM SRO PT 4, 5, 6 & 7, 53R6999 & PT 1 & 2, 53R7204 EXCEPT PT 11, 53R7280; LT 41-44 RCP 78S MCKIM SRO; S/T MM1382, MM1384, MM1387, MM1388, MM1407, S114400, S45314, S51123, S58632, S62072, S67437, S75927, S95821, S95822; GREATER SUDBURY grant to Union Gas Limited, the right to construct a natural gas pipeline and/or any other necessary plant in a location mutually agreed upon by both parties for the above described lands.

Type of Development: Transmission Line

It is understood and agreed that upon the request of Union Gas Limited, I/we the owners will execute an agreement confirming the granting of these rights to Union Gas Limited.

The Company and the Owner agree to perform the covenants on its part herein contained.

_____, 2010
Date

_____, 2010
Date

Michel Aimé Guillemette, Senior Lands Agent
Name & Title (Union Gas Limited)

Name & Title (Owner)

Signature (Union Gas Limited)

Signature(s) (Owner)

705.475.7916
Telephone Number (Union Gas Limited)

Telephone Number (Owner)

GST Number: _____

Address: _____

From: [Guillemette, Mike](#)
To: [Wachsmuth, Bill](#);
Subject: Fw: Letter of Intent - Maley Drive
Date: May 3, 2010 6:14:44 PM

Fyi

From: Mazey, Edward (Sudbury) <Edward.Mazey@valeinco.com>
To: Guillemette, Mike
Sent: Mon May 03 16:39:16 2010
Subject: RE: Letter of Intent - Maley Drive

Mr. Mike Guillemette:

Vale Inco is still reviewing the City of Greater Sudbury's proposed plan for the Maley Drive extension that requires the relocation of Union Gas' transmission line in that area onto parts of Vale Inco lands. Therefore, subject to Vale Inco coming to an agreement with the City on the currently proposed Maley Drive extension plan, Vale Inco hereby does not object to the proposed relocation plan and consent to providing easements, when required, to Union Gas for the relocation areas of the affected gas lines on the land parcels identified in your Letter of Intent subject to the City of Greater Sudbury's actual City Council approval to construct and allocation of funding for the proposed extension.

Sincerely,
Edward Mazey
Vale Inco Limited
Senior Legal Counsel, Ontario Operations

From: Guillemette, Mike [mailto:mguillemette@uniongas.com]
Sent: Tuesday, March 23, 2010 3:32 PM
To: Mazey, Edward (Sudbury)
Cc: Baranow, Barbara; Wachsmuth, Bill; Andryechen, William
Subject: Letter of Intent - Maley Drive

Ed,

Thanks for your note. I shall wait for your response. In the meantime, attached for your review is the letter of intent I mentioned in my letter, but failed to attach. Also, I did meet with the city and their engineering consultants regarding our proposed design/relocation, and such as been endorsed and approved by all.

I trust this will satisfy your requirements. Please call me directly to discuss further.

Regards,

Mike Guillemette, AACI, P.App, DULE

Senior Lands Agent - Union Gas Limited
36 Charles Street East - North Bay Ontario P1B 8K7
Telephone: (705) 475-7916 - Cellular: (705) 845-5222
Fax (705) 474-4717
mguillemette@uniongas.com

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