

# Application LTC

## **ONTARIO ENERGY BOARD**

IN THE MATTER OF The Ontario Energy Board Act,  
1998, S.O. 1998, c.15, Schedule B, and in particular, s.90  
thereof;

AND IN THE MATTER OF an Application by Union Gas  
Limited for an Order granting leave to construct a natural  
gas pipeline and ancillary facilities in the Township of Ear  
Falls and the Municipality of Red Lake, both in the  
District of Kenora

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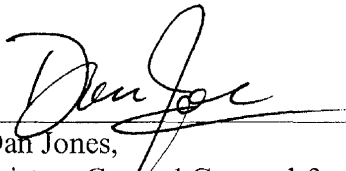
### **UNION GAS LIMITED**

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1. Union Gas Limited (the “Applicant”) hereby applies to the Ontario Energy Board (the “Board”), pursuant to Section 90.(1) of the Ontario Energy Board Act (the “Act”), for an Order granting leave to construct a natural gas pipeline in order to serve the Balmer complex, the Cochenour complex and the Municipality of Red Lake, all in the District of Kenora.
2. Attached hereto as Schedule “A” is a map showing the general location of the proposed pipeline and the municipalities, highways, railways, utility lines and navigable waters through, under, over, upon or across which the proposed pipeline will pass.
3. The construction of the proposed pipeline will allow the Applicant to transmit volumes of gas for the purpose of distribution to the Municipality of Red Lake which is located in the District of Kenora.

4. The Applicant now therefore applies to the Board for an Order granting leave to construct the proposed pipeline as described above.

Dated at Municipality of Chatham-Kent this 8<sup>th</sup> day of February, 2011.

  
Per: Dan Jones,  
Assistant General Counsel for  
Union Gas Limited

Comments respecting this Application should be directed to:

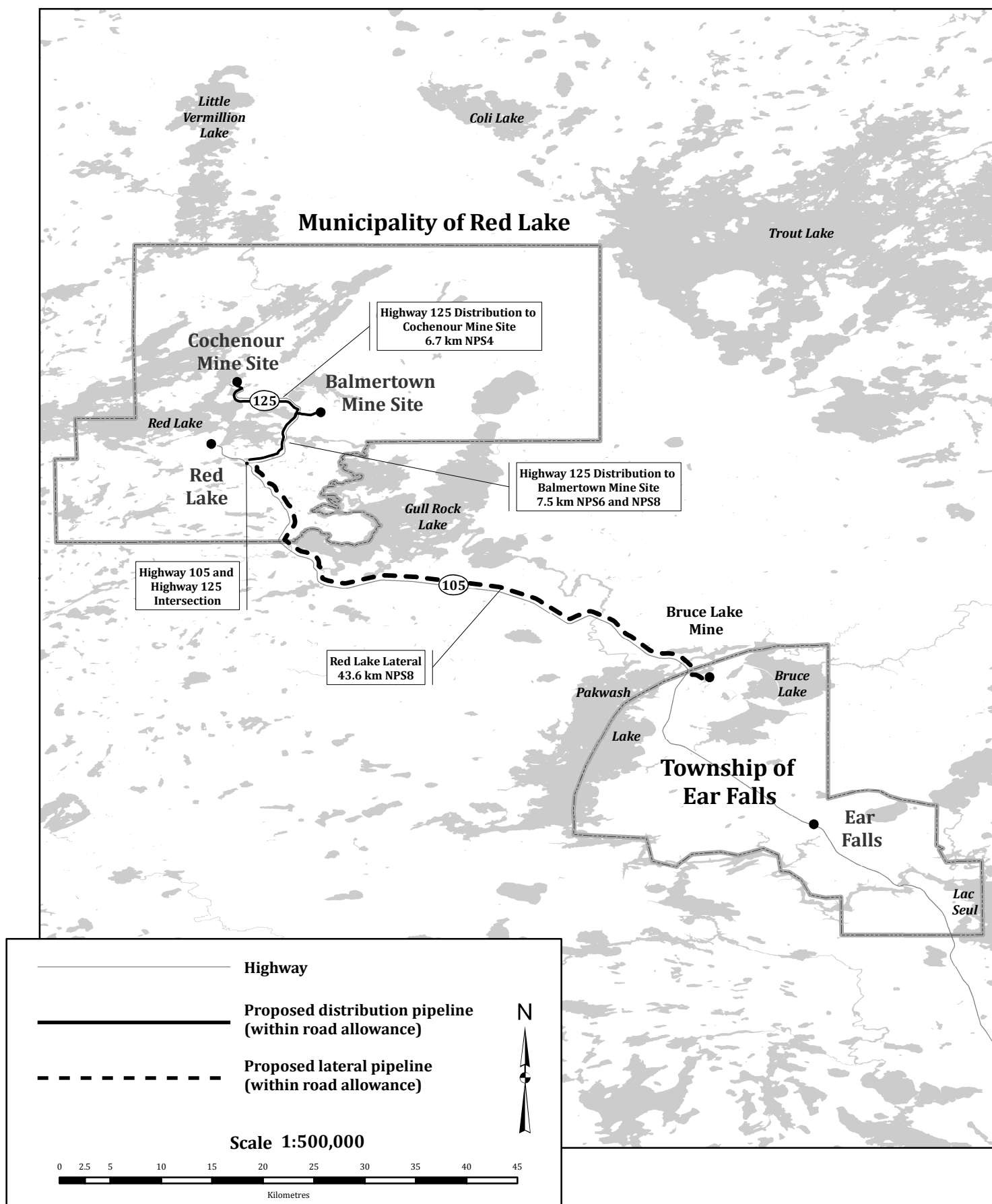
Mark Murray  
Manager, Regulatory Projects & Lands Acquisition  
Union Gas Limited  
50 Keil Drive North  
Chatham, Ontario  
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Dan Jones  
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Union Gas Limited  
50 Keil Drive North  
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# Union Gas Limited Red Lake Project, District of Kenora



**Application  
Franchise**

**ONTARIO ENERGY BOARD**

**IN THE MATTER OF** the *Municipal Franchises Act*, R.S.O. 1990, c.M.55, as amended; and in particular Sections 8 and 9 thereof;

**AND IN THE MATTER OF** an Application by Union Gas Limited for an Order approving the terms and conditions upon which the Corporation of the Municipality of Red Lake is, by By-law, to grant to Union Gas Limited the right to construct and operate works; to supply gas to the inhabitants of the said municipality; and the period for which such rights are to be granted;

**AND IN THE MATTER OF** an Application by Union Gas Limited for an Order directing and declaring that the assent of the municipal electors of the Municipality of Red Lake to the by-law is not necessary;

**AND IN THE MATTER OF** an Application by Union Gas Limited for a Certificate of Public Convenience and Necessity to construct works to supply gas to the inhabitants of the Municipality of Red Lake.

**APPLICATION**

1. Union Gas Limited ("the Applicant"), a regulated public utility, is a corporation incorporated under the laws of the Province of Ontario, with its head office at the Municipality of Chatham-Kent, in the Province of Ontario.
2. The Corporation of the Municipality of Red Lake (the "Municipality"), which is located in the District of Kenora, is a municipal corporation incorporated under the laws of the Province of Ontario. Attached hereto and marked as Schedule "A" is a map showing the location of the Municipality.
3. The Applicant applied to the Council of the Municipality for a franchise permitting Union to distribute gas in the Municipality of Red Lake and to sell gas to the inhabitants thereof.
4. On November 15th, 2010, the Council of the Municipality gave approval to the form of a Franchise Agreement in favour of Union and authorizing Union to apply to the Ontario Energy Board for approval of the terms and conditions upon which and the period for which the Franchise Agreement is proposed to be granted.

5. Attached hereto as Schedule "B" is a copy of the Resolution of the Council of the Municipality approving the form of the proposed Franchise Agreement and requesting the Ontario Energy Board to direct and declare that the assent of the municipal electors is not necessary.
6. Attached hereto as Schedule "C" is the form of By-law No. 1409-10 authorizing a Franchise Agreement between the Municipality and Union and a copy of the proposed Franchise Agreement.
7. A Ministerial order dated March 25<sup>th</sup>, 1998 has been issued granting the amalgamation of the Township of Golden and the Township of Red Lake effective July 1, 1998. Section 11(1) of the Order indicates that on July 1, 1998 every by-law and resolution of the former municipalities and their local boards shall be continued and deemed to be a by-law or resolution of the new Town and its local boards and shall remain in force in the area of the former municipalities until the earlier of: (a) the date it is amended or repealed; or (b) June 30, 2003.
8. The proposed Franchise Agreement does not overlap with another franchise agreement. The next closest community being served with natural gas is the Township of Ear Falls which is located approximately 40 kilometres east of the Municipality of Red Lake, which is served by the Applicant.
9. The Applicant has a Certificate of Public Convenience and Necessity (EBC 55) and a valid franchise agreement (EBA 129) for the Township of Ear Falls.
10. The proposed Franchise Agreement is in the form of the 2000 Model Franchise Agreement with no amendments and is for a term of twenty (20) years.
11. The municipalities affected by this Application are as follows:

The Corporation of the Municipality of Red Lake  
P.O. Box 1000  
Balmertown, ON P0V 1C0  
Attention: Shelly Kocis, Clerk  
Telephone: (907) 735-2096      Fax: (807) 735-2286

Township of Ear Falls,  
P.O. Box 309  
1 Shelski Lane,  
Ear Falls, Ontario  
P0V 1T0  
Telephone: (807) 222-3624      Fax: (807) 222-2384

**The address for Union's district office is:**

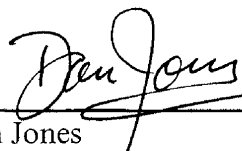
Union Gas Limited  
1211 Amber Drive  
Thunder Bay, Ontario P7B 6M4  
Telephone: (807) 684-8800 Fax: (807) 684-8805

12. Union now applies to the Ontario Energy Board for:

- (a) an Order or Orders approving the terms and conditions upon which, the Municipality of Red Lake is to grant to the Applicant certain rights to construct and operate works for the distribution of gas to supply gas; to extend or add to the works; and/or supply gas to the inhabitants of the said Municipality;
- (b) an Order or Orders directing and declaring that the assent of the municipal electors of the Municipality is not necessary for the proposed franchise by-law under the circumstances; and
- (c) an Order or Orders approving a Certificate of Public Convenience and Necessity to construct works to supply gas to the inhabitants of the Municipality.

**DATED** at the Municipality of Chatham-Kent, in the Province of Ontario this 8<sup>th</sup> day of February, 2011.

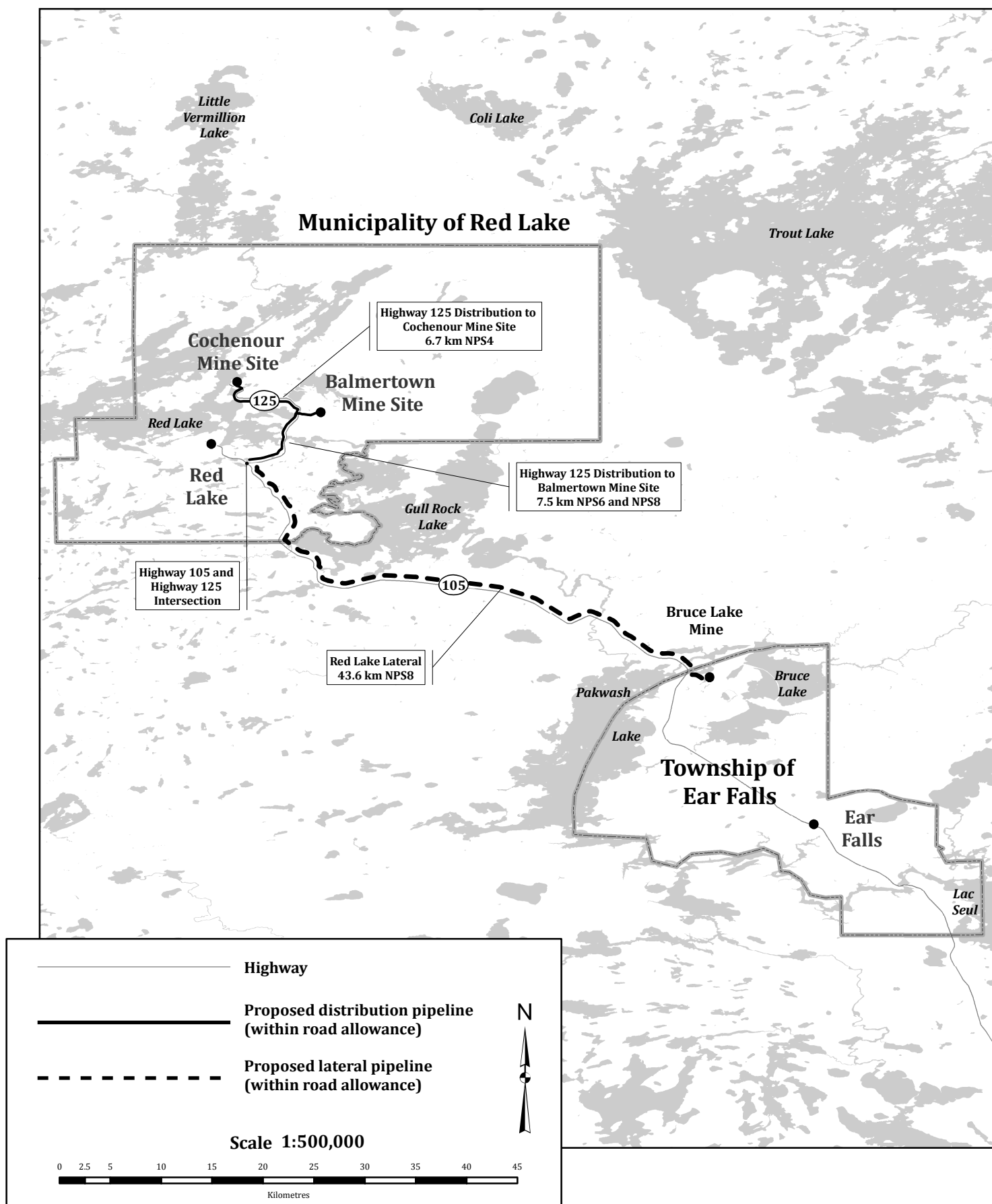
**UNION GAS LIMITED**

  
\_\_\_\_\_  
Dan Jones  
Assistant General Counsel

Comments respecting this Application should be directed to:

Mark Murray  
Manager, Regulatory Projects and Lands Acquisition  
Union Gas Limited  
50 Keil Drive North  
Chatham, ON N7M 5M1  
[mmurray@uniongas.com](mailto:mmurray@uniongas.com)  
[unionregulatoryproceedings@uniongas.com](mailto:unionregulatoryproceedings@uniongas.com)  
Telephone: (519) 436-4601

# Union Gas Limited Red Lake Project, District of Kenora



# The Corporation of the Municipality of Red Lake

## COUNCIL RESOLUTION

MOVED BY:



NO.

453-10

SECONDED BY:

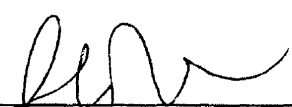



DATE:

15 November 2010

RESOLVED that the Council of The Corporation of the Municipality of Red Lake hereby approves By-Law No. 1409-10 and Franchise Agreement with Union Gas Limited and authorizes the submission thereof to the Ontario Energy Board for approval pursuant to the provisions of Section 9 of The Municipal Franchises Act; and

BE IT FURTHER RESOLVED that the Council of The Corporation of the Municipality of Red Lake hereby requests that the Ontario Energy Board make an Order declaring and directing that the assent of the municipal electors to the by-law and franchise agreement pertaining to The Corporation of the Municipality of Red Lake is not necessary pursuant to the provisions of Section 9(4) of the Municipal Franchises Act.

DIVISION OF RECORDED VOTE				PAIRED	DEFEATED
Declaration of interest (*)	NAME OF COUNCIL MEMBER	YEAS	NAYS	 MAYOR   CLERK	
	BILLARD, Anne				
	FORSYTHE, Ken				
	LARSON, Brian				
	MOLLOY, Donna				
	PARSONS, Paul				
	SHUSHACK, Debra				
	VINET, Phil				

Distribution: \_\_\_\_\_

# THE CORPORATION OF THE MUNICIPALITY OF RED LAKE

**By-Law No. 1409-10**

## BEING A BY-LAW TO AUTHORIZE A FRANCHISE AGREEMENT BETWEEN THE CORPORATION OF THE MUNICIPALITY OF RED LAKE AND UNION GAS LIMITED

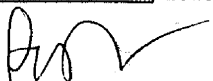
**WHEREAS** the Council of The Corporation of the Municipality of Red Lake deems it expedient to enter into the attached franchise agreement (the "Franchise Agreement") with Union Gas Limited; and


**WHEREAS** the Ontario Energy Board by its Order issued pursuant to The Municipal Franchises Act on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ has approved the terms and conditions upon which and the period for which the franchise provided in the Franchise Agreement is proposed to be granted, and has declared and directed that the assent of the municipal electors in respect of this By-Law is not necessary;

**NOW THEREFORE** the Council of The Corporation of the Municipality of Red Lake hereby **ENACTS AS FOLLOWS:**

1. **THAT** the Franchise Agreement between The Corporation of the Municipality of Red Lake and Union Gas Limited, attached hereto as Schedule "A" and forming a part of this by-law, is hereby authorized and the franchise provided for therein is hereby granted.
2. **THAT** the Mayor and Clerk are hereby authorized and instructed on behalf of The Corporation of the Municipality of Red Lake to enter into and execute under its corporate seal and deliver the Franchise Agreement, which is hereby incorporated into and forming a part of this By-Law.
3. **THAT** this by-law shall come into force and take effect on the final passing thereof.

**READ a FIRST and SECOND TIME** this 15<sup>th</sup> day of November, 2010.

  
\_\_\_\_\_  
Phil T. Vinet, Mayor

  
\_\_\_\_\_  
Shelly L. Kocis, Clerk

**READ a THIRD TIME and FINALLY PASSED** this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
Phil T. Vinet, Mayor

\_\_\_\_\_  
Shelly L. Kocis, Clerk

## **2000 Model Franchise Agreement**

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THIS AGREEMENT effective this       day of       , 20

BETWEEN:

**THE CORPORATION OF THE MUNICIPALITY OF RED LAKE**

hereinafter called the "Corporation"

- and -



**uniongas**

**LIMITED**

hereinafter called the "Gas Company"

WHEREAS the Gas Company desires to distribute, store and transmit gas in the Municipality upon the terms and conditions of this Agreement;

AND WHEREAS by by-law passed by the Council of the Corporation (the "By-law"), the duly authorized officers have been authorized and directed to execute this Agreement on behalf of the Corporation;

THEREFORE the Corporation and the Gas Company agree as follows:

### **Part I - Definitions**

#### **1. In this Agreement**

- (a) "decommissioned" and "decommissions" when used in connection with parts of the gas system, mean any parts of the gas system taken out of active use and purged in accordance with the applicable CSA standards and in no way affects the use of the term 'abandoned' pipeline for the purposes of the *Assessment Act*;

- (b) "Engineer/Road Superintendent" means the most senior individual employed by the Corporation with responsibilities for highways within the Municipality or the person designated by such senior employee or such other person as may from time to time be designated by the Council of the Corporation;
- (c) "gas" means natural gas, manufactured gas, synthetic natural gas, liquefied petroleum gas or propane-air gas, or a mixture of any of them, but does not include a liquefied petroleum gas that is distributed by means other than a pipeline;
- (d) "gas system" means such mains, plants, pipes, conduits, services, valves, regulators, curb boxes, stations, drips or such other equipment as the Gas Company may require or deem desirable for the distribution, storage and transmission of gas in or through the Municipality;
- (e) "highway" means all common and public highways and shall include any bridge, viaduct or structure forming part of a highway, and any public square, road allowance or walkway and shall include not only the travelled portion of such highway, but also ditches, driveways, sidewalks, and sodded areas forming part of the road allowance now or at any time during the term hereof under the jurisdiction of the Corporation;
- (f) "Model Franchise Agreement" means the form of agreement which the Ontario Energy Board uses as a standard when considering applications under the *Municipal Franchises Act*. The Model Franchise Agreement may be changed from time to time by the Ontario Energy Board;
- (g) "Municipality" means the territorial limits of the Corporation on the date when this Agreement takes effect, and any territory which may thereafter be brought within the jurisdiction of the Corporation;
- (h) "Plan" means the plan described in Paragraph 5 of this Agreement required to be filed by the Gas Company with the Engineer/Road Superintendent prior to commencement of work on the gas system; and
- (i) whenever the singular, masculine or feminine is used in this Agreement, it shall be considered as if the plural, feminine or masculine has been used where the context of the Agreement so requires.

## **Part II - Rights Granted**

### **2. To provide gas service**

The consent of the Corporation is hereby given and granted to the Gas Company to distribute, store and transmit gas in and through the Municipality to the Corporation and to the inhabitants of the Municipality.

### **3. To Use Highways**

Subject to the terms and conditions of this Agreement the consent of the Corporation is hereby given and granted to the Gas Company to enter upon all highways now or at any time hereafter under the jurisdiction of the Corporation and to lay, construct, maintain, replace, remove, operate and repair a gas system for the distribution, storage and transmission of gas in and through the Municipality.

### **4. Duration of Agreement and Renewal Procedures**

- (a) If the Corporation has not previously received gas distribution services, the rights hereby given and granted shall be for a term of 20 years from the date of final passing of the By-law.

or

- (b) If the Corporation has previously received gas distribution services, the rights hereby given and granted shall be for a term of 20 years from the date of final passing of the By-law provided that, if during the 20 year term of this Agreement, the Model Franchise Agreement is changed, then on the 7<sup>th</sup> anniversary and on the 14<sup>th</sup> anniversary of the date of the passing of the By-law, this Agreement shall be deemed to be amended to incorporate any changes in the Model Franchise Agreement in effect on such anniversary dates. Such deemed amendments shall not apply to alter the 20 year term.
- (c) At any time within two years prior to the expiration of this Agreement, either party may give notice to the other that it desires to enter into negotiations for a renewed franchise upon such terms and conditions as may be agreed upon. Until such renewal has been settled, the terms and conditions of this Agreement shall continue, notwithstanding the expiration of this Agreement. This shall not preclude either party from applying to the Ontario Energy Board for a renewal of the Agreement pursuant to section 10 of the *Municipal Franchises Act*.

**Part III – Conditions**

**5. Approval of Construction**

- (a) The Gas Company shall not undertake any excavation, opening or work which will disturb or interfere with the surface of the travelled portion of any highway unless a permit therefore has first been obtained from the Engineer/Road Superintendent and all work done by the Gas Company shall be to his satisfaction.
- (b) Prior to the commencement of work on the gas system, or any extensions or changes to it (except service laterals which do not interfere with municipal works in the highway), the Gas Company shall file with the Engineer/Road Superintendent a Plan, satisfactory to the Engineer/Road Superintendent, drawn to scale and of sufficient detail considering the complexity of the specific locations involved, showing the highways in which it proposes to lay its gas system and the particular parts thereof it proposes to occupy.
- (c) The Plan filed by the Gas Company shall include geodetic information for a particular location:
  - (i) where circumstances are complex, in order to facilitate known projects, including projects which are reasonably anticipated by the Engineer/Road Superintendent, or
  - (ii) when requested, where the Corporation has geodetic information for its own services and all others at the same location.
- (d) The Engineer/Road Superintendent may require sections of the gas system to be laid at greater depth than required by the latest CSA standard for gas pipeline systems to facilitate known projects or to correct known highway deficiencies.
- (e) Prior to the commencement of work on the gas system, the Engineer/Road Superintendent must approve the location of the work as shown on the Plan filed by the Gas Company, the timing of the work and any terms and conditions relating to the installation of the work.
- (f) In addition to the requirements of this Agreement, if the Gas Company proposes to affix any part of the gas system to a bridge, viaduct or other structure, if the Engineer/Road Superintendent approves this proposal, he may require the Gas Company to comply with special conditions or to enter into a separate agreement as a condition of the approval of this part of the construction of the gas system.

- (g) Where the gas system may affect a municipal drain, the Gas Company shall also file a copy of the Plan with the Corporation's Drainage Superintendent for purposes of the *Drainage Act*, or such other person designated by the Corporation as responsible for the drain.
- (h) The Gas Company shall not deviate from the approved location for any part of the gas system unless the prior approval of the Engineer/Road Superintendent to do so is received.
- (i) The Engineer/Road Superintendent's approval, where required throughout this Paragraph, shall not be unreasonably withheld.
- (j) The approval of the Engineer/Road Superintendent is not a representation or warranty as to the state of repair of the highway or the suitability of the highway for the gas system.

**6. As Built Drawings**

The Gas Company shall, within six months of completing the installation of any part of the gas system, provide two copies of "as built" drawings to the Engineer/Road Superintendent. These drawings must be sufficient to accurately establish the location, depth (measurement between the top of the gas system and the ground surface at the time of installation) and distance of the gas system. The "as built" drawings shall be of the same quality as the Plan and, if the approved pre-construction plan included elevations that were geodetically referenced, the "as built" drawings shall similarly include elevations that are geodetically referenced. Upon the request of the Engineer/Road Superintendent, the Gas Company shall provide one copy of the drawings in an electronic format and one copy as a hard copy drawing.

**7. Emergencies**

In the event of an emergency involving the gas system, the Gas Company shall proceed with the work required to deal with the emergency, and in any instance where prior approval of the Engineer/Road Superintendent is normally required for the work, the Gas Company shall use its best efforts to immediately notify the Engineer/Road Superintendent of the location and nature of the emergency and the work being done and, if it deems appropriate, notify the police force, fire or other emergency services having jurisdiction. The Gas Company shall provide the Engineer/Road Superintendent with at least one 24 hour emergency contact for the Gas Company and shall ensure the contacts are current.

**8. Restoration**

The Gas Company shall well and sufficiently restore, to the reasonable satisfaction of the Engineer/Road Superintendent, all highways, municipal works or improvements which it may excavate or interfere with in the course of laying, constructing, repairing or removing its gas system, and shall make good any settling or subsidence thereafter caused by such excavation or interference. If the Gas Company fails at any time to do any work required by this Paragraph within a reasonable period of time, the Corporation may do or cause such work to be done and the Gas Company shall, on demand, pay the Corporation's reasonably incurred costs, as certified by the Engineer/Road Superintendent.

**9. Indemnification**

The Gas Company shall, at all times, indemnify and save harmless the Corporation from and against all claims, including costs related thereto, for all damages or injuries including death to any person or persons and for damage to any property, arising out of the Gas Company operating, constructing, and maintaining its gas system in the Municipality, or utilizing its gas system for the carriage of gas owned by others. Provided that the Gas Company shall not be required to indemnify or save harmless the Corporation from and against claims, including costs related thereto, which it may incur by reason of damages or injuries including death to any person or persons and for damage to any property, resulting from the negligence or wrongful act of the Corporation, its servants, agents or employees.

**10. Insurance**

- (a) The Gas Company shall maintain Comprehensive General Liability Insurance in sufficient amount and description as shall protect the Gas Company and the Corporation from claims for which the Gas Company is obliged to indemnify the Corporation under Paragraph 9. The insurance policy shall identify the Corporation as an additional named insured, but only with respect to the operation of the named insured (the Gas Company). The insurance policy shall not lapse or be cancelled without sixty (60) days' prior written notice to the Corporation by the Gas Company.
- (b) The issuance of an insurance policy as provided in this Paragraph shall not be construed as relieving the Gas Company of liability not covered by such insurance or in excess of the policy limits of such insurance.
- (c) Upon request by the Corporation, the Gas Company shall confirm that premiums for such insurance have been paid and that such insurance is in full force and effect.

**11. Alternative Easement**

The Corporation agrees, in the event of the proposed sale or closing of any highway or any part of a highway where there is a gas line in existence, to give the Gas Company reasonable notice of such proposed sale or closing and, if it is feasible, to provide the Gas Company with easements over that part of the highway proposed to be sold or closed sufficient to allow the Gas Company to preserve any part of the gas system in its then existing location. In the event that such easements cannot be provided, the Corporation and the Gas Company shall share the cost of relocating or altering the gas system to facilitate continuity of gas service, as provided for in Paragraph 12 of this Agreement.

**12. Pipeline Relocation**

- (a) If in the course of constructing, reconstructing, changing, altering or improving any highway or any municipal works, the Corporation deems that it is necessary to take up, remove or change the location of any part of the gas system, the Gas Company shall, upon notice to do so, remove and/or relocate within a reasonable period of time such part of the gas system to a location approved by the Engineer/Road Superintendent.
- (b) Where any part of the gas system relocated in accordance with this Paragraph is located on a bridge, viaduct or structure, the Gas Company shall alter or relocate that part of the gas system at its sole expense.
- (c) Where any part of the gas system relocated in accordance with this Paragraph is located other than on a bridge, viaduct or structure, the costs of relocation shall be shared between the Corporation and the Gas Company on the basis of the total relocation costs, excluding the value of any upgrading of the gas system, and deducting any contribution paid to the Gas Company by others in respect to such relocation; and for these purposes, the total relocation costs shall be the aggregate of the following:
  - (i) the amount paid to Gas Company employees up to and including field supervisors for the hours worked on the project plus the current cost of fringe benefits for these employees,
  - (ii) the amount paid for rental equipment while in use on the project and an amount, charged at the unit rate, for Gas Company equipment while in use on the project,
  - (iii) the amount paid by the Gas Company to contractors for work related to the project,

- (iv) the cost to the Gas Company for materials used in connection with the project, and
  - (v) a reasonable amount for project engineering and project administrative costs which shall be 22.5% of the aggregate of the amounts determined in items (i), (ii), (iii) and (iv) above.
- (d) The total relocation costs as calculated above shall be paid 35% by the Corporation and 65% by the Gas Company, except where the part of the gas system required to be moved is located in an unassumed road or in an unopened road allowance and the Corporation has not approved its location, in which case the Gas Company shall pay 100% of the relocation costs.

#### **Part IV - Procedural And Other Matters**

##### **13. Municipal By-laws of General Application**

The Agreement is subject to the provisions of all regulating statutes and all municipal by-laws of general application, except by-laws which have the effect of amending this Agreement.

##### **14. Giving Notice**

Notices may be delivered to, sent by facsimile or mailed by prepaid registered post to the Gas Company at its head office or to the authorized officers of the Corporation at its municipal offices, as the case may be.

##### **15. Disposition of Gas System**

- (a) If the Gas Company decommissions part of its gas system affixed to a bridge, viaduct or structure, the Gas Company shall, at its sole expense, remove the part of its gas system affixed to the bridge, viaduct or structure.
- (b) If the Gas Company decommissions any other part of its gas system, it shall have the right, but is not required, to remove that part of its gas system. It may exercise its right to remove the decommissioned parts of its gas system by giving notice of its intention to do so by filing a Plan as required by Paragraph 5 of this Agreement for approval by the Engineer/Road Superintendent. If the Gas Company does not remove the part of the gas system it has decommissioned and the Corporation requires the removal of all or any part of the decommissioned gas system for the purpose of altering or improving a highway or in order to facilitate the construction of utility or other works in any highway, the Corporation may remove and dispose of so much of the decommissioned gas system as the Corporation may require for such purposes and neither party shall have recourse against the other for any

loss, cost, expense or damage occasioned thereby. If the Gas Company has not removed the part of the gas system it has decommissioned and the Corporation requires the removal of all or any part of the decommissioned gas system for the purpose of altering or improving a highway or in order to facilitate the construction of utility or other works in a highway, the Gas Company may elect to relocate the decommissioned gas system and in that event Paragraph 12 applies to the cost of relocation.

**16. Use of Decommissioned Gas System**

- (a) The Gas Company shall provide promptly to the Corporation, to the extent such information is known:
  - (i) the names and addresses of all third parties who use decommissioned parts of the gas system for purposes other than the transmission or distribution of gas; and
  - (ii) the location of all proposed and existing decommissioned parts of the gas system used for purposes other than the transmission or distribution of gas.
- (b) The Gas Company may allow a third party to use a decommissioned part of the gas system for purposes other than the transmission or distribution of gas and may charge a fee for that third party use, provided
  - (i) the third party has entered into a municipal access agreement with the Corporation; and
  - (ii) the Gas Company does not charge a fee for the third party's right of access to the highways.
- (c) Decommissioned parts of the gas system used for purposes other than the transmission or distribution of gas are not subject to the provisions of this Agreement. For decommissioned parts of the gas system used for purposes other than the transmission and distribution of gas, issues such as relocation costs will be governed by the relevant municipal access agreement.

**17. Franchise Handbook**

The Parties acknowledge that operating decisions sometimes require a greater level of detail than that which is appropriately included in this Agreement. The Parties agree to look for guidance on such matters to the Franchise Handbook prepared by the Association of Municipalities of Ontario and the gas utility companies, as may be amended from time to time.

**18. Other Conditions**

None.

**19. Agreement Binding Parties**

This Agreement shall extend to, benefit and bind the parties thereto, their successors and assigns, respectively.

IN WITNESS WHEREOF the parties have executed this Agreement effective from the date written above.

**THE CORPORATION OF THE  
MUNICIPALITY OF RED LAKE**

Per:

\_\_\_\_\_  
Phil Vinet, Mayor

Per:

\_\_\_\_\_  
Shelly Kocis, Clerk

**UNION GAS LIMITED**

Per:

\_\_\_\_\_  
Rick Birmingham, Vice President

Per:

\_\_\_\_\_  
Joe Marra, Assistant General Counsel



## Applications

Leave to Construct

Certificate of Public Convenience and Necessity Franchises

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Schedule 11	Construction Schedule
Schedule 12	Blasting Specification
Schedule 13	Environmental Report ("ER")
Schedule 14	OPCC Comments
Schedule 15	Environmental Costs
Schedule 16	First Nations and Métis Consultation
Schedule 17	Form of Easement



## PROJECT SUMMARY

1. The businesses and residents of the Corporation of the Municipality of Red Lake (“Red Lake”), in the District of Kenora, have requested natural gas service from Union Gas Limited (“Union”).
2. The current proposal was initiated by Red Lake and Goldcorp Inc. (“Goldcorp”). Goldcorp is the current owner of the Red Lake Gold Mines (RLGM), Canada’s largest gold mine. Goldcorp RLGM has requested natural gas service as an alternative energy source to reduce mine operating costs and provide the capability for gas driven electric generation.
3. There will be two types of users of natural gas in the Red Lake area. Goldcorp RLGM which operates an existing gold mine and is developing new ore bodies, and the residents and small businesses in the Red Lake area.
4. Union is proposing to construct the Red Lake Project (the “Project”) using a phased approach:
  - Phase I of the Project will include constructing:
    - (i) a pipeline from the existing gas supply north of Ear Falls (the Bruce Lake Mine Site) to the intersection of Highway 105/125 (the “Red Lake Lateral”) and;
    - (ii) distribution pipelines to Goldcorp’s mine sites in Balmertown and Cochenour.
  - Phase II of the Project will involve constructing distribution pipelines to provide natural gas service to the residents and businesses of Red Lake, Balmertown, Cochenour, Chukuni River Subdivisions, and any other residents and businesses along the Red Lake Lateral who request service.
5. A map of the Project is included in Schedule 1.
6. Union attempted to construct this Project in 2000. However not all of the proposed partners

were able to make the necessary contributions for the Project, and the Project did not proceed. For the current Project there are a number of partners who are responsible for providing funding for various phases of the Project.

7. The total estimated capital cost for Phase I of the Project is \$26,905,036.00. Phase I of the Project has a profitability index ("P.I.") of 1. When Phase II is constructed it will also have a P.I. of 1.
8. An Environmental Report ("ER") for the Project including all pipelines within the Project area has been prepared by Union. The comments of various provincial and municipal agencies and the public have been sought and considered in the development of the ER. Union's standard construction procedures, combined with the appropriate supplemental mitigation measures recommended in the ER will be employed to address environmental and public concerns. The pipeline route was selected in order to optimize economic and social benefits while keeping environmental impacts to a minimum.
9. Construction of the Phase I facilities is expected to begin in May 2011. The timing of Phase II is dependent on receipt of the necessary funding.
10. In order to meet the demands for natural gas in this area, Union is requesting Ontario Energy Board ("OEB") approval of a Franchise Agreement and Certificate of Public Convenience & Necessity for the entire Municipality of Red Lake, as well as a Leave to Construct Order allowing Union to construct the pipelines proposed in all phases of this Project. Goldcorp has requested service by November 1, 2011 and in order to meet the construction schedule to accommodate this request Union requests that the Board issue these approvals as soon as possible.
11. Union has received support from the communities for natural gas supply in the Project area. This Project has received both the full support from the elected members of council in the Municipality of Red Lake and the general public. Union requests the Board order that the assent of the municipal electors be dispensed with.

## **MARKET PROFILE**

### **Community Profile**

12. The Municipality of Red Lake, which, through amalgamation, came into existence in July, 1998, comprises the Golden Ward (Balmertown, Cochenour, Mackenzie Island and part of the Chukuni River Subdivision), the Red Lake Ward (Red Lake and part of the Chukuni River Subdivision), and the Madsen Ward (Madsen, Flat Lake and Starrat Olsen). At this time, Union is not proposing to provide service to the Madsen Ward or MacKenzie Island as part of this filing.
13. The Municipality of Red Lake is situated in north western Ontario approximately 220 kilometres northwest of Dryden and 300 kilometres northeast of Kenora. It is primarily reliant on natural resource extraction, supporting associated business and community services.
14. Three gold mines owned by Goldcorp RLGM currently operate in Balmertown and a sawmill operation is located between Red Lake and Balmertown adjacent to Highway 125. In addition, this municipality is regarded as a large centre for tourism.
15. The largest employer in Red Lake is Goldcorp RLGM with 1,200 employees and contractors in the region. Mining at several of Goldcorp's Red Lake operations have been continuous for 65 years.

### **Industrial Load**

#### **Goldcorp RLGM**

16. Goldcorp is a Canadian company headquartered in Vancouver, British Columbia. Goldcorp employs more than 14,000 people worldwide. In addition to Goldcorp RLGM, Goldcorp is the owner and operator of the Porcupine and Musselwhite gold mines in the Province of Ontario providing more than 2,900 jobs to employees and contractors.
17. Goldcorp RLGM is composed of three operating complexes: the Red Lake Complex,

Campbell Complex, and Balmer Complex. The company is undertaking the required steps to re-activate the Cochenour shaft and is currently constructing an underground high speed tram to connect the re-opened shaft to the Campbell complex.

18. Goldcorp RLGM will be the primary gas load for the Project. Goldcorp RLGM is the owner of several major active gold mines and new exploration in Red Lake.
19. Goldcorp's contribution will provide sufficient funds to meet the revenue requirements of Goldcorp RLGM's facilities and fund the increased size of the lateral pipeline from the supply source to the corner of Highway 125 and 105 to allow for the residential and commercial distribution facilities proposed in Phase II.
20. Goldcorp will be signing two ten year contracts with Union for natural gas service in the first quarter of 2011. The first is a Rate 10 contract for the Cochenour Complex and the second is a Rate 20 contract for the Balmer complex. The Rate 20 contract will be upgraded to a Rate 100 on November 1, 2014 when Goldcorp has all of its new gas burning generation facilities in place. Union will file redacted versions of the contract when they are signed.

## **Municipal Load – Phase II**

### **Residential and Commercial Survey**

21. In order to assist in determining the economic viability of extending natural gas service to the area, a market survey was completed.
22. The objective of the survey is to ascertain interest in obtaining natural gas service amongst the residential homes and commercial business population. Specifically, to measure the likelihood of converting heating equipment based on a range of typical conversion costs, to gauge interest in switching to a natural gas water heater, to determine the level of contribution that they would be willing to pay to convert to natural gas, and to measure Red Lake citizens' perception of natural gas.

23. For the residential homes, Ipsos Reid, a third party research supplier, conducted telephone interviews with Red Lake residences from September 7<sup>th</sup> to 11<sup>th</sup>, 2010. A total of 150 surveys were completed out of 1,265 privately own dwellings, yielding a margin of error of +/- 7.5% at the 95% confidence level.
24. Residential homes showed that overall, 60% of respondents that can potentially convert their home heating system to natural gas indicated that they “likely” will. This group of respondents includes all households currently using oil forced air (OFA), electric forced air (EFA), propane forced air (PFA), electric baseboard, or boiler/hydronic heating system. OFA accounts for 60% of home heating for Red Lake citizens. About half (43%) of Red Lake citizens have a newer heating system (5 years or less).
25. For the commercial facilities, Clow Darling, a third party consultant, conducted face-to-face interviews with Red Lake businesses from September 15<sup>th</sup> to 26<sup>th</sup>, 2010. A total of 160 surveys were completed.
26. Commercially the majority of businesses use forced air for their heating systems (40%). Oil is the most common fuel used to power furnaces and boilers. A portion of the businesses identified multiple heating systems within the establishment. For example, some establishments might include a boiler system as well as electric baseboard. About 65% of respondents cited some interests in converting the heating system to natural gas. Most would do so within the first 12 months.

### **Customer Attachment Forecast**

27. For Phase II of the project, Union has forecasted the new attachments using its balanced judgement based upon historical construction trends, the approved municipal plan, and discussions with municipal officials and contractors who have built or are planning to build in the Project area. The table below summarizes the forecast attachments for the first five years of the Project:

<b>Customer Type</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>TOTAL</b>
Single Family Dwelling	392	251	179	102	77	1001
Commercial, Small Industrial	71	47	32	18	14	182
Total	463	298	211	120	91	1183

28. Union is forecasting a total of 1,071 existing residential, 150 new residential, 206 existing and new medium and small commercial industrial will be attached by the tenth year of the Project as outlined in the customer attachment forecast in Schedule 2.

### **FACILITIES ALTERNATIVES**

29. Union reviewed different options to serve Red Lake before selecting the proposed alternative.

30. The following two alternatives were considered and rejected:

- a. Install a smaller diameter pipeline: Union reviewed whether a smaller diameter pipeline was adequate to serve Goldcorp RLGM, and the Municipality of Red Lake's natural gas requirements. This option was not feasible, due to the pressure drop and reduction in capacity that would result between the start and end points of the pipelines and was rejected.
- b. Install a larger diameter pipeline: there is not sufficient growth proposed in the Red Lake area for Union to justify a larger diameter pipeline.

31. Union's preferred alternative is the Project which is described in the proposed facilities.

32. The capacity of the proposed facilities is 13,961 m<sup>3</sup>/h. It is proposed that Goldcorp RLGM will use 72% of this capacity in Phase I. The residents and small businesses in Red Lake will use 28% of this capacity in Phase II.

## **PROJECT COSTS**

33. Estimates of the capital costs for Phase I for the construction of the proposed pipeline and station facilities are \$26,905,036.00. These costs are provided in Schedule 3. As the exact timing for Phase II is not known at this time, the cost for Phase II is not being included in this filing.
34. In order to provide the Board with additional information regarding the costs of the Project, and how those costs are allocated between Union and the customers, Union proposes to provide the Board with the following information. Within 15 months of the in service date for each of Phase I and II of the Project, Union shall file with the Board Secretary a post Construction Financial Report. The Report shall indicate the actual capital costs for that Phase of the project and an explanation for any significant variances from the estimates filed with the Board. As well the report will identify the actual capital costs for the project borne by Union and the actual costs contributed towards construction by the customers.

## **ECONOMIC FEASIBILITY**

35. Union has employed an economic feasibility test consistent with the Board's recommendations in the EBO 188 report on *Natural Gas System Expansion* to assess the economics of Phase I of this Project.
36. The economic feasibility for Phase I is 1.
37. A discounted Cash flow ("DCF") analysis has been completed for Phase I. It can be found at Schedule 4. This schedule indicates that the proposed facilities have a net present Value of 0 with Goldcorp paying an aid to construct of \$25,601,796.00.
38. Union, therefore, submits that Phase I of the Project is economically feasible, in the public interest and respectfully requests the timely approval of this Application.
39. When Phase II is constructed, a DCF analysis will be completed. Phase II will only be

constructed if the P.I. is 1.

### **PROPOSED FACILITIES**

40. Union is proposing the following facilities for Phase I of the Project: A 43.6 km NPS 8 steel pipeline from the Bruce Lake Mine site to the intersection of Highway 105/125; a 7.5 km NPS 6 and NPS 8 steel pipeline to the Balmer complex, and a 6.7 km NPS 4 branch to Cochenour complex.
41. The Phase II facilities will consist of distribution pipe to the municipalities of Red Lake, Balmertown, Cochenour, and the Chukuni River subdivision. Listed below is the facility summary.

Facility	Length (m)
NPS 4 steel	1934
NPS 2 steel	60
NPS 4 plastic	5175
NPS 2 plastic	39232

42. A map showing these facilities can be found at Schedule 1.

#### **Red Lake Lateral**

43. The Red Lake Lateral consists of 43.6 kilometres of NPS 8 steel pipe. The Red Lake Lateral will connect with Union's existing facilities at the Bruce Lake Mine site located in the Township of Ear Falls and terminate at the intersection of Highway 105 and Highway 125. The distribution piping facilities required to serve the Project area commence at this intersection point. These facilities are shown on Schedule 1. The Red Lake Lateral will have a maximum operating pressure ("MOP") of 3800 kPa. The Red Lake Lateral will be pressure tested to allow for potential MOP upgrades in the future.
44. The Bruce Lake Lateral is serviced from TransCanada PipeLines ("TCPL"). The Vermillion Bay station serving the Bruce Lake Lateral will require measurement and pressure control

station upgrades to accommodate the Project. The Bruce Lake Lateral will undergo a pressure upgrade to increase the MOP from 2758 kPa to 3800 kPa, subject to the terms of an engineering assessment and any associated costs.

45. From the Bruce Lake Mine site, the Red Lake Lateral proceeds in a north-westerly direction for a distance of 43.6 kilometres along Highway 105.
46. The Red Lake Lateral will receive natural gas from Union's existing 127 kilometre NPS 8 high pressure steel distribution pipeline, the Bruce Lake Lateral.
47. The Red Lake Lateral will be constructed within road allowance with the exception of a 1.7 kilometre section extending from the Bruce Lake Mine site to the Highway 105 right-of-way.
48. Customers along the Red Lake Lateral may be serviced by regulating stations within road allowances and when incremental loads and customer demand permit the economic expansion. Due to the additional costs associated with pressure reducing equipment for customers attaching off the lateral, the economics for residents along the lateral who request connection will be evaluated on an individual basis.

### **Distribution**

49. The proposed distribution facilities required to serve the Project area in both Phases consist of 1.0 kilometres of NPS 8 steel pipeline, 6.5 kilometres of NPS 6 steel pipeline, 8.6 kilometres of NPS 4 steel pipeline, 0.06 kilometres of NPS 2 steel pipeline, 5.1 kilometres of NPS 4 polyethylene pipeline, and 39.2 kilometres of NPS 2 polyethylene pipeline. The polyethylene pipeline system will have a MOP of 550 kPa.
50. The NPS 6 and 8 steel distribution pipelines that will supply the Goldcorp RLGM mine complexes shall be pressure regulated and metered to customer requirements.
51. The distribution pipelines that will supply the residents of Red Lake will go through four pressure regulating stations. These stations will reduce the pressure from 3800 kPa to 550 kPa

and will supply gas to the polyethylene distribution systems. Schedules 5, 6, 7, 8, illustrate the proposed town distribution systems for the Project.

### **Design and Pipe Specifications**

52. The design, installation, and testing of the distribution pipelines will conform to the requirements of *Ontario Regulation 210/01* under the *Ontario Energy Act for Gas Pipeline Systems*. This regulation governs the installation of pipelines in the Province of Ontario.
53. The Ontario regulations include a classification system on land use and population density to determine the appropriate design factors. A class location unit is defined as the area that extends 200 metres on either side of the centreline of any continuous 1.6 kilometre length of pipeline.
54. A Class 1 location contains 10 or fewer dwellings intended for human occupancy within the class location unit. A Class 2 location contains between 10 and 46 dwellings intended for human occupancy within a class location unit or where the pipeline is within 200 metres of a building or small well-defined outside area that is occupied by 20 or more persons during normal use. A Class 3 location contains 46 or more dwellings intended for human occupancy within a class location unit. The Red Lake Lateral will be constructed in both Class 1 and Class 2 locations.
55. All steel pipe will be manufactured by the electric resistance welding process in accordance with the *Canadian Standards Association Z245.1-07 Steel Line Pipe Standard for Pipeline Systems and Materials*. The pipe specifications are designed to provide the maximum operating pressure of 3800 kPa in a Class 2 location. The pipeline will be tested for 24 hours at pressures that meet the requirements of the Ontario Regulation. The hoop stress at the MOP of 3800 kPa, expressed as a percentage of the specified minimum yield strength

("SMYS"), is as follows:

<i>Pipe Size</i>	<i>Minimum Nominal Wall Thickness (mm)</i>	<i>Minimum Grade (MPa)</i>	<i>% SMYS</i>
<i>NPS 2</i>	3.9	290	10.1
<i>NPS 4</i>	4.8	290	15.6
<i>NPS 6</i>	4.8	359	18.6
<i>NPS 8</i>	4.8	414	20.9

56. The pipeline design is in accordance with the *Technical Safety and Standards Authority Guidelines for Locating New Oil & Gas Facilities*. Since the design hoop stress is less than 40% of the Specified Minimum Yield Strength ("SMYS"), the minimum setback distances required by the guidelines do not apply.
57. All polyethylene pipe and fittings will be manufactured and certified in accordance with the *Canadian Standards Association B137.4-09 Polyethylene (PE) Piping systems for Gas Services*. The pipe specifications are designed to provide the maximum operating pressure of 550 kPa. The pipeline will be tested in accordance with the requirements of the Ontario Regulation.
58. The minimum depth of cover to the top of the pipe and pipe appurtenances will be in accordance with the requirements of Clause 4.11 of the *CSA Code Z662-07* for steel piping and Clause 12.4.7 of the *CSA Code Z662-07* for polyethylene piping. Additional depth will be provided to accommodate existing or planned underground facilities, or where greater depth of excavation is warranted.
59. The design and pipe specifications for the proposed steel and polyethylene pipelines are provided in Schedule 9.1 and 9.2, respectively.

## CONSTRUCTION PROCEDURES, SCHEDULE AND ADMINISTRATION

60. The proposed facilities will be constructed using Union's standard practices and procedures

and will be in compliance with the mitigation measures identified in the Environmental Report ("ER"). Union's construction procedures are continually updated and refined to minimize potential impacts to the lands and the public. A summary of Union's construction practices can be found at Schedule 10.

61. Material is readily available for the Project. Union is preparing to conditionally award the construction contract pending OEB approval. The ER will be included as part of the construction contract documents.
62. Schedule 11 provides the proposed construction schedule for the Project.
63. Bedrock has been identified along the proposed route. It is anticipated that a combination of mechanical methods and blasting will be used to remove the bedrock, with the majority being removed by blasting. Union will follow its standard rock removal specifications, which can be found at Schedule 12 as well as any additional recommendations outlined in the ER for rock removal.

## **ENVIRONMENTAL MATTERS**

64. Union's Environmental Planning Department completed an Environmental Report ("ER") to assess potential environmental and socio-economic impacts of the proposed pipeline facilities to serve the Project area. Included in the ER is a background environmental information report prepared by the independent consulting firm of KBM Forestry Consultants Inc. The results of the ER indicate that the location of the proposed facilities is environmentally acceptable and that no significant cumulative effects are anticipated from the construction of the proposed facilities. Implementation of the proposed environmental mitigation measures will minimize potential impacts of pipeline construction. A copy of the ER is provided as Schedule 13.
65. The proposed pipeline route was chosen by Union after reviewing the alternative routes in the area. Union's Environmental Department has reviewed the proposed route and have developed a mitigation plan to minimize impacts to the environment.

66. The ER has been prepared to meet the intent of the Ontario Energy Board's "Environmental Guidelines for Locating, Constructing, and Operating Hydrocarbon Pipelines in Ontario (2003)". Union will comply with all mitigation measures recommended in the ER.

67. The objectives of the ER were to:

- document existing environmental features;
- identify agency and public concerns;
- identify potential environmental impacts as a result of construction;
- present mitigation techniques to minimize environmental impacts; and
- provide pipeline contractors and environmental inspectors involved in the construction of the pipeline with general and site-specific guidelines for environmental protection that supplement Union's construction specifications.

68. The ER was submitted to the Ontario Pipeline Co-ordination Committee (OPCC) for its information on January 21, 2011. Copies of the ER were also submitted to local agencies, municipalities, First Nations and Métis Nation. Those who request a copy of the ER will be provided a copy upon request. A summary of any comments and Union's response to concerns from agencies and interested parties will be filed, when received, as Schedule 14.

69. To solicit input for the general public with respect to the Project and the ER, a community information session was held on November 25, 2010 at the Heritage Centre in Red Lake. No specific environmental concerns were brought forward by the public during this session.

70. Union will implement a program dealing with environmental inspection. This program will ensure that the recommendations in the ER are followed. An inspector trained in environmental issues will monitor construction activities and ensure that all activities comply with the mitigation measures found in the ER.

71. The total estimated environmental mitigation costs associated with the construction of the proposed facilities are \$162,000.00. These costs are included in the Projects costs found in

Schedule 15.

72. Union has discussed the project with the Ministry of Natural Resources (MNR) and will continue to work with MNR throughout the Project to secure any necessary permits. With respect to watercourse crossings, Union Gas will adhere to the agreement with the Department of Fisheries and Oceans – Ontario Great Lakes Area (DFO-OGLA/UGL AGREEMENT 2008). Under this Agreement, Union conducts watercourse crossings under a specific set of conditions and mitigation measures without DFO review. There are 32 watercourses associated with both phases of the Project. Watercourse crossings will be completed by horizontal directional drill or by dam and pump. There are no Conservation Authorities in the Project Area.
73. Union believes that by following its standard construction practices and adhering to mitigation measures outlines in the ER, construction of these facilities will have no significant adverse environmental effects.

#### **FIRST NATIONS AND MÉTIS CONSULTATION**

74. Union has a long standing practice of consulting with Métis and First Nations, and has programs in place whereby Union works with them to ensure they are aware of Union's projects and have the opportunity to participate in both the planning and construction phases of the project.
75. Union has an extensive data base and knowledge of First Nations and Métis organizations in Ontario and consults with the Tribal organizations and the data bases of the Ministry of Natural Resources, Ministry of Aboriginal Affairs and Indian and Northern Affairs Canada to ensure consultation is carried out with the most appropriate groups.
76. Union has signed a General Relationship Agreement with the Métis Nation of Ontario which describes Union's commitments to the Métis when planning and constructing pipeline projects.

77. Union consulted with the following First Nations and the Métis Nation for the Project:

- a. Chief Eric Fisher - Wabasemoong First Nation
- b. Chief Clifford Bull – Lac Seul First Nation
- c. Chief Joanne Petiquan – Wabauskang First Nation
- d. Chief Charles Pascal – Pikangikum First Nation
- e. Lands, Resource and Consultation Unit – Métis Nation of Ontario
- f. Ogichidaakwe (Grand Council Chief) Diane Kelly- Treaty 3

78. The consultation included sending a letter outlining the project specifications on November 8<sup>th</sup>, 2010 and a notification of the Public Meeting held on November 25<sup>th</sup>, 2010 to those Nations noted in (a) to (e) above. Further correspondence was directed to Ogichidaakwe (Grand Council Chief) Diane Kelly on December 13, 2011. A meeting was held with the Métis Lands, Resources and Consultation Director on November 15<sup>th</sup>, 2010 to discuss the project details. At the request of the Land, Resources and Consultation Director, the information was sent to the Métis Provisional Council Region 1 on December 1, 2010. Additional consultation will be completed if the project receives OEB approval.

79. Copies of the correspondence that were sent to the First Nations and Métis groups can be found in Schedule 16.

80. The following issues were raised as part of the consultations process:

- i. Opportunities for employment and/or goods and services for First Nations and Métis during the Project.

81. Union proposed to address these concerns in the following manner:

- i. Union will coordinate meetings to be held early in 2011 before the project begins with the pipeline contractor and First Nations/Métis businesses to explore the opportunities available during the Project.

82. During construction, Union has inspectors in the field who are available to First Nation's and Métis organization as a primary contact to discuss and review any issues that may arise during construction.

83. When Union completes the necessary archaeological assessments for the project Union will consult with and provide the result of the surveys to any First Nations or Métis upon their request.

### LAND MATTERS

84. Phase I will be constructed within road rights-of-way and four sections of private land. The portions to be built on private lands will require an easement. Such easements will be negotiated with the parties identified in the table below.

Landowner	Size (Approximate)	Site Location
The Corporation of the Township of Ear Falls	659.89 m X 9.15 m	Part of Mining Claim 36729 and 36730. Parcels 3745 and 3746, Bruce Lake Area, District of Kenora - Patricia Portion
Her Majesty the Queen in Right of the Province of Ontario	1064.97 m X 9.15 m	Part of Location CL977, Bruce Lake Area, District of Kenora - Patricia Portion
Her Majesty the Queen in the Right of the Province of Ontario	909.82 m X 9.15 m	Part of Mining Claim, being that portion of Highway 125 lying East of KRL 21, Geographic Township of Heyson, Municipality of Red Lake
Goldcorp Inc.; Goldcorp Canada Inc.	1199.99 m X 9.15	Part of Mining Claim KRL-124 (KRL 19508), KRL-125 (KRL 19509), KRL-126, KRL-127 (KRL 19514), KRL-123 (KRL 19507), KRL-120 (KRL 19504) the Municipality of Red Lake, District of Kenora

85. The majority of Phase II pipelines will be located within road allowances. However, due to the physical layout of the Red Lake area, easements may be required on private land as final running lines are determined during actual construction.
86. The form of easement that Union will offer to all landowners can be found at Schedule 17.
87. Union will implement its standard lands relation program for this Project. This program allows the landowners and residents that are impacted by the Project access to Union personnel in the event that there are issues during construction.
88. Four station sites will be required on private lands. Union will negotiate Agreements of Purchase and Sale for these sites with the closing of the purchases being conditional upon approval of the Project. The dimensions and locations of the four sites are outlined in the following table:

Station	Property Size (Minimum)	Site Location
Pressure Regulating Station along Highway #105 near entrance of Red Lake	15.24 m X 22.86 m	Claim K1415, Township of Red Lake, District of Kenora, now in the Municipality of Red Lake
Pressure Regulating Station at the corner of McNeelly Road and Pine Road in Balmertown	15.24 m X 22.86 m	Part of Mining Claim KRL20840, Part of Parcel 6289, Patricia Township of Balmer, District of Kenora, now in the Municipality of Red Lake
Pressure Regulating Station along Highway #125 near entrance of Cochenour	30.48 m X 30.48 m	Part of Mining Claim KRL10895, PCL 7579, Municipality of Red Lake
Customer Station (Goldcorp Balmer Complex) Access Road off Hwy #125	30.48 m X 30.48 m	Part of Mining Claim KRL-123 ( KRL 19507 ),KRL-120 ( KRL 19504 ) District of Kenora, now in the Municipality of Red Lake
Note: Additional small Post Regulator Station site(s) (as may be required) will be located on road allowance		

## **OTHER PUBLIC INTEREST CONSIDERATIONS**

89. There are a number of other public interest factors for consideration as a result of the addition of the proposed facilities. These additional public interest considerations include the following:

### **Energy Cost Savings**

Energy cost savings result as the Project area residents and businesses are able to use lower cost natural gas that otherwise could not be delivered.

### **Reduced Air Emissions**

Natural gas, because of its cleaner-burning properties compared to other fossil fuels, has an increasingly important role to play in reducing the environmental impacts of energy use. Emissions from the combustion of natural gas are less than other fossil fuels on a per unit of energy basis.

### **Utility Taxes**

Income, property, capital and provincial sales taxes paid by Union as a direct result of the Project are included as costs in the economic analyses. These taxes are not true economic costs of the Project, but rather represent transfer payments within the economy as they are available for redistribution by the federal, provincial and municipal governments. Since these taxes have been included as a cost in the analyses, they must also be considered as a benefit in order to reflect the appropriate economic benefit on an overall basis.

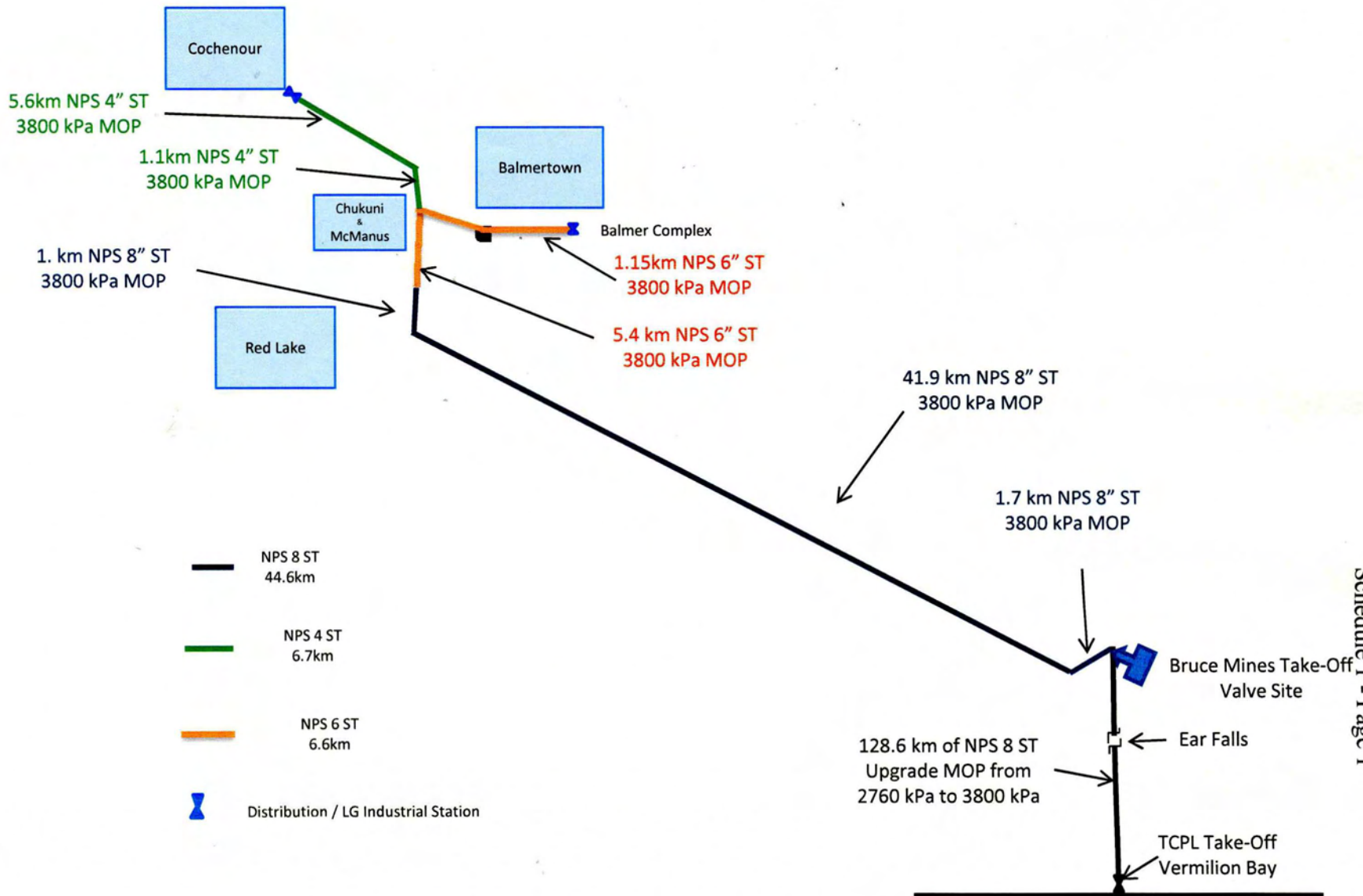
### **Employment**

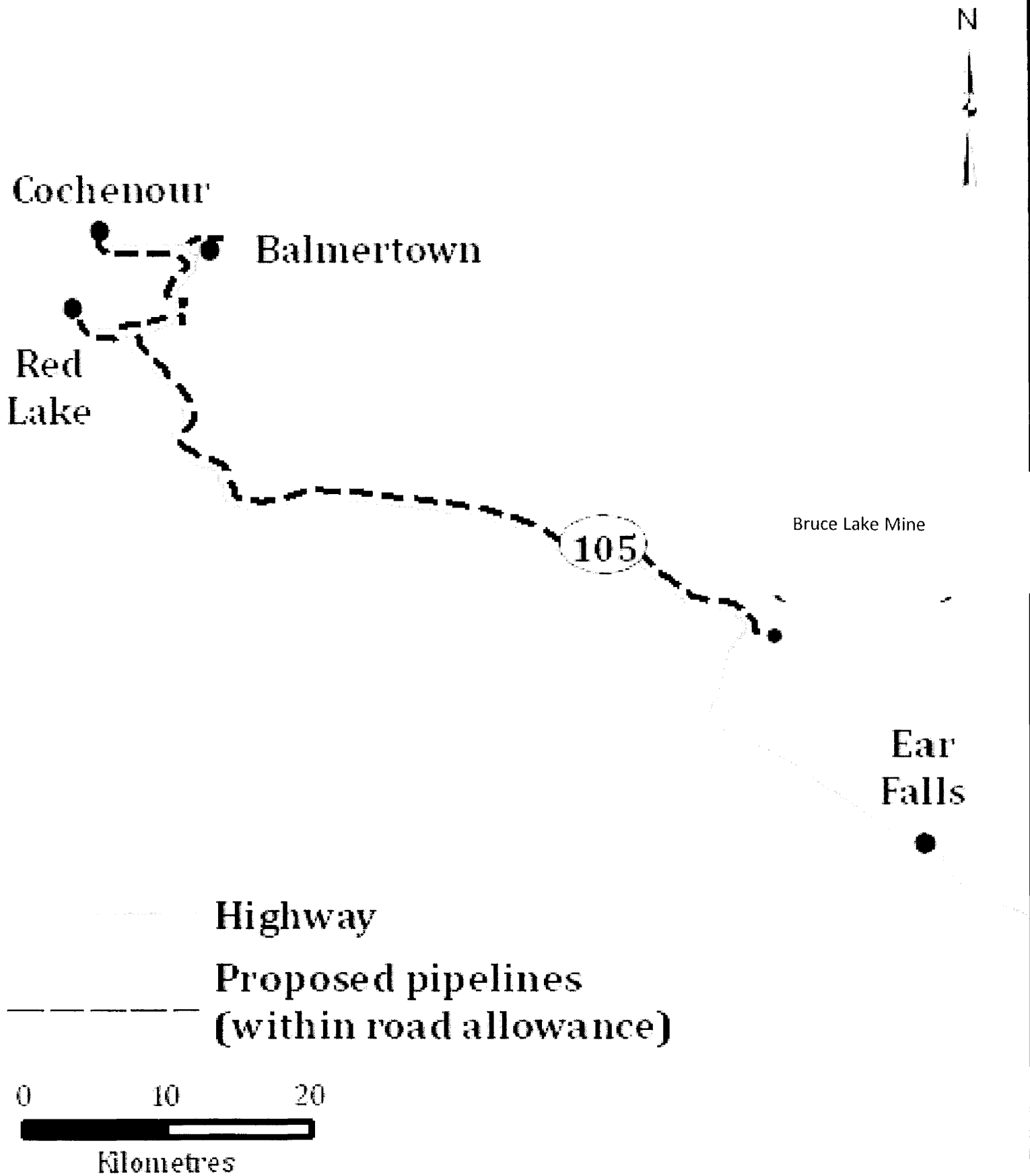
This Project requires the manufacture of pipe resulting in direct employment opportunities. In addition; direct employment is required to construct the facilities. This does not include the substantial indirect benefits or multiplier effects related to these activities. Therefore, as a result of the construction of the proposed facilities, the Ontario economy would receive significant employment benefit.



# Red Lake Proposal – Steel Main Phase 1

## 2011 Proposed Installation







## Page 1

2011 Project Forecast UG	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	TOTAL
Conversion Residential	359	225	162	85	60	55	45	30	25	25	1071
New construction Res	33	26	17	17	17	8	8	8	8	8	150
<b>Total</b>	392	251	179	102	77	63	53	38	33	33	<b>1221</b>
Commercial R-01	63	43	28	15	12	7	4	4	3	3	182
New Construction R-01 comm	3	3	2	2	2	1	1	1			15
Esker/Lafarge	1		1								2
OPP/ St John Elem	2										2
Comm Hi Press	2	1	1	1							5
<b>Total</b>	71	47	32	18	14	8	5	5	3	3	<b>206</b>



**Red Lake Project**

**TOTAL ESTIMATED PROJECT COSTS**

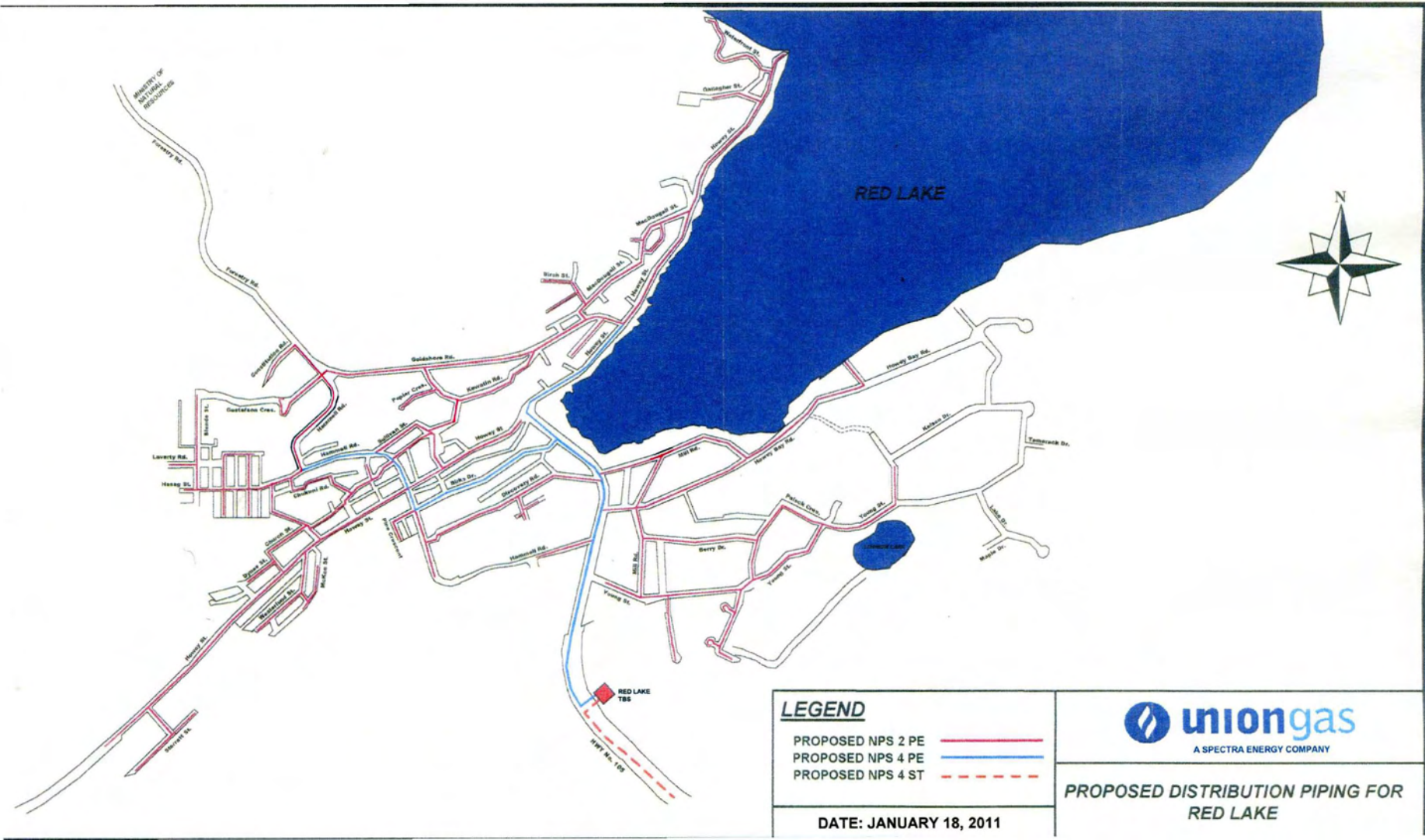
<b><u>Pipeline and Equipment</u></b>	<b><u>PHASE 1</u></b>
Pipe NPS 8, 6, 4 & 2	\$3,525,305
Valve, Fitting, misc.	\$1,713,816
Stores Overhead	<u>\$37,535</u>
<b>Total Pipeline and Equipment</b>	<b>\$5,276,656</b>
<b><u>Construction and Labour</u></b>	
Prime Contract	\$18,908,891
Ancillary Contracts	\$1,317,578
Company Labour	\$193,141
Land Rights / Regulatory	<u>\$30,906</u>
<b>Total Construction and Labour</b>	<b>\$20,458,616</b>
Contingencies	<b>\$1,169,764</b>
<b>Total Estimated Project Costs Phase 1</b>	<b><u>\$26,905,036</u></b>



**February 2, 2011**

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### LEGEND

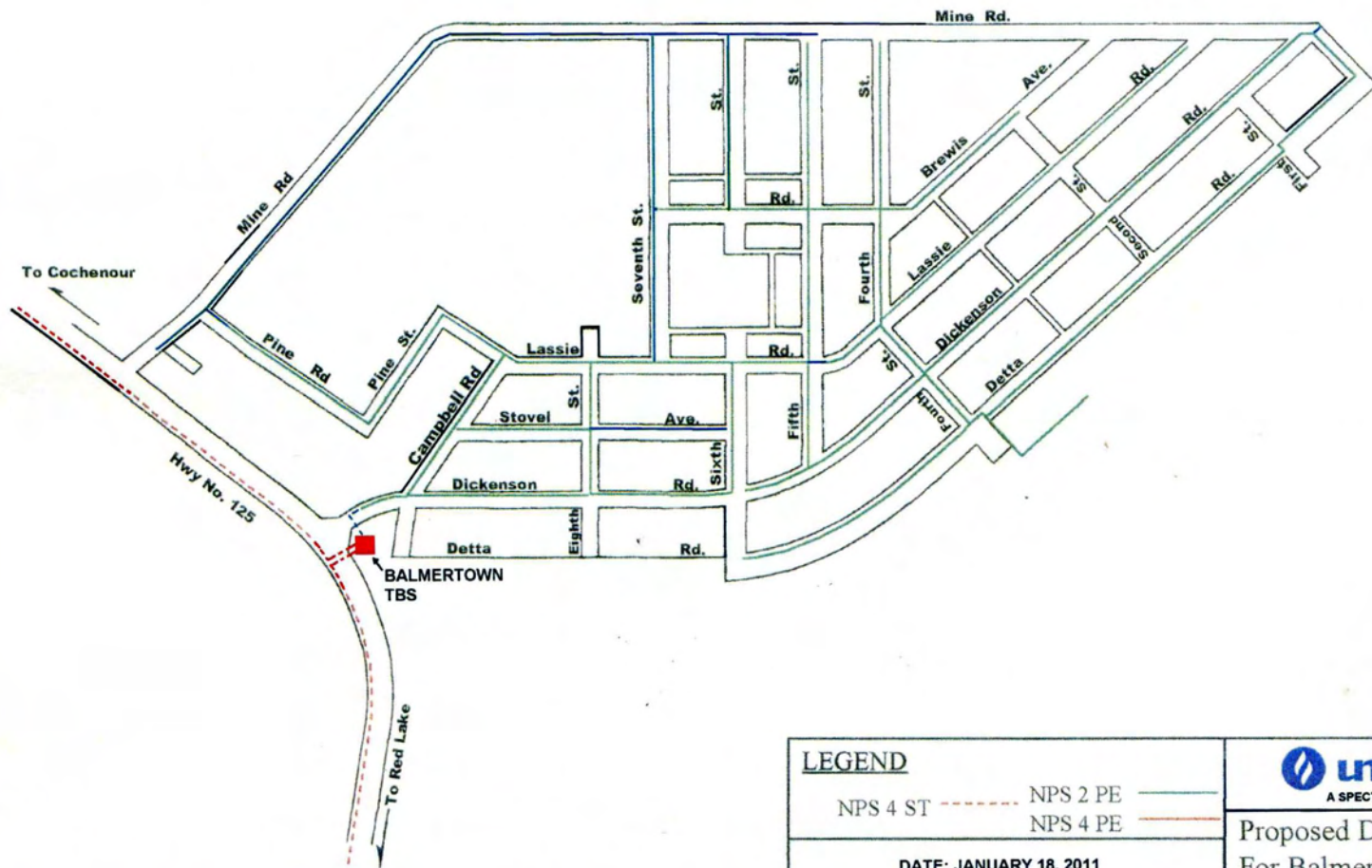
PROPOSED NPS 2 PE  
 PROPOSED NPS 4 PE  
 PROPOSED NPS 4 ST



PROPOSED DISTRIBUTION PIPING FOR  
 RED LAKE

DATE: JANUARY 18, 2011





# LEGEND

NPS 4 ST

NPS 2 PE

NPS 4 PE

DATE: JANUARY 18, 2011



**uniongas**

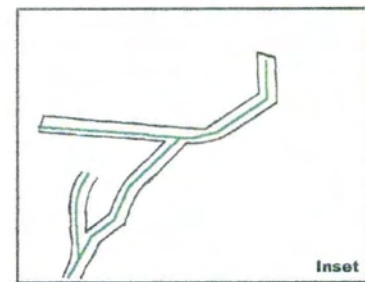
A SPECTRA ENERGY COMPANY

Proposed Distribution Piping  
For Balmertown




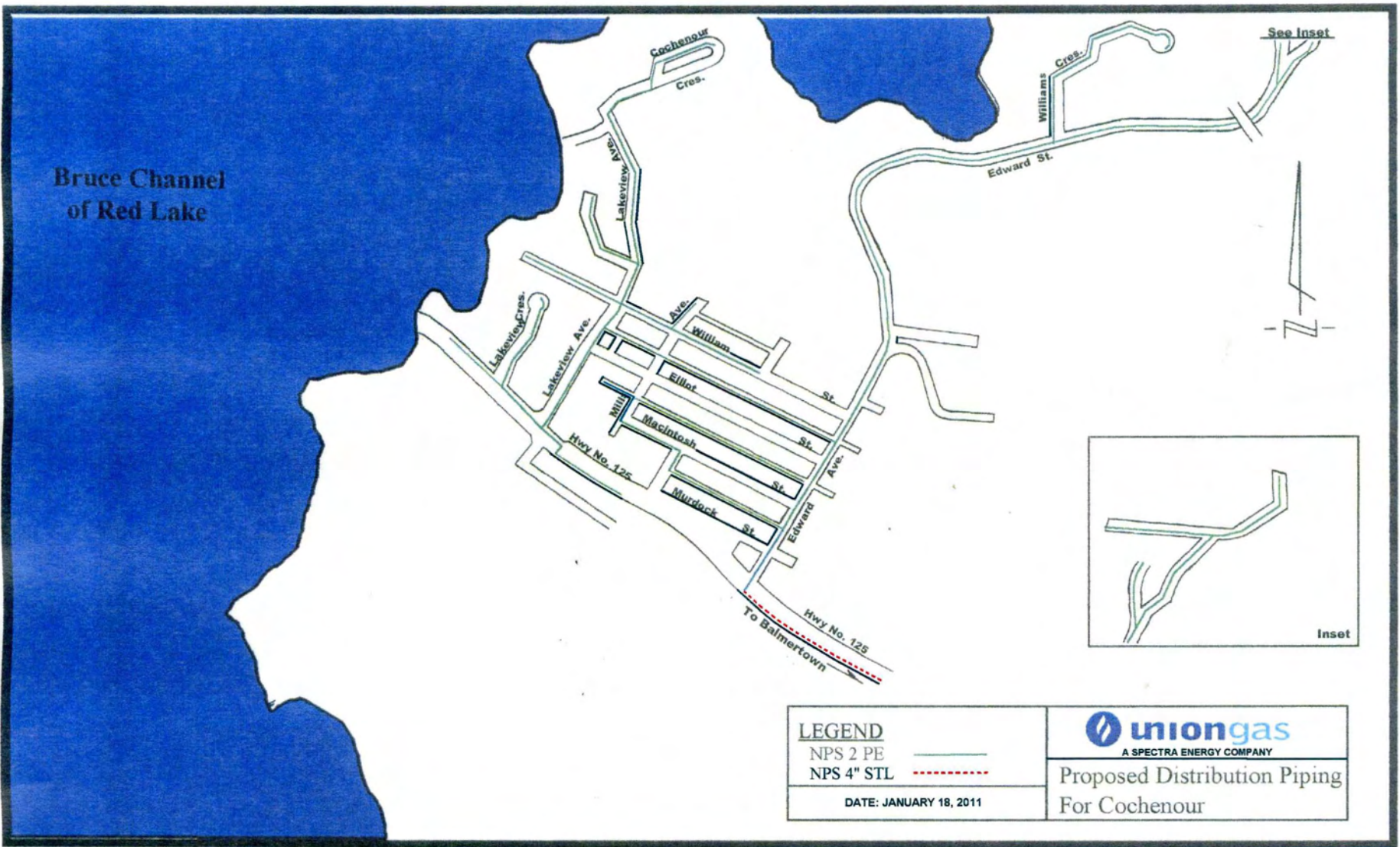
Bruce Channel  
of Red Lake

See Inset



Inset

<p><b>LEGEND</b></p> <p>NPS 2 PE ———</p> <p>NPS 4" STL - - - - -</p>	 <p><b>uniongas</b></p> <p>A SPECTRA ENERGY COMPANY</p>
<p>DATE: JANUARY 18, 2011</p>	<p>Proposed Distribution Piping For Cochenour</p>



## Schedule 8



**LEGEND**

Proposed NPS 6 Steel ---  
 Proposed NPS 4 Steel ---  
 Proposed NPS 2 PE ---  
 Pressure Reducing Station ■

DATE: JANUARY 18, 2011



**Proposed Distribution Piping  
for the Chukuni River  
Subdivision**



## RED LAKE DESIGN AND PIPE SPECIFICATIONS

### STEEL PIPING

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#### Design Specifications

Class Location	-	Class 1	Class 2
Design Factor	-	0.800	0.800
Location Factor (General)	-	1.000	0.900
Location Factor (Roads)	-	0.750	0.625
Maximum Operating Pressure	-	3800 kPa	
Test Medium	-	Water	
Minimum Test Pressure	-	9655 kPa	
Valves/Flanges	-	PN 100	
Minimum Depth of Cover (General)	-	0.8 m	
Minimum Depth of Cover (Road and Water Crossings)	-	1.2 m	

#### Pipe Specifications

Size	-	219.1 mm
Minimum nominal wall thickness	-	4.8 mm
Type	-	Electric Resistance Weld
Description	-	C.S.A. Standard Z245.1-07
Minimum grade	-	414
Category	-	I
Coating	-	Extruded Polyethylene
	-	Fusion Bond Epoxy or SPC 2888 abrasion resistant (location dependant)
Size	-	168.3 mm
Minimum nominal wall thickness	-	4.8 mm
Type	-	Electric Resistance Weld
Description	-	C.S.A. Standard Z245.1-07
Minimum grade	-	359
Category	-	I
Coating	-	Extruded Polyethylene
	-	Fusion Bond Epoxy or SPC 2888 abrasion resistant (location dependant)

Size	- 114.3 mm
Minimum nominal wall thickness	- 4.8 mm
Type	- Electric Resistance Weld
Description	- C.S.A. Standard Z245.1-07
Minimum grade	- 290
Category	- I
Coating	- Extruded Polyethylene
	- Fusion Bond Epoxy or SPC 2888
	abrasion resistant (location dependant)

Size	- 60.3 mm
Minimum nominal wall thickness	- 3.9 mm
Type	- Electric Resistance Weld
Description	- C.S.A. Standard Z245.1-07
Minimum grade	- 290
Category	- I
Coating	- Extruded Polyethylene
	- Fusion Bond Epoxy or SPC 2888
	abrasion resistant (location dependant)

**RED LAKE DESIGN AND PIPE SPECIFICATIONS**  
**POLYETHYLENE PIPING**

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**Design Specifications**

Design Factor	-	0.40
Maximum Operating Pressure	-	550 kPa
Test Medium	-	Air , Nitrogen, or Water
Minimum Test Pressure	-	770 kPa
Minimum Depth of Cover (General)	-	0.6 m
Minimum Depth of Cover (Road Crossings)	-	1.0 m
Minimum Depth of Cover (Water Crossings)	-	1.2 m

**Pipe Specifications**

Size	-	114.3 mm
SDR	-	11
Description	-	C.S.A. Standard B137.4-09
Size	-	60.3 mm
SDR	-	11
Description	-	C.S.A. Standard B137.4-09



## **GENERAL TECHNIQUES AND METHODS OF CONSTRUCTION**

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1. Union Gas Limited (“Union”) will provide its own inspection staff to enforce Union’s construction specifications and Ontario Regulation 210/01 under the *Technical Standards and Safety Act 2000, Oil and Gas Pipeline Systems*.
2. Pipeline construction is divided into several crews that create a mobile assembly line. Each crew performs a different function, with a finished product left behind when the last crew has completed its work.
3. Union’s contract specifications require the contractor to erect safety barricades, fences, signs or flashers, or to use flag persons as may be appropriate, around any excavation across or along a road.
4. It is Union’s policy to restore the areas affected by the construction of the pipeline to “as close to original condition” as possible. As a guide to show the “original condition” of the area, photos and/or a video will be taken before any work commences. When the clean-up is completed, the approval of the landowner or appropriate government authority is obtained.
5. Construction of the pipeline includes the following activities.

### **Locating Running Line**

6. Union establishes the location where the pipeline is to be installed (“the running line”). For pipelines within road allowances, the adjacent property lines are identified and the running line is set at a specified distance from the property line. For pipelines located on private easement, the easement is surveyed and the running line is set at the specified distance from the edge of the easement. The distance from the start of the pipeline (or other suitable point) is marked on the pipeline stakes and the drawings.

### **Clearing and Grading**

7. The right-of-way is prepared for the construction of the pipeline. When required, bushes, trees and crops are removed and the ground leveled. When required, the topsoil is stripped and stored, and/or sod is lifted.

**Stringing**

8. The pipe is strung adjacent to the running line. The joints of pipe are laid end-to-end on supports that keep the pipe off the ground to prevent damage to the pipe coating.

**Welding**

9. The pipe is welded into manageable lengths. The steel pipe welds are radiographically inspected, if required, and the welds are coated.

**Fusions**

10. For the plastic distribution pipe, the joints or coils are joined together by conventional fusion or electro fusion using but fusion or coupling method.

**Burying**

11. Pipe may be buried using either the trench method or the trenchless method. All utilities that will be crossed or paralleled by the pipeline are located by the appropriate utility prior to installing the pipeline. Prior to trenching, all such utilities will be hand-located or hydro-vacuumed.

**Trench Method:** Trenching is done by using a trenching machine or hoe excavator depending upon the ground conditions. Provisions are made to allow residents access to their property, as required. All drainage tiles that are cut during the trench excavation are flagged to signify that a repair is required. All tiles are measured and recorded as to size, depth, type and quality. This information is kept on file with Union. If a repair is necessary in the future, Union will have an accurate method of locating the tile. Next, the pipe is lowered into the trench. For steel pipe, the pipe coating is tested using a high voltage electrical tester (Jeep) as the pipe is lowered into the trench. All defects in the coating are repaired before the pipe is lowered in. Next, if the soil that was excavated from the trench is suitable for backfill, it is backfilled. If the soil is not suitable for backfill (such as rock), it is hauled away and the trench is backfilled with suitable material such as sand. After the trench is backfilled, drainage tile is repaired. Tile repairs are made by excavating back into the bank along the tile run and placing clear stone as a foundation for a perforated steel or high strength plastic drainage pipe. A new drainage tile is cut to the appropriate

length and installed between the two exposed tile ends. Prior to the actual setting of the perforated drainage tile, the existing tile run is checked to ensure that it is clear and undamaged within the limits of the work area. If it is not, further tile is excavated and the damaged tile is replaced to the edge of the work area. A company inspector inspects each tile repair and acts as a liaison between the contractor and the landowner or municipality. If required, the landowner or municipal representative is requested to inspect tile repairs prior to backfill completion. Union undertakes that it is responsible for the tile repair and will be accountable for the tile repairs at any future date after construction of the pipeline.

**Rock Excavation:** Rock in solid beds or masses will be removed by “Hoe Ram”, where practical. Where rock that is too hard to “Hoe Ram” is encountered, blasting will be permitted in accordance to Union’s construction procedures and the *Canadian Explosives Act*. The contractor shall obtain all necessary permits and shall comply with all legal requirements in connection with the use, storage and transportation of explosives.

**Trenchless Method:** Trenchless methods are alternate methods used to install pipelines under railways, roads, sidewalks, trees and lawns. There are two trenchless methods that could be used for the proposed pipelines, depending on the soil conditions, and the length and size of the installation. These methods are boring (auguring) and directional drilling.

### **Tie-Ins**

12. The sections of pipelines that have been buried using either the trench or trenchless method are joined together (tied-in).

### **Cleaning and Testing**

13. To complete the construction, the pipeline is cleaned and tested in accordance with Union’s specifications using water, air or nitrogen.

### **Restoration**

14. The final activity is the restoration. The work area is leveled, the sod is replaced in lawn areas and other grassed areas are re-seeded. Where required, concrete, asphalt and gravel are replaced to return the areas to as close to the original conditions as possible.







## Specification for Rock Excavation

### 3.10.1 Application

This specification applies to all solid rock (in its original formation) encountered in trenching for pipelines and which must be removed. Throughout this specification, all sections applicable to rock excavation using the Swartklip Boulder Buster are identified with the statement "applicable to the Swartklip Boulder Buster."

### 3.10.2 EHS References

- Construction Regulations, Sections 196-206

### 3.10.3 General Requirements

Exercise great care to prevent damage to underground structures such as cables, conduits, and pipelines, water wells, springs and other underground water courses. Consult Environmental Construction Permitting when blasting near water courses. If the techniques of the Contractor appear to be injurious to these installations or formations, the Company maintains the right to require the cessation of work.

Solid rock, as classified by the Engineer, will be removed to a depth of 100 mm below the standard ditch depth to allow for padding between the rock and the pipe. The excavated ditch will be padded to a minimum thickness of 100 mm with earth, sand (free from rock), or other protective material approved by the Engineer. The padding material is to be placed in the trench in such a manner as to protect the pipe and the pipe coating from any hard points of rock. Use rockshield in locations designated by the Engineer.

Applicable to the Swartklip Boulder Buster - All Boulder Buster Operators must be certified and must carry proof of such certification while operating this equipment.

### 3.10.4 Use of Explosives

#### 3.10.4.1 General

The Engineer will be notified of the Contractor's intention to use any explosive and may give consent to such use only after careful examination of the particular site of such use. After a careful inspection of the site, if there is an existing pipeline within 30 m of any proposed blasting, Form 2707, Blasting Information Request is to be filled out for blasting approval. When it is necessary to use explosives, blasting will not be done until occupants of nearby buildings, stores, houses, places of business and landowners have been notified in writing by the Contractor sufficiently in advance to protect property and livestock. The Qualified Individual will be present during blasting.

### 3.10

#### Specification for Rock Excavation

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Take every precaution to protect the public and its workers from any injury or harm which might arise from the use of explosives. Only thoroughly experienced workers in handling explosives will be permitted to supervise, handle, haul, load or detonate explosives.

Blasting is not permitted within 5 m of an existing operating pipeline without a consultant's recommendation and Pipeline and Station Operations Engineering written approval. However, in no event will any explosives be used at a point where, in the opinion of the Engineer, the use of such explosives would be dangerous to the existing pipeline(s) of the Company. A minimum of 48 hours notice must be given to the Company so that mainline valves may be inspected for accessibility and operability before blasting.

Where specified by the Engineer, furnish the necessary equipment to employ air bubble curtains at water crossings for the protection of fish and wildlife during blasting operations.

##### 3.10.4.2 Blasting Consultant

The Contractor will employ, at his expense, the services of a blasting specialist to advise on drilling, loading patterns, and vibration levels as necessary.

##### 3.10.4.3 Storage and Handling

Under no circumstances will detonating caps be stored with explosives. Store detonating caps in a separate place according to applicable codes and regulations. Do not prime or fuse explosives until just before use. Under no circumstances are loaded and fused holes to be left overnight.

##### 3.10.4.4 Flyrock and Matting

Blanket all shots using heavy duty rubber blasting mats in good condition (e.g., joined tires). Do not use mats that have suffered a significant loss of rubber laminations. Do not use overburden material and sandfill as matting material.

Keep all flyrock to an absolute minimum and do not allow flyrock to be deposited outside the right-of-way. If flyrock is scattered over the right-of-way or adjacent property, clean up such flyrock to the satisfaction of the landowner and his tenants. Haul the flyrock to a location satisfactory to the Engineer for disposal. If, in the opinion of the Qualified Individual, the amount of rock scattered over the right-of-way or adjacent property is unwarranted, the Company maintains the right to require the cessation of work.

Notwithstanding the above requirements, place the mats over the blast area with the following minimum laps:

1. Within 50 metres of any house, building, structure, hydro tower, overhead wire or parked car, the mats will be double layered with lapped joints.
2. Use a 25% (minimum) lap at each abutting mat elsewhere.

Lay additional mats, as necessary, to control flyrock and to protect seismographic equipment at blast monitoring locations.

#### **3.10.4.5 Warning Signals**

Give distinct warning signals with an air horn during all blasting.

- Give five short signals to warn of pending detonation and need to clear the area.
- Give three short signals immediately before the blast.
- Give one long signal after the blast to indicate the safe completion of the blast.

#### **3.10.4.6 Blasting**

Do not blast before 8:00 am or after 7:00 pm, nor on Sundays and Statutory Holidays. In addition, do not start loading for any blast unless the loading can be completed and the blast matted and detonated no later 7 pm.

#### **3.10.4.7 Vibration Limits**

During all blasting operations, the Contractor will limit the ground vibration operated by each blast to the following limits:

- Where blasting is occurring within 30 m of an existing operating pipeline, the vibration will be controlled to a maximum peak particle velocity (PPV) of 50 mm/s above the pipeline.
- Where blasting is occurring within 200 m of any structure and any other sites as required by the Company, the peak particle velocity will not exceed 50 mm/s.
- In ground adjacent to concrete or grout in place less than 60 hours, the peak particle velocity will not exceed 10 mm/s.

The above limits refer to the intensity of the ground vibrations generated by blasting in any of the three mutually perpendicular planes, measured at the nearest point above a line to the location of the blasting. Vibration monitoring shall be supplied by the contractor at his expense.

The Contractor must submit revised blasting patterns to the Company, and as set out in this specification, if unable to maintain satisfactory levels of vibration during blasting.

#### **3.10.4.8 Monitoring Procedures for Blasting Near Existing Pipeline**

The Blasting Contractor will retain the services of a Blasting Consultant to monitor vibration levels on existing Company pipelines during each blast if:

- The pipeline is greater than NPS 12; or
- The pipeline, at the time of blasting, is operating at a pressure greater than 1,723 kPa; or
- The maximum explosive charge per delay values exceed those given in Table 3.10.1.

**3.10****Specification for Rock Excavation**

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The blasting consultant will also monitor the vibration and air overpressure levels at any nearby houses and structures within a minimum of 200 m from the blast and any other sites as required by the Company.

The monitoring equipment will consist of a portable seismograph capable of producing on-site printouts that include the following information:

- Ground vibrations up to 200 millimetres per second (mm/s) of peak particle velocity (PPV) in the three mutually perpendicular directions.
- Frequency of all three mutually perpendicular directions.

Set up the transducers at the nearest point above a line to the location of the blasting.

The Contractor will assist the blasting consultant in setting up the equipment, in the event that monitoring is required on an existing pipeline. All excavation in the vicinity of existing pipelines will be carried out in the presence of a Qualified Individual and only after the pipe location has been established by electronic means.

The printout of each seismographic reading will be given to the Qualified Individual immediately after each blast.

**Table 3.10.1**

<b>Stand-off distance from facility (m)</b>	<b>Maximum Explosive Charge (kg per delay)</b>
5	1.00
6	1.44
7	1.96
8	2.56
9	3.24
10	4.00
12	5.76
14	7.84
16	10.24
18	12.96
20	16.00
22	19.36
24	23.04
26	27.04
28	31.36
30	36.00

#### **3.10.4.9 Excessive Vibration Readings**

If there is any one seismographic reading in excess of the limits set out above, the following will apply:

1. Should any two consecutive seismographic readings fall between 50 and 80 mm/s PPV, the Blasting Contractor will cease all further blast hole loading other than those required for a third reading. The pipe will be exposed and a third reading will be taken on the pipe.
  - ♦ **If this third reading is below 50 mm/s PPV**, blasting may continue.
  - ♦ **If the third reading exceeds 50 mm/s PPV**, the Blasting Contractor will cease all blasting in the area and move to a new area and continue blasting. The Blasting Contractor will then submit a revised loading pattern to the Company for review in the area where blasting has been discontinued.
2. Should any one seismographic recording be in excess of 80 mm/s PPV, the Contractor will cease all further blast hole loading other than those required for one subsequent reading. The pipe will be exposed and the subsequent reading will be taken on the pipe.
  - ♦ **If this reading is below 50 mm/s PPV**, blasting may continue.
  - ♦ **If this reading exceeds 50 mm/s PPV**, the Contractor will cease all blasting in the area and move to a new area and continue blasting. The Contractor will then submit a revised loading pattern to the Company for review in the area where blasting has been discontinued.
3. In any area where blasting has been discontinued, blasting may only be resumed when permitted by the Qualified Individual.

#### **3.10.4.10 Excavating and Backfill**

When excavating loose rock from the trench after blasting, the Contractor must keep loose rock separate from any overburden that has previously been stripped. This can either be done by piling the overburden on the "spoil" side of the trench and the loose rock on the "work" side of the trench to be hauled out, or by piling both the overburden and the loose rock separately on the spoil side of the trench. The method to be used will depend upon the amount of overburden, width of the trench, and the type of terrain. The Qualified Individual will decide the preferred method and the material to haul away.

After backfilling operation is complete, the Contractor will remove excess material from the right-of-way. The material will be disposed of at a location satisfactory to the Engineer. This is also applicable to the Swartklip Boulder Buster.

#### **3.10.4.11 Permits**

Any permits necessary for blasting will be obtained by and at the expense of the Contractor, unless specified in the work description in the construction contract. Comply with all legal requirements in connection with the use, storage and transportation of explosives, including but not limited to the Canadian Explosives Act. Proper notification will be made to the authority having jurisdiction when required and conformance with all legal requirements will be made.

### 3.10

#### Specification for Rock Excavation

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##### 3.10.5 Damages

The Contractor will take all necessary precautions not to damage any structure owned by others. If damage should occur, the owner of the damaged structure will be contacted jointly by representatives of the Company and the Contractor and the repairs will be made at the Contractor's expense under the direction and to the satisfaction of the owner. This also includes damage to Company pipelines. This is also applicable to the Swartklip Boulder Buster.

##### 3.10.6 Measurements

Rock removed for the clearing of right-of-way will not be considered as rock excavation.

A record of the location and quantities of all trench excavation classified as solid rock will be made for each property by the Inspector. This record will be submitted to the Contractor for acceptance and signature, after acceptable trench has been completed across the property. When signed by authorized representatives for both parties, this record will form the basis for calculating the compensation due to the Contractor for trenching in solid rock.

All areas to be considered as loose rock requiring removal by backhoe must be authorized by the Qualified Individual at the time the trench is being dug. No other areas will be considered as loose rock excavation. This is also applicable to the Swartklip Boulder Buster.

##### 3.10.7 Basis of Payment

Solid rock excavation will be paid for at the unit price per linear metre as covered in Item 18 (a) (b) or (c) of the Schedule of Unit Prices. Loose shale rock that must be removed by backhoe will be paid for at the price per linear metre as given in item 18 (d), or (e) but will not include rock already paid for in item 18 (a), (b), or (c). Earth or sand padding in bottom of trench salvaged from spoil and disposal of rock spoils, will be considered as part of the cost of rock excavation.

## Schedule 13



**Summary of Comments**

**TO BE FILED WHEN RECEIVED**



**TOTAL ESTIMATED ENVIRONMENTAL COSTS****RED LAKE PROJECT****Pre-Construction**

Environmental Report	\$	30,000
Archaeology		15,000
Soil Sampling		10,000
Hearing Costs (Environmental Consultant)		5,000
Surveys (fish, wildlife, plants)		10,000
Permits		<u>15,000</u>

**Total Pre-Construction** \$ **85,000**

**Construction**

Environmental Inspection and Monitoring	\$	40,000
Water Well Sampling		<u>20,000</u>

**Total Construction** \$ **60,000**

**Post Construction**

Monitoring	\$	10,000
Tree Replacement		<u>5,000</u>

**Total Post Construction** \$ **17,000**

**Total Estimated Environmental Costs** \$ **162,000**



October 25, 2010

Chief Eric Fisher  
Wabasemoong First Nation  
Whitedog Post Office  
Whitedog, ON P0X 1P0



**RE: Union Gas Limited – Red Lake Pipeline Project**

Dear Chief Fisher,

Union Gas Limited has retained KBM Forestry Consultants Inc., to update an Environmental Report (ER) to support a proposed Pipeline Project to Red Lake to meet the request for natural gas service by local gold mines and to serve the general Red Lake area. The project involves the construction of a pipeline up to 10 inches in diameter, which will run within the road allowance (Hwy 105) from the former Griffith Mine site north of Ear Falls to Red Lake. The proposed pipeline, if approved by the Ontario Energy Board, the body that regulates the energy sector in the province, could be constructed as early as spring/summer of 2011. Please see attached map.

An ER was previously prepared in 1999 to support Union's application and the Project received approval from the OEB in 2000, however the pipeline was never constructed.

A Public Information Session regarding the proposed project is planned for late November 2010. To ensure the public is aware, a notice will be placed in local newspapers and all interested stakeholders, First Nations and Métis Nation will be informed by mail.

We request that your agency, First Nation or Métis Nation provide any relevant environmental or socioeconomic information that in your opinion should be included in the environmental report update. Information regarding other proposed developments in the area for incorporation into the ER as a component of a cumulative effects assessment is also requested.

Your agency's response would be appreciated by November 10<sup>th</sup> 2010. If your First Nation, Métis Nation or agency has no concerns regarding the proposed project and/or its construction and does not require any further correspondence regarding the project please indicate that in writing to the undersigned.

If you have any questions, please contact me at 1-800-465-3001, Ext. 232 or by email at VanDamme@KBM.on.ca. Thank you for your cooperation.

Yours truly,  
**KBM Forestry Consultants Inc.**

Laird VanDamme

Attach.



October 25, 2010

Chief Clifford Bull  
Lac Seul First Nation  
P.O Box 100  
Hudson, ON P0V 1X0

**RE: Union Gas Limited – Red Lake Pipeline Project**

Dear Chief Bull,

Union Gas Limited has retained KBM Forestry Consultants Inc., to update an Environmental Report (ER) to support a proposed Pipeline Project to Red Lake to meet the request for natural gas service by local gold mines and to serve the general Red Lake area. The project involves the construction of a pipeline up to 10 inches in diameter, which will run within the road allowance (Hwy 105) from the former Griffith Mine site north of Ear Falls to Red Lake. The proposed pipeline, if approved by the Ontario Energy Board, the body that regulates the energy sector in the province, could be constructed as early as spring/summer of 2011. Please see attached map.

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Yours truly,  
**KBM Forestry Consultants Inc.**

A handwritten signature in dark ink, appearing to read 'Laird VanDamme', is written over a faint horizontal line.

Laird VanDamme

Attach.

October 25, 2010

Chief Joanne Petiquan  
Wabauskang First Nation  
P.O. Box 339  
Ear Falls, ON P0V 1T0



**RE: Union Gas Limited – Red Lake Pipeline Project**

Dear Chief Petiquan,

Union Gas Limited has retained KBM Forestry Consultants Inc., to update an Environmental Report (ER) to support a proposed Pipeline Project to Red Lake to meet the request for natural gas service by local gold mines and to serve the general Red Lake area. The project involves the construction of a pipeline up to 10 inches in diameter, which will run within the road allowance (Hwy 105) from the former Griffith Mine site north of Ear Falls to Red Lake. The proposed pipeline, if approved by the Ontario Energy Board, the body that regulates the energy sector in the province, could be constructed as early as spring/summer of 2011. Please see attached map.

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Yours truly,  
**KBM Forestry Consultants Inc.**

Laird VanDamme

Attach.

October 25, 2010

Chief Charlie Pascal  
Pikangikum First Nation  
P.O. Box 323  
Pikangikum, ON P0V 2L0



**RE: Union Gas Limited – Red Lake Pipeline Project**

Dear Chief Pascal,

Union Gas Limited has retained KBM Forestry Consultants Inc., to update an Environmental Report (ER) to support a proposed Pipeline Project to Red Lake to meet the request for natural gas service by local gold mines and to serve the general Red Lake area. The project involves the construction of a pipeline up to 10 inches in diameter, which will run within the road allowance (Hwy 105) from the former Griffith Mine site north of Ear Falls to Red Lake. The proposed pipeline, if approved by the Ontario Energy Board, the body that regulates the energy sector in the province, could be constructed as early as spring/summer of 2011. Please see attached map.

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If you have any questions, please contact me at 1-800-465-3001, Ext. 232 or by email at VanDamme@KBM.on.ca. Thank you for your cooperation.

Yours truly,  
**KBM Forestry Consultants Inc.**

Laird VanDamme

Attach.

October 25, 2010

Métis Consultation Unit  
Métis Nation of Ontario Head Office  
500 Old St. Patrick Street, Unit D  
Ottawa, ON K1N 9G4



**RE: Union Gas Limited – Red Lake Pipeline Project**

To Whom it May Concern,

Union Gas Limited has retained KBM Forestry Consultants Inc., to update an Environmental Report (ER) to support a proposed Pipeline Project to Red Lake to meet the request for natural gas service by local gold mines and to serve the general Red Lake area. The project involves the construction of a pipeline up to 10 inches in diameter, which will run within the road allowance (Hwy 105) from the former Griffith Mine site north of Ear Falls to Red Lake. The proposed pipeline, if approved by the Ontario Energy Board, the body that regulates the energy sector in the province, could be constructed as early as spring/summer of 2011. Please see attached map.

An ER was previously prepared in 1999 to support Union's application and the Project received approval from the OEB in 2000, however the pipeline was never constructed.

A Public Information Session regarding the proposed project is planned for late November 2010. To ensure the public is aware, a notice will be placed in local newspapers and all interested stakeholders, First Nations and Métis Nation will be informed by mail.

We request that your agency, First Nation or Métis Nation provide any relevant environmental or socioeconomic information that in your opinion should be included in the environmental report update. Information regarding other proposed developments in the area for incorporation into the ER as a component of a cumulative effects assessment is also requested.

Your agency's response would be appreciated by November 10<sup>th</sup> 2010. If your First Nation, Métis Nation or agency has no concerns regarding the proposed project and/or its construction and does not require any further correspondence regarding the project please indicate that in writing to the undersigned.

If you have any questions, please contact me at 1-800-465-3001, Ext. 232 or by email at VanDamme@KBM.on.ca. Thank you for your cooperation.

Yours truly,  
**KBM Forestry Consultants Inc.**

Laird VanDamme

Attach.

November 8, 2010

Chief Eric Fisher  
Wabasemoong First Nation  
Whitedog Post Office  
Whitedog, ON POX 1P0



**RE: Union Gas Limited – Red Lake Pipeline Project**

Dear Chief Fisher,

On October 25, 2010 KBM Forestry Consultants forwarded correspondence about the commencement of the Red Lake Pipeline Project (the "Project") requesting any relevant environmental or socioeconomic information that in your opinion should be included in the development of Union's environmental report. At this time, we would like to invite you to attend a community information session to discuss the Project.

Union Gas is proposing to construct the Project using a phased approach:

- Phase I of the Project will include constructing a lateral pipeline, up to 10 inches in diameter, starting from the former Griffith Mine site north of Ear Falls to the intersection of Highways 105 and 125 (the "Red Lake Lateral") and distribution pipelines to Goldcorp's mine sites;
- Phase II of the Project would involve constructing distribution pipelines to provide natural gas service to the residents of Red Lake, Balmertown, Cochenour, the Chukuni River subdivision and any other residents and businesses along the pipeline route who request service.

Union Gas is committed to sharing information regarding their plans and to soliciting public input regarding their proposed activities. **A Public Information Session regarding the proposed project will be held at the Heritage Center in Red Lake on November 25th 2010 from 4:00pm to 7:00pm.** The intent of the information session is to provide information about this project, respond to questions and concerns and to seek comment from the community, First Nations, Métis Nation and government agencies and other local stakeholders. Representatives from Union Gas and KBM Forestry Consultants will be there to answer questions and to receive your comments.

KBM Forestry Consultants has been retained to assist Union Gas in preparing an Environmental Report for the proposed pipeline and related facilities. The report will detail the route selection process for the proposed pipeline and the environmental impact/mitigation measures associated with the construction of all proposed facilities. The report will be submitted along with Union Gas' application to the Ontario Energy Board in

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the fall of 2010. The Ontario Energy Board, as the provincial energy sector regulatory body, will review the application and determine if the project will be approved. If approved, Phase I construction could be initiated as early as spring of 2011; Phase 2 will begin construction no earlier than 2012.

If you have any questions, please contact me at 1-800-465-3001, Ext. 262 or by email at [csinclair@KBM.on.ca](mailto:csinclair@KBM.on.ca). Thank you for your cooperation.

Yours truly,

**KBM Forestry Consultants Inc.**



Caleigh Sinclair

November 8, 2010

Chief Clifford Bull  
Lac Seul First Nation  
P.O Box 100  
Hudson, ON P0V 1X0



**RE: Union Gas Limited – Red Lake Pipeline Project**

Dear Chief Bull,

On October 25, 2010 KBM Forestry Consultants forwarded correspondence about the commencement of the Red Lake Pipeline Project (the "Project") requesting any relevant environmental or socioeconomic information that in your opinion should be included in the development of Union's environmental report. At this time, we would like to invite you to attend a community information session to discuss the Project.

Union Gas is proposing to construct the Project using a phased approach:

- Phase I of the Project will include constructing a lateral pipeline, up to 10 inches in diameter, starting from the former Griffith Mine site north of Ear Falls to the intersection of Highways 105 and 125 (the "Red Lake Lateral) and distribution pipelines to Goldcorp's mine sites;
- Phase II of the Project would involve constructing distribution pipelines to provide natural gas service to the residents of Red Lake, Balmertown, Cochenour, the Chukuni River subdivision and any other residents and businesses along the pipeline route who request service.


Union Gas is committed to sharing information regarding their plans and to soliciting public input regarding their proposed activities. **A Public Information Session regarding the proposed project will be held at the Heritage Center in Red Lake on November 25th 2010 from 4:00pm to 7:00pm.** The intent of the information session is to provide information about this project, respond to questions and concerns and to seek comment from the community, First Nations, Métis Nation and government agencies and other local stakeholders. Representatives from Union Gas and KBM Forestry Consultants will be there to answer questions and to receive your comments.

KBM Forestry Consultants has been retained to assist Union Gas in preparing an Environmental Report for the proposed pipeline and related facilities. The report will detail the route selection process for the proposed pipeline and the environmental impact/mitigation measures associated with the construction of all proposed facilities. The report will be submitted along with Union Gas' application to the Ontario Energy Board in the fall of 2010. The Ontario Energy Board, as the provincial energy sector regulatory body,

will review the application and determine if the project will be approved. If approved, Phase I construction could be initiated as early as spring of 2011; Phase 2 will begin construction no earlier than 2012.

If you have any questions, please contact me at 1-800-465-3001, Ext. 262 or by email at [csinclair@KBM.on.ca](mailto:csinclair@KBM.on.ca). Thank you for your cooperation.

Yours truly,  
**KBM Forestry Consultants Inc.**



Caleigh Sinclair

November 8, 2010

Chief Joanne Petiquan  
Wabauskang First Nation  
P.O. Box 339  
Ear Falls, ON P0V 1T0



**RE: Union Gas Limited – Red Lake Pipeline Project**

Dear Chief Petiquan,

On October 25, 2010 KBM Forestry Consultants forwarded correspondence about the commencement of the Red Lake Pipeline Project (the "Project") requesting any relevant environmental or socioeconomic information that in your opinion should be included in the development of Union's environmental report. At this time, we would like to invite you to attend a community information session to discuss the Project.

Union Gas is proposing to construct the Project using a phased approach:

- Phase I of the Project will include constructing a lateral pipeline, up to 10 inches in diameter, starting from the former Griffith Mine site north of Ear Falls to the intersection of Highways 105 and 125 (the "Red Lake Lateral") and distribution pipelines to Goldcorp's mine sites;
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Union Gas is committed to sharing information regarding their plans and to soliciting public input regarding their proposed activities. **A Public Information Session regarding the proposed project will be held at the Heritage Center in Red Lake on November 25th 2010 from 4:00pm to 7:00pm.** The intent of the information session is to provide information about this project, respond to questions and concerns and to seek comment from the community, First Nations, Métis Nation and government agencies and other local stakeholders. Representatives from Union Gas and KBM Forestry Consultants will be there to answer questions and to receive your comments.

KBM Forestry Consultants has been retained to assist Union Gas in preparing an Environmental Report for the proposed pipeline and related facilities. The report will detail the route selection process for the proposed pipeline and the environmental impact/mitigation measures associated with the construction of all proposed facilities. The

report will be submitted along with Union Gas' application to the Ontario Energy Board in the fall of 2010. The Ontario Energy Board, as the provincial energy sector regulatory body, will review the application and determine if the project will be approved. If approved, Phase I construction could be initiated as early as spring of 2011; Phase 2 will begin construction no earlier than 2012.

If you have any questions, please contact me at 1-800-465-3001, Ext. 262 or by email at [csinclair@KBM.on.ca](mailto:csinclair@KBM.on.ca). Thank you for your cooperation.

Yours truly,  
**KBM Forestry Consultants Inc.**



Caleigh Sinclair

November 8, 2010

Chief Charlie Pascal  
Pikangikum First Nation  
P.O. Box 323  
Pikangikum, ON P0V 2L0



**RE: Union Gas Limited – Red Lake Pipeline Project**

Dear Chief Pascal,

On October 25, 2010 KBM Forestry Consultants forwarded correspondence about the commencement of the Red Lake Pipeline Project (the “Project”) requesting any relevant environmental or socioeconomic information that in your opinion should be included in the development of Union’s environmental report. At this time, we would like to invite you to attend a community information session to discuss the Project.

Union Gas is proposing to construct the Project using a phased approach:

- Phase I of the Project will include constructing a lateral pipeline, up to 10 inches in diameter, starting from the former Griffith Mine site north of Ear Falls to the intersection of Highways 105 and 125 (the “Red Lake Lateral”) and distribution pipelines to Goldcorp’s mine sites;
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KBM Forestry Consultants has been retained to assist Union Gas in preparing an Environmental Report for the proposed pipeline and related facilities. The report will detail the route selection process for the proposed pipeline and the environmental impact/mitigation measures associated with the construction of all proposed facilities. The report will be submitted along with Union Gas' application to the Ontario Energy Board in the fall of 2010. The Ontario Energy Board, as the provincial energy sector regulatory body, will review the application and determine if the project will be approved. If approved, Phase I construction could be initiated as early as spring of 2011; Phase 2 will begin construction no earlier than 2012.

If you have any questions, please contact me at 1-800-465-3001, Ext. 262 or by email at [csinclair@KBM.on.ca](mailto:csinclair@KBM.on.ca). Thank you for your cooperation.

Yours truly,  
**KBM Forestry Consultants Inc.**



Caleigh Sinclair

November 8, 2010

Métis Consultation Unit  
Métis Nation of Ontario Head Office  
500 Old St. Patrick Street, Unit D  
Ottawa, ON K1N 9G4



**RE: Union Gas Limited – Red Lake Pipeline Project**

To Whom it May Concern,

On October 25, 2010 KBM Forestry Consultants forwarded correspondence about the commencement of the Red Lake Pipeline Project (the "Project") requesting any relevant environmental or socioeconomic information that in your opinion should be included in the development of Union's environmental report. At this time, we would like to invite you to attend a community information session to discuss the Project.

Union Gas is proposing to construct the Project using a phased approach:

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stakeholders. Representatives from Union Gas and KBM Forestry Consultants will be there to answer questions and to receive your comments.

KBM Forestry Consultants has been retained to assist Union Gas in preparing an Environmental Report for the proposed pipeline and related facilities. The report will detail the route selection process for the proposed pipeline and the environmental impact/mitigation measures associated with the construction of all proposed facilities. The report will be submitted along with Union Gas' application to the Ontario Energy Board in the fall of 2010. The Ontario Energy Board, as the provincial energy sector regulatory body, will review the application and determine if the project will be approved. If approved, Phase 1 construction could be initiated as early as spring of 2011; Phase 2 will begin construction no earlier than 2012.

If you have any questions, please contact me at 1-800-465-3001, Ext. 262 or by email at [csinclair@KBM.on.ca](mailto:csinclair@KBM.on.ca). Thank you for your cooperation.

Yours truly,  
**KBM Forestry Consultants Inc.**



Caleigh Sinclair

**Patrick, Mary Jane**

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**From:** Bonin, John  
**Sent:** December 13, 2010 10:34 AM  
**To:** grand.chief@treaty3.ca  
**Subject:** Gas Line to Goldcorp and Red Lake Project  
**Attachments:** Map Uniongas\_Overview\_\_Oct\_28\_10\_v3.pdf; Invitation to Open House.docx; Letter 2.doc

Aaniin Ogichidaakwe Diane Kelly:

Union Gas Ltd is currently working on a project to bring gas to the Goldcorp Mines sites in 2011 and in a later phase (2012 or later), there is potential for the towns of Red Lake, Balmertown, Cochenour, the Chukuni River subdivision. The pipeline will run primarily along Hwy's 105 and 125. I have attached the introductory letters that were previously sent out.

In my follow-up calls to the four First Nations that were sent this information, it was recommended that I send you a copy of the information for discussion with your office.

Here are the First Nations and Métis Nation, this information was previously sent to:

- Chief Eric Fisher - Wabasemoong First Nation
- Chief Clifford Bull – Lac Seul First Nation
- Chief Joanne Petiquan – Wabauskang First Nation
- Chief Charles Pascal – Pikangikum First Nation
- Lands, Resource and Consultation Unit – Métis Nation of Ontario

After you have had a chance to review this information, I will follow-up with a call to discuss this with you.

Miigwech..

*John Bonin*

Manager, Government and Aboriginal Affairs  
Union Gas  
Email: [jbonin@uniongas.com](mailto:jbonin@uniongas.com)  
Office: 519-667-4180  
Cell: 519-495-5105





For Internal Use Only
Lands File No.:
Cheque No.:
Project:
Acct No.:

## PIPELINE EASEMENT

(the "Easement")

Between

(herein called the "Transferor")

and

**UNION GAS LIMITED**

(herein called the "Transferee")

This Easement is an easement in Gross

WHEREAS the Transferor is the owner in fee simple of those lands and premises more particularly described as:  
PIN: Insert Legal (hereinafter called the "Transferor's Lands").

The Transferor does hereby GRANT, CONVEY, TRANSFER AND CONFIRM unto the Transferee, its successors and assigns, to be used and enjoyed as appurtenant to all or any part of the lands of the Transferee's lands the right, liberty, privilege and easement on, over, in, under and/or through a strip of the Transferor's Lands more particularly described as being PIN: Insert Legal Being Part of the PIN (hereinafter referred to as the "Lands") to survey, lay, construct, maintain, inspect, patrol, alter, remove, replace, reconstruct, repair, move, keep, use and/or operate one Pipe line for the transmission of pipeline quality natural gas as defined in The Ontario Energy Board Act S.O. 1998 (hereinafter referred to as the "Pipeline") including therewith all such buried attachments, equipment and appliances for cathodic protection which the Transferee may deem necessary or convenient thereto, together with the right of ingress and egress at any and all times over and upon the Lands for its servants, agents, employees, those engaged in its business, contractors and subcontractors on foot and/or with vehicles, supplies, machinery and equipment for all purposes necessary or incidental to the exercise and enjoyment of the rights, liberty, privileges and easement hereby granted. The Parties hereto mutually covenant and agree each with the other as follows:

1. In consideration of the sum of DOLLARS (\$) of lawful money of Canada (hereinafter called the "Consideration"), which sum is payment in full for the rights and interest hereby granted and for the rights and interest, if any, acquired by the Transferee by expropriation, including in either or both cases payment in full for all such matters as injurious affection to remaining lands and the effect, if any, of registration on title of this document and where applicable, of the expropriation documents, subject to Clause 12 hereof to be paid by the Transferee to the Transferor within 90 days from the date of these presents or prior to the exercise by the Transferee of any of its rights hereunder other than the right to survey (whichever may be the earlier date), the rights, privileges and easement hereby granted shall continue in perpetuity or until the Transferee, with the express written consent of the Transferor, shall execute and deliver a surrender thereof. Prior to such surrender Transferee shall remove all debris as may have resulted from the Transferee's use of the Lands from the Lands and in all respects restore the Lands to its previous productivity and fertility so far as is reasonably possible, save and except for items in respect of which compensation is due under Clause 2. hereof. Transferor and Transferee hereby agree that nothing herein shall oblige Transferee to remove the Pipeline from the Lands as part of Transferee's obligation to restore the Lands.

2. The Transferee shall make to the Transferor (or the person or persons entitled thereto) due compensation for any damages to the Lands resulting from the exercise of any of the rights herein granted, and if the compensation is not agreed upon by the Transferee and the Transferor, it shall be determined by arbitration in the manner prescribed by the Expropriations Act, R.S.O. 1990, Chapter E-26 or any Act passed in amendment thereof or substitution thereof. Any gates, fences and tile drains curbs, gutters, asphalt paving, lockstone, patio tiles interfered with by the Transferee shall be restored by the Transferee at its expense as closely as reasonably possible to the condition and function in which they existed immediately prior to such interference by the Transferee and in the case of tile drains, such restoration shall be performed in accordance with good drainage practice and applicable government regulations.

3. The Pipeline (including attachments, equipment and appliances for cathodic protection but excluding valves, take-offs and fencing installed under Clause 9 hereof) shall be laid to such a depth that upon completion of installation it will not obstruct the natural surface run-off from the Lands nor ordinary cultivation of the Lands nor

any tile drainage system existing in the Lands at the time of installation of the Pipeline nor any planned tile drainage system to be laid in the Lands in accordance with standard drainage practice, if the Transferee is given at least thirty (30) days notice of such planned system prior to the installation of the pipeline; provided that the Transferee may leave the Pipeline exposed in crossing a ditch, stream, gorge or similar object where approval has been obtained from the Ontario Energy Board or other Provincial Board or authority having jurisdiction in the premises. The Transferee agrees to make reasonable efforts to accommodate the planning and installation of future tile drainage systems following installation of the pipeline so as not to obstruct or interfere with such tile installation.

4. As soon as reasonably possible after the construction of the Pipeline, the Transferee shall level the Lands and unless otherwise agreed to by the Transferor, shall remove all debris as may have resulted from the Transferee's use of the Lands therefrom and in all respects restore the Lands to its previous productivity and fertility so far as is reasonably possible, save and except for items in respect of which compensation is due under Clause 2 hereof.

5. The Transferee shall indemnify the Transferor for any and all liabilities, damages, costs, claims, suits and actions which are directly attributable to the exercise of the rights hereby granted, except to the extent of those resulting from the gross negligence or wilful misconduct of the Transferor.

6. In the event that the Transferee fails to comply with any of the requirements set out in Clause 2, 3, or 4 hereof within a reasonable time of the receipt of notice in writing from the Transferor setting forth the failure complained of, the Transferee shall compensate the Transferor (or the person or persons entitled thereto) for any damage, if any, necessarily resulting from such failure and the reasonable costs if any, incurred in the recovery of those damages.

7. Except in case of emergency, the Transferee shall not enter upon any of the Transferor's Lands, other than the Lands, without the consent of the Transferor. In case of emergency the right of entry upon the Transferor's Lands for ingress and egress to and from the Lands is hereby granted. The determination of what circumstances constitute an emergency, for purposes of this paragraph is within the absolute discretion of the Transferee, but is a situation in which the Transferee has a need to access the pipeline in the public interest without notice to the Transferor, subject to the provisions of paragraph 2 herein. The Transferee will, within 72 hours of entry upon such lands, advise the Transferor of the said emergency circumstances and thereafter provide a written report to Transferor with respect to the resolution of the emergency situation. The Transferee shall restore the lands of the Transferor at its expense as closely as reasonably practicable to the condition in which they existed immediately prior to such interference by the Transferee and in the case of tile drains, such restoration shall be performed in accordance with good drainage practice.

8. The Transferor shall have the right to fully use and enjoy the Lands except for planting trees over the lesser of the Lands or a six (6) metre strip centered over the Pipeline, and except as may be necessary for any of the purposes hereby granted to the Transferee, provided that without the prior written consent of the Transferee, the Transferor shall not excavate, drill, install, erect or permit to be excavated, drilled, installed or erected in, on, over or through the Lands any pit, well, foundation, pavement, building, mobile homes or other structure or installation. Notwithstanding the foregoing the Transferee upon request shall consent to the Transferor erecting or repairing fences, hedges, pavement, lockstone constructing or repairing tile drains and domestic sewer pipes, water pipes, and utility pipes and constructing or repairing lanes, roads, driveways, pathways, and walks across, on and in the Lands or any portion or portions thereof, provided that before commencing any of this work referred to in this sentence the Transferor shall (a) give the Transferee at least (30) clear days notice in writing describing the work desired so as to enable the Transferee to evaluate and comment on the work proposed and to have a representative inspect the site and/or be present at any time or times during the performance of the work, (b) shall follow the instructions of such representative as to the performance of such work without damage to the Pipeline, (c) shall exercise a high degree of care in carrying out any such work and, (d) shall perform any such work in such a manner as not to endanger or damage the Pipeline as may be required by the Transferee.

9. The rights, privileges and easement herein granted shall include the right to install, keep, use, operate, service, maintain, repair, remove and/or replace in, on and above the Lands any valves and/or take-offs subject to additional agreements and to fence in such valves and/or take-offs and to keep same fenced in, but for this right the Transferee shall pay to the Transferor (or the person or persons entitled thereto) such additional compensation as may be agreed upon and in default of agreement as may be settled by arbitration under the provisions of The Ontario Energy Board Act, S.O. 1998, or any Act passed in amendment thereof or substitution thereof. The Transferee shall keep down weeds on any lands removed from cultivation by reason of locating any valves and/or take-offs in the Lands.

10. Notwithstanding any rule of law or equity and even though the Pipeline and its appurtenances may become annexed or affixed to the realty, title thereto shall nevertheless remain in the Transferee.

11. Neither this Agreement nor anything herein contained nor anything done hereunder shall affect or prejudice the Transferee's rights to acquire the Lands or any other portion or portions of the Transferor's lands under the provisions of The Ontario Energy Board Act, S.O. 1998, or any other laws, which rights the Transferee may exercise at its discretion in the event of the Transferor being unable or unwilling for any reason to perform this Agreement or give to the Transferee a clear and unencumbered title to the easement herein granted.

12. The Transferor covenants that he has the right to convey this easement notwithstanding any act on his part, that he will execute such further assurances of this easement as may be requisite and which the Transferee may at its expense prepare and that the Transferee, performing and observing the covenants and conditions on its part

to be performed, shall have quiet possession and enjoyment of the rights, privileges and easement hereby granted. If it shall appear that at the date hereof the Transferor is not the sole owner of the Lands, this Indenture shall nevertheless bind the Transferor to the full extent of his interest therein and shall also extend to any after-acquired interest, but all moneys payable hereunder shall be paid to the Transferor only in the proportion that his interest in the Lands bears to the entire interest therein.

13. In the event that the Transferee fails to pay the consideration as hereinbefore provided, the Transferor shall have the right to declare this easement cancelled after the expiration of 15 days from personal service upon the Secretary, Assistant Secretary or Manager, Lands Department of the Transferee at its Executive Head Office in Chatham, Ontario, (or at such other point in Ontario as the Transferee may from time to time specify by notice in writing to the Transferor) of notice in writing of such default, unless during such 15 day period the Transferee shall pay the said consideration; upon failing to pay as aforesaid, the Transferee shall forthwith after the expiration of 15 days from the service of such notice execute and deliver to the Transferor at the expense of the Transferee, a valid and registerable release and discharge of this easement.

14. All payments under these presents may be made either in cash or by cheque of the Transferee and may be made to the Transferor (or person or persons entitled thereto) either personally or by mail. All notices and mail sent pursuant to these presents shall be addressed to the Transferor at \_\_\_\_\_ and to the Transferee at Union Gas Limited, P.O.Box 2001, 50 Keil Drive North, Chatham, Ontario N7M 5M1. Attention: Manager, Lands or to such other address in either case as the Transferor or the Transferee respectively may from time to time appoint in writing.

15. The rights, privileges and easement hereby granted are and shall be of the same force and effect as a covenant running with the land and this Indenture, including all the covenants and conditions herein contained, shall extend to, be binding upon and enure to the benefit of the heirs, executors, administrators, successors and assigns of the Parties hereto respectively; and, wherever the singular or masculine is used it shall, where necessary, be construed as if the plural, or feminine or neuter had been used, as the case may be.

16. The Transferor hereby acknowledges that this transfer will be registered electronically and the Transferor hereby authorizes the Transferee to complete the registration of this transfer.

DATED this \_\_\_\_\_ day of January 2010

\_\_\_\_\_  
**Name & Title:**

I have authority to bind the corporation

\_\_\_\_\_  
**Name & Title:**

I have authority to bind the corporation

Address:

**UNION GAS LIMITED**

\_\_\_\_\_  
**Name: Mervyn R. Weishar**  
**Senior Lands Agent**

I have authority to bind the Corporation

Additional Information: (if applicable)

Solicitor:

Telephone:

Municipality of Chatham-Kent

Province of Ontario

DECLARATION REQUIRED UNDER  
SECTION 50 OF THE PLANNING  
ACT, R.S.O. 1990, as amended

I, Mervyn R. Weishar, of the City of Municipality of Chatham-Kent, in the Province of Ontario.

DO SOLEMNLY DECLARE THAT

1. I am, Senior Lands Agent Lands Department of Union Gas Limited, the Transferee in the attached Grant of Easement and as such have knowledge of the matters herein deposed to.

2. The use of or right in the land described in the said Grant of Easement is being acquired by Union Gas Limited for the purpose of a hydrocarbon transmission line within the meaning of part VI of the Ontario Energy Board Act, 1998.

AND I make this solemn declaration conscientiously believing it to be true and knowing that it is of the same force and effect as if made under oath, and by virtue of The Canada Evidence Act.

DECLARED before me at the  
Municipality of Chatham-Kent,  
in the Province of Ontario

this            day of January ,2010

A Commissioner, etc.