



uniongas

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June 8th, 2011

BY RESS & Courier

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

Dear Ms. Walli:

**Re: Union Gas Limited - Red Lake Pipeline Project ("Project")
EB-2011-0040\EB-2011-0041\EB-2011-0042**

We refer to the correspondence from Mr. Robert Janes, of the firm Janes, Freedman and Kyle, dated June 7, 2011 addressed to the Ontario Energy Board ("OEB"), a copy of which was provided to Union Gas Limited ("Union"). Mr. Janes's correspondence requests the OEB to investigate activities being undertaken by Union with respect to this Project. It appears that it is his position that these activities being carried out by Union are in contravention of s. 90 of the Ontario Energy Board Act ("Act"). Union would like to take this opportunity to address these concerns.

Union will not commence construction activities for the pipeline (trenching, welding, pipe laying), until such time that Union is in receipt of a Leave to Construct order, under s. 90 of the Act, from the OEB.

All the activities which have taken place are of a pre-construction nature, in preparation of actual construction. These activities include staking the pipeline route, installation of silt fencing around waterways, geotechnical survey work, tree clearing activities and delivery of the individual sections of the pipeline for this Project. With respect to the delivery of the steel pipe for this Project, the location of the Project does not allow of the traditional delivery of steel pipe by rail. As a result the steel pipe is being delivered by long haul trucks to the Project. With the arrival of each truck, steel pipe is being unloaded and stock-piled along the route, however no other activity is being undertaken with respect to the pipe, other than the aforementioned unloading and stock-piling of pipe.

Union confirms that all these pre-construction activities are being carried out completely at the risk of Union. In the event that the OEB does not grant the Leave to Construct order Union will be responsible for the removal of the pipe and any required remediation activities. These pre-construction activities being carried out by Union are consistent with other pre-construction activities which Union has carried out for other projects requiring a Leave to Construct order for their ultimate construction.

We trust that this answers any questions which you may have regarding Union's activities.

Sincerely,

"original signed by"

Mark Murray, LL.B.
Manager, Regulatory Projects and Lands Acquisition
:mjp
Encl.

cc: Neil McKay, Manager Facilities Applications
Zora Crnojacki, Project Advisor
Robert J. M. Janes