

METALORE RESOURCES LIMITED

ER-2010-0018

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EXECUTIVE OFFICE

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January 6, 2012

JAN - 9 2012

12/9/12
Ms Kirstin Walli, Secretary
Ontario Energy Board
2300 Yonge St, Box 2319
Toronto, ON M4P 1E4

ONTARIO ENERGY BOARD

Dear Ms Walli:

Further to my letter to you dated December 20/11, re Transcript of NRG Hearing, this is to set the record straight and clarify certain ambiguous and incorrect statements made by Mr A Graat in pgs 52 through 56 concerning our operations with NRG.

In 1999, NRG Ltd was anxious to receive our gas. They constructed a brand new three inch pipeline in Houghton Township (within their franchise) for approximately two miles south from the village of Cultus, at Lot 8 to a new metering station supplied by Metalore in Lot 2, Concession VII.

Inside the front cover of the enclosed 2,000 Annual Report is a photo and on page 2 is a narrative describing our delight in completing the first year of production into NRG's system. Also enclosed in envelope are two pictures taken one week ago, New Year's Eve, 2011, by myself, of the idle standing station as it is presently. (Incidentally, all of the steel tanks and appurtances painted white are upstream to the meter and supplied by Metalore, whereas the downstream from the meter in blue are by NRG.) The wells are pressured up from being shut-in over five years and this system is ready to flow, literally on a moment's notice.

In the meantime, here is what has transpired over the past decade. We efficiently and reliably delivered daily and monthly specified naminations of gas for nearly five years, without the slightest discrepancy. Then, NRG Corp began drilling wells of their own and immediately placing them "on stream". NRG's system that we were delivering into had/has a maop (maximum allowable operating pressure) of 60 psig(pounds per square inch gravity). NRG regulates the system to keep the line from being overpressured. The regulator at our delivery station gradually reduces flow as the pressure approaches 60 and cuts off completely at 60 psig. (See copy of "Appendix 5" enclosed.)

One of the "clusters" of wells brought in by NRG was/is west of the village of Fairground, about three kilometers west of Cultus. As they brought on their own wells the "line pack" was maximized and our deliveries were completely curtailed - without any notice whatsoever!

It should also be mentioned that during that five year period, another even larger local producer than ourselves, more centrally located within the franchise area, also had sit down meetings with NRG, offering their production, to no avail.

Respectfully submitted,

George W Chilian
George W Chilian, Manager
METALORE RESOURCES LIMITED

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