

500 Consumers Road
North York, Ontario
M2J 1P8
PO Box 650
Scarborough ON M1K 5E3

Bonnie Jean Adams
Regulatory Coordinator
Telephone: (416) 495-5499
Fax: (416) 495-6072
Email: EGDRegulatoryProceedings@enbridge.com



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VIA COURIER, EMAIL, RESS

Ms. Kirsten Walli
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 26th Floor
Toronto, ON M4P 1E4

**Re: Enbridge Gas Distribution Inc. ("Enbridge")
EB-2012-0060- Kimball-Colinville - Observation Wells
Interrogatory Responses**

In accordance with the Ontario Energy Board's (the "Board") Procedural Order No. 1 for the above noted proceeding, enclosed please find reply submission of Enbridge.

The submission has been filed through the Board's Regulatory Electronic Submission System (RESS).

If you require further information, please contact the undersigned.

Yours truly,

{Original Signed}

Bonnie Jean Adams
Regulatory Coordinator

cc: Scott Stoll, Aird & Berlis (via Email and Courier)
Mark Murray, Manager, Regulatory Projects and Lands Acquisition Union (via Email)
Demetrius Kappos, Counsel, Legal Services Branch MNR (via Email)

ONTARIO ENERGY BOARD

IN THE MATTER OF the *Ontario Energy Board Act*, 1998, S.O. 1998, c. 15 (Schedule B);

AND IN THE MATTER OF an application by Enbridge Gas Distribution Inc. for four well licences in the Kimball-Colinville Designated Storage Area.

**REPLY SUBMISSIONS OF
ENBRIDGE GAS DISTRIBUTION INC.
EB-2012-0060**

Overview

1. Enbridge Gas Distribution Inc. ("**Enbridge**" or the "**Applicant**") applied to the Ministry of Natural Resources ("**MNR**") on Tuesday, February 14th, 2012 for approval to drill 4 observation wells in the Kimball-Colinville Designated Storage Area ("**DSA**"). By letter dated February 15, 2012, Enbridge filed a copy of the well drilling applications submitted to the MNR, as section 40 of the OEB Act obligates the Minister of Natural Resources to refer the matter to the Ontario Energy Board (the "**Board**") to prepare a report which is binding upon the Minister in determining whether or not to approve the well applications.
2. As the applications deal solely with observation wells there are no pipeline facilities to be constructed and therefore no associated leave to construct application.
3. Union Gas Ltd. and the MNR requested and were granted intervenor status. Only Board Staff requested additional information. Union Gas Ltd. did not actively participate.

4. Board Staff and the MNR are supportive of the Application.

General Requirements

5. In a prior proceeding, EB-2007-0891, at page 2, the Board expressed the issues which it considers in the making of a Report for the Minister as follows:

“The Board's review is focused on the technical expertise and capability of the Applicant to safely drill the well, to maintain geological integrity of the designated storage pool, to ensure environmental protection of affected lands, and minimize adverse impacts on affected landowners.”

Need

6. The drilling of the wells is not to address a concern about loss of inventory or an operational issue but rather is one element of a program Enbridge has implemented to enhance the information related to inventory management.
7. As a result of the recent 3D seismic survey completed on the Mid and South Kimball storage pools several areas of interest were identified as potential pressurized A-1 Carbonate reservoir. The requested observation wells were determined to be necessary to confirm the results of the 3D survey in these areas.
8. The wells are located within the DSA to help determine the quantity of base gas in the A-1 carbonate formation. As noted in response to Board Staff Interrogatory #1(f) the *“rationale and reasoning for drilling the proposed observation wells is to confirm the outline and extent of the pressurized A-1 Carbonate reservoir..”*
9. One of the wells, TKC#64 is intended to replace Imperial Kimball #21 (“IK#21”) which was abandoned in 2010 due to integrity issues. As such, there are only 6 observation wells, which vary in age from 6 to 48 years, remaining for the DSA.

10. In addition, through the locations chosen, TKC#63 (northwest), TKC #65 (eastern) and TKC#66(northeast), these observation wells will provide long term boundary monitoring capability for the DSA.

Drilling Procedures

11. Enbridge filed its proposed drilling program as part of each well application. As part of the well drilling program, Enbridge has indicated it will comply with all applicable regulatory requirements.
12. No interrogatories were asked regarding the well drilling program.

Environmental Impacts of Drilling and Construction

13. Enbridge conducted an environmental review to consider the impact of the wells. Copies of the environmental review were provided in response to Board Staff Interrogatory #3. Enbridge will adopt the mitigation measures recommended in the environmental reports.
14. The conclusion of the environmental review was "*the mitigation measures proposed will ensure the construction and operation of the well will result in negligible long-term benefits.*"

Landowner Matters

15. Enbridge has been in contact with the impacted landowners and served the application upon each landowner, as confirmed in the Affidavit of Service filed with the Board on April 5, 2012. No landowner has raised a concern or participated in the proceeding.
16. Enbridge has existing agreements with each of the impacted landowners. In response to Board Staff Interrogatory #4, Enbridge provided information regarding compensation

and complaint resolution. Enbridge believes its approach is consistent with good industry practice in these areas.

Conclusion

17. Enbridge operates several storage facilities in Ontario, including the DSA in which the 4 observation wells are to be drilled. No party has raised any concern regarding Enbridge's ability to carry out these activities and no party has raised any concern regarding the geologic integrity of the wells. In fact, Board Staff and the MNR are supportive of the applications.
18. Enbridge respectfully requests the Board issue a report at its earliest opportunity recommending the Minister of Natural Resources approve the requested Application to drill the 4 observation wells.

DATED June 6, 2012 at Toronto, Ontario.

ENBRIDGE GAS DISTRIBUTION INC.
By its counsel

AIRD & BERLIS LLP



Scott Stoll