



Board staff Interrogatories

Tribute Resources Inc.

Applications for Huron Bayfield Storage Project Development

**EB-2011-0076
EB-2011-0077
EB-2011-0078**

June 20, 2012

Issue 1.3: Is there a need for this incremental storage capacity in Ontario?

1. Ref: Pre-filed evidence Binder 1, D2 pages 1-2

Tribute, in the pre-filed evidence on “Market Need” stated that “...there may not be a clear market need” for storage.

In light of this statement, please discuss the justification of the proposed development in terms of:

- a) Public interest; and
 - b) Building a “business case” that would attract capital to be invested in the proposed 6 Bcf incremental storage to be developed and brought to the market where the demand is not present or imminent.
2. Ref: Pre-filed evidence Binder 1, D4 page 1 of 1

Referring to the project schedule:

- a) Please provide a new updated construction schedule for the project, based on the status of current regulatory approvals. Please use the month by month time-line, starting with the OEB approvals and ending with anticipated in-service date for the entire project.
 - b) Incorporate in the schedule a point when financing needs to be secured for the project to meet the planned in-service date.
3. The Board’s standard conditions of approval normally includes a timeline for which construction of facilities must commence. Failing commencement of construction the Board’s Orders will expire. Please provide an acceptable expiry date for all of the Board Orders sought by Tribute and explain the rationale for the date requested, within the framework of Tribute’s business plan and project development lead time.
4. Ref: Pre-filed evidence Binder 2, E1 pages 1-6

An application, related to storage rights dispute in Stanley Pool, filed by 2195002 Ontario Inc., is currently before the Superior Court.

- a) Please explain the relief sought by the 2195002 Ontario Inc.?
- b) Has a date been set for the matter to be heard? If not, what is the anticipated timing for the court case to be heard and decided?

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- c) In Tribute's view, depending on how the Court decides the matter, how would it impact the viability of the project? In other words, should the Court decide in favour of the numbered company, in Tribute's view, what, if any, impact would this have on Tribute's application before the Board?
- d) How is the current court case accounted for in the project schedule? Answer this question referring to the revised project schedule filed in response to the previous interrogatory

Issue 2.1: Is Tribute a capable prospective storage operator in terms of technical and financial capabilities to develop and operate the proposed storage facilities?

5. Ref: Pre-filed evidence Binder 1, D3 page 2, lines 1-3 and 12-16

Tribute requested that "...the Board defer on the Bayfield, Stanley and pipeline project economics...", and also stated that *"If the Board decides that it wishes to explore the [project economics, financing strategies or other confidential commercial information...then the Applicants respectfully request that the process be undertaken in accordance with the Board's Practice Direction on Confidential Filings."*

Please provide the Business Plan for the proposed project including estimates of the capital costs for individual infrastructure components. Please include feasibility assessment and indicate financing required for the project to be operational.

6. Ref: Pre-filed evidence Binder 1, D3 page 2,

Please identify the technical and operational capabilities of Tribute as the prospective operator of the Stanley and Bayfield pools, including technical expertise and resources. Please elaborate on Tribute's plan regarding its role in operating the pools.

7. Ref: Pre-filed evidence Binder 2 E1 page 12 lines 22 to 26

In Binder 2, which contains the pre-filed evidence on the Stanley Pool related applications, Tribute stated, it negotiated with Market Hub Partners Inc. ("MHP") *"an option for MHP to participate in the development of Phase 2 of these projects, following successful completion of these proceedings and approval of the projects. MHP would be a 50% partner with Tribute as development proceeds."*

- a) Please define "Phase 2 of these projects".

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- b) Please describe the content of the option, the terms and conditions as negotiated with MHP? Describe 50% partnership between Tribute and MHP.

Issue 3.1: Does the applicant propose an appropriate program to mitigate the environmental impacts and impacts on directly affected properties?

8. Please confirm that an environmental mitigation and management plan will be created, filed with the Board and implemented by Tribute to address impacts of well drilling operations on the land within the storage pools.

Issue 4.1: Is there a need for the proposed pipelines and ancillary facilities?

9. Ref: Pre-filed evidence Binder 4, B1 pages 1-6

The proposed NPS 12, 70 kilometres long pipeline will be used exclusively to transmit natural gas from Union's Lobo Compressor Station to and from the Bayfield and Stanley storage pools. Tribute also, stated that the proposed capacity would allow transportation of natural gas to and from other "...future storage pools in Huron County referred to as the Zurich, Canton Shoal, Dashwood, Florentine and possibly Grand Bend gas pools." *Tribute indicated that Northern Cross Energy Ltd. ("NCE") was approached to enquire as to the possibility of NCE in "...the financing, ownership and operations...or NCE contracting as a shipper on the line."*

- a) Considering the design capacity of the pipeline and the uncertainty around the development of other storage pools in Huron County and unconfirmed interest in financing or contracting the capacity by NCE, please discuss the economic feasibility of the pipeline.
- b) Please file a pipeline feasibility assessment using a Discounted Cash Flow ("DCF") analysis including the Profitability Index and the NPV of the project over 25 year time horizon. State all the assumptions for the DCF parameters.

Issue 4.2: What are the environmental impacts associated with construction of the proposed pipelines and ancillary facilities and are they acceptable?

10. Ref: Pre-filed evidence Binder 4, E1 "Bayfield to Lobo Pipeline Project Environmental Report"

- a) Please discuss if updates to "Bayfield to Lobo Pipeline Project Environmental Report" ("ER") will be needed to address any land use, environmental, or other changes since August 2009 when the ER was completed by Stantec Consulting Ltd.

- b) Please describe follow-up communications with affected landowners, municipalities and OPCC member agencies to ensure that all concerns are addressed and affected and interested parties are up to date on the project progress.
- c) Please file with the Board copies of correspondence addressing Tribute's response to concerns raised by any party in respect to the proposed pipeline project since the public consultation described in the ER was completed.

11. Ref: Pre-filed evidence, Binder 4, D6 Table of Permits and Licence Description

Please provide an update of the status and anticipated timeline to obtain permits and licences required for construction and operation of the proposed pipeline.

Issue 4.3: Are there any outstanding landowner matters for the proposed pipelines and ancillary facilities routing and construction?

12. Ref: Pre-filed evidence, Binder 4, D1

- a) What is the status of land easements required for construction of the proposed pipeline and ancillary facilities?
- b) What is the anticipated timeline for Tribute to file with the Board the Road Occupation Agreement once it's obtained from the Middlesex County?
- c) Please update the status of negotiating with Union for occupation of their property that is needed to install a portion of the proposed pipeline connecting to Union's Lobo Station.

13. Ref: Pre-filed evidence, Binder 4, D3

- a) Please confirm that the forms of the permanent and temporary easement agreements provided in Binder 4, Tab 3 have been offered (and dates when they were offered) or will be offered to all of the landowners from whom the easements are required.
- b) Have the forms of the permanent and temporary easements filed in the evidence been previously approved by the Board. If yes, please provide the file numbers of the proceedings.

Issue 4.4: Are the pipelines and ancillary facilities designed in accordance with the current technical and safety requirements?

13. Ref: Pre-filed evidence, Binder 4, B3

- a) Please confirm that all design and pipe regulatory requirements have been met by Tribute.
- b) Please file a copy of correspondence with the TSSA which confirms that the TSSA has reviewed the design and pipe specifications and that it has no outstanding concerns regarding Tribute's compliance with pipeline design, technical and safety requirements under TSSA's jurisdiction

Standard Conditions of Approval

14. Please comment on each set of standard conditions of approval attached in Appendices A, B, and C. Please note that the conditions are in draft form and that the Board can amend and modify any of the conditions if it finds appropriate.

Appendix A – Board Staff Interrogatories

Authorization to Inject, Store and Remove Gas

Draft Standard Conditions of Approval

EB-2011-0076

EB-2011-0077

Stanley Bayfield Storage Project
EB-2011-0076
EB-2011-0077

Authorization to Inject, Store and Remove Gas

Standard Conditions of Approval

1. Operation of Storage Pools
 - 1.1 Tribute Resources Inc. ("Tribute") shall rely on the evidence filed with the Board in the EB-2011-0076 and EB-2011-0077 proceeding. Tribute shall comply with applicable laws, regulations and codes to the satisfaction of the responsible agency pertaining to the construction, operation and maintenance of the proposed project and should evaluations conducted in accordance with those applicable laws, regulations and codes identify any risk and/or specify any remedial work, shall implement, complete and maintain such works prior to commencement of any injection.
 - 1.2 Tribute shall design, construct, operate, maintain and abandon the wells and facilities in accordance with the CSA Z341 Storage of Hydrocarbons in Underground Formations and in accordance with the *Oil, Gas and Salt Resources Act* and its regulations and operating standards.
 - 1.3 Tribute shall protect the integrity of the reservoir and ensure the safe operation of the Designated Storage Pool by complying with the requirements of the Provincial Operating Standard, CSA Standard Z341 and any other applicable laws, regulations and codes.
 - 1.4 Tribute shall advise the Board's designated representative of any proposed material change or abnormal events in construction or restoration procedures that are reported to authorities. In the event of an emergency, the Board shall be informed immediately after the fact.
 - 1.5 Tribute shall not operate the Designated Storage Pool above a maximum allowed operating pressure representing a pressure gradient of 15.8 kPa/m of depth to the top of the reservoir until leave of the Board is obtained.
 - 1.6 Tribute shall ensure that the construction, operation and maintenance of the Designated Storage Pool does not affect the quality or supply of potable water. Tribute shall implement a water well monitoring program to include preconstruction monitoring and to commit to further monitoring should a complaint arise during or following construction. In the event that the quality of the potable water is impacted by the construction, operation and maintenance for

the Designated Storage Pool, Tribute shall provide adequate fresh water supplies to all affected landowners until the problem is rectified.

- 1.7 Should Tribute fail to commence injection before XX XX XXXX¹, Tribute shall be required to apply to the Board for an extension of the authority granted under the Board's Order and will be required to submit evidence to show why such an extension shall be granted.
- 1.8 After the date on which the Board grants an order pursuant to Section 38(1) of the Ontario Energy Board Act, 1998 and before commencement of drilling operations or pipeline construction to use the DSA for storage, and thereafter while the DSA or any part thereof is being used for storage operations, Tribute shall obtain and maintain in full force and effect insurance coverage for its operations at the Designated Gas Pool including, but not limited to, liability and pollution coverage. Tribute shall notify the Board once insurance coverage has been obtained for the Designated Storage Pool in accordance with this condition.

2. General

- 2.1 For the purposes of these conditions conformity of the Applicant with CSA Z341, the *Oil, Gas and Salt Resources Act*, and the *Provincial Operating Standard* shall be to the satisfaction of the Ministry of Natural Resources.
- 2.2 The authority granted under this Order to Tribute is not transferable to another party, without leave of the Board.
- 2.3 The Board's designated representative for the purpose of these conditions shall be the Manager, Natural Gas Applications.

3 Just and Equitable Compensation

- 31 Tribute shall offer to pay landowners and/or tenants just and equitable compensation for any damages, including present and future crop damage arising from: drilling of injection/withdrawal wells; installation of gathering pipelines; access road construction.

¹ Date undetermined.

Appendix B - Board Staff Interrogatories

LEAVE TO CONSTRUCT APPLICATION Draft Standard Conditions of Approval EB-2011-0078

**Tribute Resources Inc.
Leave to Construct Pipeline Application
EB-2011-0078
Draft Standard Conditions of Approval**

1 General Requirements

- 1.1 Tribute Resources Inc. ("Tribute") shall construct the facilities and restore the land in accordance with its application and the evidence filed in EB-2011-0078 proceeding except as modified by this Order and these Conditions of Approval.
- 1.2 Unless otherwise ordered by the Board, authorization for Leave to Construct shall terminate on XX XX XXXX², unless construction has commenced prior to that date.
- 1.3 Tribute shall implement all the recommendations of the Environmental Report filed in the pre-filed evidence, and all the recommendations and directives identified by the Ontario Pipeline Coordinating Committee ("OPCC") review.
- 1.4 Tribute shall advise the Board's designated representative of any proposed material change in construction or restoration procedures and, except in an emergency, Tribute shall not make such change without prior approval of the Board or its designated representative. In the event of an emergency, the Board shall be informed immediately after the fact.

2 Project and Communications Requirements

- 2.1 The Board's designated representative for the purpose of these Conditions of Approval shall be the Manager, Natural Gas Applications.
- 2.2 Tribute shall designate a person as project engineer and shall provide the name of the individual to the Board's designated representative. The project engineer will be responsible for the fulfillment of the Conditions of Approval on the construction site. Tribute shall provide a copy of the Order and Conditions of Approval to the project engineer, within seven days of the Board's Order being issued.
- 2.3 Tribute shall give the Board's designated representative and the Chair of the OPCC ten days written notice in advance of the commencement of the construction.

² Date undetermined.

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- 2.4 Tribute shall furnish the Board's designated representative with all reasonable assistance for ascertaining whether the work is being or has been performed in accordance with the Board's Order.
- 2.5 Tribute shall file with the Board's designated representative notice of the date on which the installed pipelines were tested, within one month after the final test date.
- 2.6 Tribute shall furnish the Board's designated representative with five copies of written confirmation of the completion of construction. A copy of the confirmation shall be provided to the Chair of the OPCC.

3 Monitoring and Reporting Requirements

- 3.1 Both during and after construction, Tribute shall monitor the impacts of construction, and shall file four copies of both an interim and a final monitoring report with the Board. The interim monitoring report shall be filed within six months of the in-service date, and the final monitoring report shall be filed within fifteen months of the in-service date. Tribute shall attach a log of all complaints that have been received to the interim and final monitoring reports. The log shall record the times of all complaints received, the substance of each complaint, the actions taken in response, and the reasons underlying such actions.
- 3.2 The interim monitoring report shall confirm Tribute's adherence to Condition 1.1 and shall include a description of the impacts noted during construction and the actions taken or to be taken to prevent or mitigate the long-term effects of the impacts of construction. This report shall describe any outstanding concerns identified during construction.
- 3.3 The final monitoring report shall describe the condition of any rehabilitated land and the effectiveness of any mitigation measures undertaken. The results of the monitoring programs and analysis shall be included and recommendations made as appropriate. Any deficiency in compliance with any of the Conditions of Approval shall be explained.

4 Easement Agreements

- 4.1 Tribute shall offer the form of agreement approved by the Board to each landowner, as may be required, along the route of the proposed work.

5 Other Approvals

- 5.1 Tribute shall obtain all other approvals, permits, licences, and certificates required to construct, operate and maintain the proposed project, shall provide a

list thereof, and shall provide copies of all such written approvals, permits, licences, and certificates upon the Board's request.

APPENDIX C - Board Staff Interrogatories

LICENCES TO DRILL WELLS IN DESIGNATED GAS STORAGE POOLS

Draft Standard Conditions of Approval

**EB-2011-0076
EB-2011-0077**

Tribute Resources Inc.
EB-2011-0076
EB-2011-0077

Draft Standard Conditions of Approval
Wells Drilling Licences Application

1. General Requirements

- 1.1. Tribute Resources Inc. ("Tribute") shall rely on the evidence filed with the Board in EB-2011-0076 and EB-2011-0077 proceeding and comply with applicable laws, regulations and codes pertaining to the construction of the proposed wells.
- 1.2. Authorization for the issuance of the drilling licences is limited to xx months³ from the date of the Board's Report to the Ministry of Natural Resources.
- 1.3. The authority granted under this Order to Tribute is not transferable to another party without leave of the Board. For the purpose of this condition another party is any party except Tribute Resources Inc.

2. Construction Requirements

- 2.1. Tribute shall construct the facilities and restore the land in accordance with its Application and evidence and the undertakings given to the Board, except as modified by this Order and these Conditions of Approval.
- 2.2. Tribute shall ensure that the movement of equipment is carried out in compliance with all procedures filed with the Board, and as follows:
 - i) Tribute shall make reasonable efforts to keep the affected landowners as well as adjacent landowners and their respective tenant farmers, or their designated representatives, informed of its plans and construction activities; and
 - ii) the installation of facilities and construction shall be coordinated so as to minimize disruption of agricultural land and agricultural activities.
- 2.3. Tribute shall, subject to the recommendation by an independent tile contractor and subject to the landowners approval, construct upstream and downstream

³ Time undetermined.

drainage headers adjacent to the drilling area and access roads that cross existing systematic drainage tiles, prior to the delivery of heavy equipment, so that continual drainage will be maintained.

- 2.4 Tribute, shall implement all the recommendations of the Environmental Management Plan in the pre-filed evidence.

3. Monitoring and Reporting Requirements

- 3.1 Both during and after construction, Tribute shall monitor the impacts of construction, and shall file four copies of both an interim and a final monitoring report with the Board. The interim monitoring report shall be filed within six months of the in-service date, and the final monitoring report shall be filed within fifteen months of the in-service date. Tribute shall attach a log of all complaints to the interim and final monitoring reports. The log shall record the times of all complaints received, the substance of each complaint, the actions taken in response, and the reasons underlying such actions.
- 3.2. The interim monitoring report shall confirm Tribute adherence to Condition 1.1 and shall include a description of the impacts noted during construction and the actions taken or to be taken to prevent or mitigate the long-term effects of the impacts of construction. This report shall describe any outstanding concerns identified during construction.
- 3.3 The final monitoring report shall describe the condition of the rehabilitated land and the effectiveness of the mitigation measures undertaken. The results of the monitoring programs and analysis shall be included and recommendations made as appropriate. Any deficiency in compliance with any of the Conditions of Approval shall be explained.

4. Project and Communication Requirements

- 4.1 For the purposes of these conditions, conformity of the Applicant with CSA Z341, shall be to the satisfaction of the Ministry of Natural Resources.
- 4.2 Tribute shall designate one of its employees as project manager who will be responsible for the fulfilment of these conditions, and shall provide the employee's name to the Ministry of Natural Resources, the Board and to all appropriate landowners.
- 4.3 The Board's designated representative for the purpose of these Conditions of Approval shall be the Manager, Natural Gas Applications.