

EB-2011-0076
EB-2011-0077
EB-2011-0078
EB-2011-0285

Tribute Resources Inc.
And Bayfield Resources Inc. as General Partner for Huron Bayfield Limited Partnership and
Bayfield Pipeline Corp. "Tribute"
Board Staff Interrogatories
Answer to Interrogatory
From Ontario Energy Board

Reference: Pre-filed evidence Binder 1, D2 pages 1-2

Question 1:

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.

Answer:

Perhaps the best way to begin explaining Tribute's reasoning and justification in seeking advance regulatory rulings for this development in furtherance of Tribute's business case is to establish the overall context in which this development is set. From this perspective, Tribute will be able to address and integrate the sequence of short and long-term public interest benefits that must also underpin the applications in order for the Board to grant the approvals requested.

On a practical industry basis, Tribute has been straightforward internally and externally in its assessment of the current market need for the proposed facility: i.e. today, the physical development of the pools would not be economic solely due to adverse market conditions, but in the near future (2 – 5 years), it is likely to become economically viable. Our plan is to secure the regulatory approvals comfortably in advance of the project build phase, when the gas and storage markets may not be perfectly aligned with the prevailing financial and contractual market conditions – then be ready to activate the construction phase. This is standard business practice, where 'ramp-up' and 'launch' periods may be planned at defined intervals but deferred or extended until commercially preferred timing of the opportunities is reached.

Just as in the Huron Tipperary Gas LP case before the Board in 2005, where Tribute sought early approvals prior to the project being economically viable and sustainable, with conditional approvals in hand, it then completed the financings, detailed engineering, hammered down the construction costs and found a partner. That project works and is up and running as the Board expected and Tribute contemplated. In this application (Phase 2), Tribute has found an early potential partner in Market Hub Partners Canada ("MHP"); both entities are confident that within the time requested in the applications, there will be a gas and storage market turn-around that will economically justify the development on some reasonable basis. And, while not entirely predictable, the cyclical nature of the North American gas markets is well known to the Board, MHP and Tribute.

There are, of course, several key considerations for the Board to contemplate in undertaking its analysis of whether allowing this development is in the public interest. The first suggested set of criteria to consider is the more immediate importance to the Province of assessing, approving and preserving these rock formations as (a) valuable provincial resources, the development of which is to be paid for (b) exclusively by private funds under (c) the Board-approved, competitive storage regime, which was established less than 10 years ago.

Assuming the Board in this proceeding finds that the geological rock formations in Stanley and Bayfield pools are suitable for storage, and now that the natural gas in these pools has been produced and depleted, it follows that it is in the interest of future generations of Ontarians that the pools be protected and assigned a permanent designation order, recognized forever in Ontario's oil, gas and storage regulatory regimes. It is in nobody's interest that these deeply buried and naturally created rock formations should be tampered with for any reason when they are ripe for designation and near-term development, particularly in view of the extensive and expensive geological assessment work that has been undertaken over many years during their production and more recently with preparation for taking the pools to storage.

The fact that these pools were discovered and developed to this stage using exclusively private shareholder funds is indicative that the redesigned competitive storage development rules and opportunities are working. These new rules were developed by the Board based on public interest principles, i.e. that no public or ratepayer funds should be used to develop privately held competitive storage projects in Ontario's gas and utility markets. In this series of applications, the new rules and policies have been relied upon to bring these proposed storage developments to this point; any advantage the applicants may have by holding the rights to these pools has been achieved by them on their own, and not subsidized or supported by the ratepayers, or taxpayers. Therefore, the public interest principles and policies underlying the new rules have been respected in the spirit in which they were formulated.

Another key criterion for the Board's consideration as to whether the projects are compatible with the public interest is the impact of the projects, if any, on the regional developed gas storage infrastructure and intra- and ex-Ontario gas markets, whether competitive or regulated. The Board can comfortably take administrative notice that there is approximately 275 bcf of intra-Ontario gas storage with approximately 750 bcf located in surrounding, interconnected American jurisdictions. It is unlikely that

anyone would suggest that somehow this proposed storage development is capable of exercising any type of market power or unfair competitive advantage, particularly when the rock formations are already either subject to a PNG lease or signed up with the new form of long term Gas Storage Agreement. As these pools have been held by the same owners for many years during their production and development, at their cost and risk, it is reasonable that they should remain consistently within their ownership for the storage development stage, even if they must defer, at their own expense for the near term opportunity to develop them on an economic basis.

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Question 2:

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.

Answer:

- a) Tribute believes that the entire series of projects would be completed by the end of 2015. Please see the attached Gantt Chart depicting the planning, design, engineering and construction schedules.

Bayfield and Stanley Gas Storage Project Schedule
Project Timetable

		2012					2013					2014					2015																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																							
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- b) Financing will be done in compatibly sized tranches, tied to the equipment purchased and installed and in relation to the ongoing construction of wells. The monies needed by the partners will be raised by cash calls or injections from both Tribute and Market Hub as set out in the definitive agreements, to be negotiated during the latter half of 2012.

If a one year project extension is required to more closely fit the-then prevailing gas and storage market and contract conditions, then the construction period for the pipeline and compressor station could be deferred into the summer build season during 2016, supported by an

explanatory report to the OEB, which is proposed as an additional condition of approval. The draw-downs for the final financings to pay for the majority of the capital expenditures would be arranged as a part of the original financing package, then activated prior to the delivery of the pipe, valves and compressor equipment.

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Answer: July 03, 2012

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From Ontario Energy Board

Reference:

Question 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 Boards 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.

Answer:

There are several components to this response, which require elaboration.

Tribute, together with MHP, have already commenced the negotiation of certain development agreements which must be finalized in order to organize the project's financing, detailed engineering and design work and eventual mobilization of the various construction teams.

Tribute clearly understands the Board's rationale for and approach to setting timelines and expiry dates for the implementation of its orders. Tribute acknowledges that the Board has a responsibility through its hearing process and follow-up conditions to effectively ensure that energy projects are completed and conditions fulfilled – in a timely way.

Tribute is asking the Board to allow the approvals to stand for a period of 3 years from the date of the Board's decision during which time the project will continue to be developed. Assuming the hearing of these applications proceeds in Q3 and Q4, then the development can proceed through all of its organizational stages during 2013 and 2014. Currently, MHP and Tribute envisage that the construction will commence on the new injection wells, in 2014, with the larger connecting pipeline and compressor facilities to be constructed with two pipeline crews in 2015 for commissioning in that calendar year.

Therefore, if gas and storage market conditions have adjusted positively by or before the start of 2014, these pipeline and storage projects would be completed by the end of 2015 for full commercial operation. If market conditions do not economically justify the projects proceeding, Tribute believes that all of the Board approvals should terminate at the end of 2015 if the development has not proceeded past the 'paper' stage to the construction phase. However, if an additional year is necessary to complete the development, Tribute will report to the Board, explaining the current market conditions necessitating the one year delay and request a one year extension for construction. Tribute is suggesting to the Board that this type of flexible approach to granting time limited approvals is commercially sensible, and appreciated, if these types of developments are to be fostered.

Tribute recognizes that this is its second gas storage project, with a larger scope and scale than Tipperary. These projects also validate the Board's intent to open Ontario's storage market to competitive forces.

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Reference: Pre-filed evidence Binder 2, E1 pages 1-6

Question 4:

An application, related to storage rights dispute in Stanley Pool, filed 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?
- 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.

Answer:

- a) In 2195002 Ontario Inc.'s pending Application before the Ontario Superior Court of Justice, it is claiming the following relief:
 - (i) A declaration that there are no "gas sands" in, on or under the lands owned by McKinley Farms Ltd. Identified by PIN 41217-0069(LT) (the "Lands");
 - (ii) An Order declaring that a certain Oil and Gas Lease dated October 12, 1977 and registered on November 17, 1977 as Instrument Number 160688 (the "Tribute Oil and Gas Lease") in the Land Registry Office of Huron County does not, by its terms, permit Tribute Resources Inc. to store gas in or under the Lands; and

- (iii) An order declaring that a certain Gas Storage Lease dated March 3, 2009 and registered as Instrument Number HC56300 in the Land Registry Office of Huron County on March 4, 2009 is the only instrument registered on title to the Lands permitting injection into, storage under or on, and withdrawal of gas from the Lands.
- b) A date has been set for the hearing of 2195002 Ontario Inc.'s Application before the Ontario Superior Court of Justice. That date is July 27, 2012 which is a full day special appointment date commencing at 10:00 o'clock a.m.. The Judge hearing that matter may or may not render a decision on that date. If the Judge hearing the matter reserves his decision, it is likely that a decision will be rendered within thirty (30) days of the hearing date.
- c) If the Court rules in favour of 2195002 Ontario Inc. in its application, the compensation hearing (Board File No. EB-2011-0258) will have to occur under S.38(2) of the Act. In this case, Tribute will ask that the amount of compensation, which would be payable to 2195002 Ontario Inc., will be the same as that payable to all the other landowners in the Stanley Pool as 2195002 Ontario Inc. is in fact the alter ego of McKinley Farms Limited and has the same principals. If the Court dismisses 2195002 Ontario Inc.'s application, the compensation hearing will still proceed on all compensation issues involving McKinley Farms Limited except those respecting storage rights which are held by Tribute under the Tribute PNG lease as amended by the Unit Agreement. The compensation hearing will proceed concurrently with the development of the Pools under the other three applications. It is not expected that the outcome of the Court application, whether in favour of Tribute or against it, will negatively impact Tribute's applications before the Board except perhaps in the quantum of compensation that may be awarded and to whom it shall be payable.
- d) It is anticipated that the pending court case will be finally determined with all appeals having been exhausted prior to December 31, 2012. The compensation hearing will then follow and if held in writing, which is preferable to Tribute, should be completed by June 30, 2013 on the outside. Building in a three month contingency, all hearing issues will be completed by September 30, 2013, well before the commencement of any other significant development events as showing on the Project Schedule which events don't begin until 2014.

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

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

Question 5:

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.

Answer:

Tribute is pleased to file the draft Business Plan. As Tribute is a publicly traded company, protecting commercially confidential and sensitive information is very important to the company. Counsel to Tribute will file the Business Plan in accordance with the Board's Practice Direction on Confidential Filings by Monday, July 9, 2012.

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Reference: Pre-filed evidence Binder 1, D3 page 2,

Question 6:

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.

Answer:

Tribute intends to develop the projects in conjunction with MHP and will be intimately involved with their design, development and construction. The operator of the pools will be Bayfield Resources Inc.. Tribute's management has been active in the oil and gas business in Ontario for over 25 years and has the capability of operating storage and pipeline facilities. Bill Blake managed a natural gas utility for over 25 years whose CV is attached at Binder 1, Tab E. As with the previous Tipperary LP and associated facilities, Tribute intends to seek out and execute a long-term contract with an experienced operator of the storage and pipeline facilities, such as MHP or Union Gas Limited.

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Reference: Pre-filed evidence Binder 2 E1 page 12 lines 22 to 26

Question 7:

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

Answer:

- a) "Phase 2 of these projects" refers to the Bayfield and Stanley storage development projects that are the subjects of the above-noted EB file numbers. Phase 1 was the development of the Tipperary pool which occurred in 2008.
- b) Tribute plans to develop additional storage in Huron County utilizing a similar structure to that successfully followed with the Tipperary Pool. Tribute has formed a wholly owned limited partnership, the Huron Bayfield Limited Partnership ("Bayfield LP"), managed by a wholly owned general partner, Bayfield Resources Inc. ("Bayfield GP") to provide for the development of the natural gas storage reservoirs in Huron County. The pipeline assets will be owned by Bayfield Pipeline Corp., currently a wholly-owned subsidiary of Tribute.

Tribute has executed a term sheet granting to MHP an option to participate in the development of the Bayfield and Stanley Pools, and has granted a Right of First Refusal to MHP to purchase all or any part of storage pools owned by Tribute in Huron County. The intent is that as additional pools are determined to be suitable for storage development, the pools will be developed and owned by Bayfield LP. Initially, the Bayfield and Stanley pools will be transferred to the Bayfield

LP as the data for these pools has been reviewed and agreed to by MHP. Consideration for the transaction with MHP includes the payment by MHP of \$150,000 as support for the current OEB applications, (the fee is refundable if Tribute does not complete the hearing), and a payment of \$1.5 million representing one half of the development costs of the Pools incurred by Tribute to date. (The payment is refundable if Tribute does not have satisfactory title to all of the Pools, is unsuccessful in receiving OEB approvals or if definitive agreements to govern the development of Bayfield and Stanley cannot be reached.) Tribute and MHP have executed a Securities Pledge Agreement in which Tribute pledges to MHP its interest in Tipperary Gas Corp. and Huron Tipperary Limited Partnership as security for the payment. Tribute has agreed to transfer storage rights for the Pools to the Bayfield LP in consideration for 300 units valued at \$3 million. Tribute and MHP will each receive 150 units in the Bayfield LP worth \$1.5 million at the time of the execution of the definitive agreements in consideration for costs incurred to date. In addition, MHP has the right to purchase an additional 300 Units in consideration for contributing \$3 million cash to Bayfield LP on or before December 31, 2016, thereby increasing the MHP ownership to a 50 % interest in Bayfield and Stanley. The additional funds contributed will be utilized to further the development of Bayfield and Stanley.

Tribute and MHP are currently negotiating definitive agreements providing for the purchase of units in the Bayfield LP, shares in the Bayfield GP, and shares in Bayfield Pipeline Corp. Tribute and MHP, prior to the execution of the term sheet, have worked together to evaluate the feasibility of developing Bayfield and Stanley and to determine the budget and costing for the project. MHP has reviewed and commented on all of the technical data and are in agreement with the design, boundaries and size of the reservoirs.

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

Reference:

Question 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.

Answer:

Yes

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

Reference: Pre-filed evidence Binder 4, B1 pages 1-6

Question 9:

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 the 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.

Answer:

- a) The economic feasibility of the pipeline improves substantially as each new pool is connected. Tribute has several pools at varying stages of development, and the installation of this pipeline is the key to making each of the pools economic. The pools and the pipeline are co-dependent. Effectively, the economics of the pipeline and the projects are inextricably tied together, and were never planned as separate entities from a financial modelling perspective. In order to respond to the interrogatory request, Tribute has undertaken a summary financial analysis of the pipeline and filed it with its Business Plan on a confidential basis in accordance with the Board's Practice Direction on Confidential Filings.

Northern Cross has indicated that it is interested in assessing the possibility of connecting into the Bayfield Pipeline Corp. pipeline 40 kms to the north of the end of Tribute's storage line and,

while there have been several discussions, there has been no deposit made or agreement reached to interconnect Northern Cross to Bayfield Pipeline Corp. If Tribute requires all of the capacity to service its own storage pool requirements as the development proceeds, then Tribute will reserve the capacity for itself.

- b) Tribute is pleased to file the pipeline feasibility assessment using a DCF analysis including the Profitability Index and the NPV of the project over a 25 year time horizon. As Tribute is a publicly traded company, protecting commercially confidential and sensitive information is very important to the company. Counsel to Tribute will file the pipeline feasibility assessment in accordance with the Board's Practice Direction on Confidential Filings by Monday, July 9, 2012.

Question: June 20, 2012

Answer: July 03, 2012

Docket: EB-2011-0076, EB-2011-0077, EB-2011-0078, EB-2011-0285

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

Reference: Pre-filed evidence Binder 4 E1 "Bayfield to Lobo Pipeline Project Environmental Report"

Question 10:

- 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 describe in the ER was completed.

Answer:

- a) Tribute contacted Stantec and asked if there is any need for updates to the Environmental Report ("ER"), to which Stantec responded that there is no need for updates as the routing is substantially in municipal road allowances. That said, if there are any substantial changes along any part of the route, those variances will be taken into account.
- b) Despite the on-off hearing process attributable to the court-related delays, Tribute has maintained contact with the municipalities on a periodic basis. Now that the hearing is confirmed with an established issues list, Tribute will be attending at each of the municipalities to update each as to the project schedule and is committed to keeping in touch well in advance of any planned construction in 2015 or 2016. Tribute has held luncheon meetings where it

invited all of the road superintendents and planners to discuss routing in road allowances and to ensure there is a good level of understanding of the expectations of the municipalities.

Tribute is maintaining close relationships with its Bayfield and Stanley landowners as demonstrated by our recent dinner and presentations at the Little Inn at Bayfield on June 19, 2012. Tribute would welcome the McKinley Family Farms to these meetings as it does all its other landowners. In addition, Tribute was contacted by a landowner along the pipeline route who was wondering how he would be affected by the Project. He expressed concern that his lawn would be damaged during construction and was informed by Tribute's former employee, Chris Butler, that any damages during construction would be mitigated by Tribute.

- c) Other than the communication described in b) above, neither Stantec nor Tribute has received any other correspondence from landowners or any party in respect of the pipeline project since the public consultation identified in the ER. The company remains fully committed to working closely with the municipalities through which the pipeline will be running in the road allowances, as well as any other affected party.

Question:	June 20, 2012
Answer:	July 03, 2012
Docket:	EB-2011-0076, EB-2011-0077, EB-2011-0078, EB-2011-0285

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Reference: Pre-filed evidence, Binder 4, D6 Table of Permits and Licence Description

Question 11:

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

Answer:

The permits and licenses required will be obtained after Board approvals and prior to construction during 2014.

Question: June 20, 2012

Answer: July 03, 2012

Docket: EB-2011-0076, EB-2011-0077, EB-2011-0078, EB-2011-0285

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From Ontario Energy Board

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

Reference: Pre-filed evidence Binder 4, D1

Question 12:

- 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

Answer:

- a) Permanent and temporary construction easements will be taken prior to construction of the project. No easement or land agreements are currently in place for the ancillary facilities.
- b) Tribute will file it as soon as possible. Tribute has been in discussions with Chris Traini and other members of the road committee for several years. Once a standard road user agreement is completed, it will be filed with the Board even if the construction of the line is undertaken in two or three years.
- c) Union has consented to Tribute using and sharing the right of way into Lobo. Union's pipelines are currently located in the road allowance and Bayfield Pipeline Corp.. At this date we do not anticipate having to move any of Union's pipelines. Tribute consulted with Union regarding the pipeline design, meter site location and required compressor facilities.

Question: June 20, 2012

Answer: July 03, 2012

Docket: EB-2011-0076, EB-2011-0077, EB-2011-0078, EB-2011-0285

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From Ontario Energy Board

Reference: Pre-filed evidence Binder 4, D3

Question 13:

- 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.

Answer:

- a) The agreements will be offered and updated once the routing is approved and construction date finalized.
- b) No. These agreements are drafted based on precedents derived from the Sarnia Airport gas storage hearing and have not been approved by the Board.

Question: June 20, 2012

Answer: July 03, 2012

Docket: EB-2011-0076, EB-2011-0077, EB-2011-0078, EB-2011-0285

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From Ontario Energy Board

Reference: Pre-filed evidence, Binder 4, B3

Question 13

- 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 concern regarding Tribute's compliance with pipeline design, technical and safety requirements under TSSA's jurisdiction.

Answer:

- a) Oscar Alonso, an engineer with TSSA, has reviewed the prefled evidence concerning pipeline specs and installation procedures. His e-mail response after this review is copied below:
- b) Please see response from Oscar Alonso below as in a).

From: Oscar Alonso [<mailto:oonsonso@tssa.org>]
Sent: July-03-12 1:41 PM
To: William Blake
Subject: Re: Phase II Huron Gas Storage Project Pipeline

Dear Mr. Blake,

The design specifications for the Phase II Huron Gas Storage Project Pipeline meet the regulation requirements (O. Reg. 210/01) on Oil and Gas Pipeline Systems.

Please take into consideration the following general conditions:

1. If Tribute Resources Inc. is going to be the operator of this pipeline, a licence from TSSA to operate a gas transmission line will be required,
2. Tribute Resources Inc. shall have in place a Safety and Loss Management System, as required in clause 10.2 of CSA Z662-07,
3. Also the operating company shall have written Operating and Maintenance Procedures as required in Clause 10.3 of CSA Z662-07,
4. Tribute Resources Inc. shall establish emergency procedures as required in clause 10.3.2 of CSA Z662-07, and
5. shall develop a Pipeline Integrity Management Program as required in clause 10.14 of CSA Z662-07.

These programs, procedures or manuals shall be available (unless otherwise agreed) prior to the commissioning of the pipeline. We will review them and also inspect or audit some parts of the pipeline construction.

Please call me if you have any questions.

Regards,

Oscar Alonso

The points outlined by the TSSA in this e-mail response will be prepared by Tribute as the company works toward constructing and installing the pipeline system.

Question: June 20, 2012
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Reference:

Question 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.

Answer:

Tribute has reviewed each of the standard conditions of approval in Appendices A, B and C.

Tribute respectfully requests that all references in Appendices A and C to "Tribute" be changed to "Bayfield Resources Inc. as general partner for Huron Bayfield Limited Partnership" because as stated in the prefiled evidence and elsewhere in answers to these interrogatories that Tribute will be assigning all PNG leases and storage rights to this entity who, subject to receiving the necessary regulatory approvals, will be developing these Pools. Tribute respectfully requests that all references in Appendix B to "Tribute" be changed to "Bayfield Pipeline Corp." as this will be the entity, subject to receiving the necessary regulatory approvals, that will be constructing and operating the pipeline.

Tribute is satisfied with all the conditions and would like to make a suggestion respecting dates for termination of the approvals as well as a suggestion for another condition, if it pleases the Board.

In terms of keeping with the anticipated project schedules, Tribute and the applicant companies would be interested in inserting a date of December 31, 2016 for termination of the approvals, if no development activities have been undertaken and if there is no injection or withdrawal of gas planned by that date. Tribute would propose in a new condition that Tribute would report annually to a designated Board Staff person to update the Board on the market conditions and on the progress of the project.

Question: June 20, 2012

Answer: July 03, 2012

Docket: EB-2011-0076, EB-2011-0077, EB-2011-0078, EB-2011-0285