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Ontario Energy Board
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Attention: Ms. Kirsten Walli, Board Secretary
Via email BoardSec@ontarioenergyboard.ca.

Dear Ms. Walli:

Re: Tribute Resources Inc. – Bayfield Storage Project Development
EB-2011-0076
EB-2011-0077
EB-2011-0078
EB-2011-0285

**The Huron County Federation of Agriculture (HCFA) submits the following questions and comments in regard to the responses received to our interrogatories:
(Please note that the “Schedules” referred to, are attached as a separate document.)**

Item #1 -

1.3 – *Is there a need for this incremental storage capacity in Ontario?*

****See Schedule A (attached) – Page 5-6&8 – Tribute’s Management Discussion and Analysis for 3 month period ending March 31/12 as filed on Sedar, May 29/12.**

Reviewing Tribute’s own words in the underlined paragraphs on these 3 pages, states that Tribute is surrendering their storage leases in Lambton and Kent Counties as they become due and placing all other storage, except Bayfield and Stanley Pools, on hold due to poor pricing for storage. It also appears Tribute’s exploration activities are also on hold. There is mention that even the Tipperary Gas Storage Project has not been profitable for various reasons and on page 6 a statement that under current depressed prices for natural gas and natural gas storage, that most of the storage development in Canada is on hold due to poor economics.

Q1 – Please explain why the Bayfield/Stanley Pools do not fall into the same criteria mentioned above.

Q1a – Explain how Bayfield/Stanley Pools will be profitable if development is allowed to proceed at this time.

Item #2

ECONOMIC & FINANCIAL –

**See Schedule B (attached) – page 11 from Tribute’s MD&A filed on Sedar, May 29/12

HCFA – Q2.1 – 3a & 3b of June 20/12, requested an estimated overall cost of the Bayfield/Stanley projects including the pipeline and evidence on how the both projects would be financed.

Tribute’s answer did not contain an estimate of the projects; however it did say it would be financed similar to the way the Tipperary Pools were financed and all financial information was confidential. OEB files and Tribute’s information on Sedar clearly shows Tribute was not successful in raising the finances by public offerings and had to resort to selling 75% interest in the Tipperary Pools to Union Gas so that the construction of the Tipperary Pools could move forward.

Schedule B – page 11 – Selected Annual Information (Audited)

This page clearly shows Tribute Resources has had sizeable net losses over the past 3 years. Even with the agreement with MHP to hold 50% interest and share 50% of the development costs of these 2 storage pools and given the fact that the Bayfield/Stanley projects are considerably larger than the Tipperary project, Tribute will need to raise a sizeable amount of capital to fully develop the project.

The HCFA believes it would be in the municipalities’, landowners’, and publics’ best interest to divulge how Tribute will meet your 50% obligation to fund this project.

Item #3 -

**Reference: Binder B4 – Sections B4 – Pages 1-23 – PIPELINE ROUTE MAPS

Preamble: On page 23 of these maps there is an arrow pointing south indicating the geographic Township of Goderich.

Question 2.5 – 2d: What is the significance of the arrow and the reasoning of the language?

Answer: The notation indicates the dividing line between the former Township of Stanley and the former Township of Goderich both of which are now part of the Municipality of Bluewater.

Relating to your answer above –

The former Goderich Twp. is actually North (not South) of the former Stanley Twp. The dividing line between the Twp of Stanley and the Twp of Goderich is actually the Bayfield River. The Twp of Goderich is not and never was part of the Municipality of Bluewater. It is part of the Municipality of Central Huron.

Would Tribute please make further comments in regards to the contents of this map.

Item #4 -

**See Schedule C – Pages 3 & 4 – Condition of Approval – 1.6.1 – (d) (1V)

HCFA has conferred with some Tipperary Storage Landowners on the performance of the Tipperary Storage Pool to date. As a result of those conversations, HCFA recommends two changes to the Conditions of Approval – 1.6.1 – (d) (IV).

This agreement was negotiated between Tribute and the Tipperary Storage Landowners' Association (TSLA) at a settlement conference in London.

The intent and purpose of C of A (d) (IV) was to monitor well quality and establish a track record for 5 years after the construction was completed and full capacity and delta pressure was reached in the reservoirs. The landowners' report this has not been the case.

The Tipperary Pools have not performed as per the original evidence provided to the OEB and the landowners and additional construction on these pools has continued on a regular basis since first injection in 2008.

Additions to the pools include:

Cathodic protection devices

2 injection wells

underground pipelines

a new observation well

more horizontal legs added the vertical wells

A very large pump jack, 2 large storage tanks, 1 smaller storage tank, (March 2012)

On Page 6 of Schedule A, Tribute states "Tipperary will experience full injection and withdrawal cycle in 2012 – 2013"

It is now in the fifth year since first injection at the Tipperary Pools, yet it appears there still has not been a full capacity cycle of injection and withdrawal, which means the intent and purpose of C of A 1.6.1 (d) (IV) has not been reached to the satisfaction of the landowners and the track record and protection the TSLA hoped to achieve did not happen.

HCFA recommends that based on information from Tipperary Landowners, that future water agreements - C of A 1.6.1 – (d) (IV) would be revised with language that states the owner(s) and the operator(s) of said pool(s) must both notify the respective landowners on the said pools that the pool(s) are operating to the owner(s) and operator(s) expectation and the construction is deemed as complete. The five year annual water well testing to establish the safety and integrity of the water wells within the DSA would begin following that notice.

Item #5 -

**See Schedule C – Page 4 – Condition of Approval 1.8

The HCFA requests that the OEB order a Condition of Approval similar to Condition 1.8 for the Tipperary Pool to make a new study to establish the proper amounts of liability and pollution insurance for this application.

The HCFA's second recommendation is that the landowners of the Bayfield/Stanley pool should have input into the insurance study. Given the fact that this project has a 30 – 40 year life span, there should be a provision in the insurance study requiring the policies to be reviewed on a regular basis because land values and improvements continue to escalate. The Tipperary Condition of Approval contains no requirement to review the insurance coverage at all.

Item #6 -

Preamble: Tribute indicates they are willing to have insurance coverage if the OEB requests it in a Condition of Approval.

Question 2.5:

5a) Please indicate what types of insurance Tribute is willing to carry on this project.

5b) What are the appropriate amounts of each type of insurance Tribute is willing to carry?

Answer: The Applicant will carry appropriate builders' risk insurance during construction and general liability insurance at all times.

Conditions of Approval 1.8 on attached Schedule C – Page 4 for the Tipperary Pools, clearly states that Tribute must “obtain and maintain in full force and effect insurance coverage, including but not limited to, liability and pollution coverage” for the Tipperary Project.

Your answer did not indicate you that you will provide pollution insurance coverage.

Q1 - Does Tribute intend to carry pollution insurance on the Bayfield/Stanley projects?

Q1a -Please explain exactly what “builders’ risk insurance during construction” covers.

Item #7 –

Reference: DIL – 3 – WELL DRILLING LICENSE

Preamble: Question 3.4 – 1a:

How much bonding has the MNR required Tribute to provide for each of the new wells being proposed in this project?

Answer: Bayfield Resources Inc has posted bonding security in the amount of \$36,000 to meet its current bonding requirements.

Please review the question. HCFA is asking for bonding on NEW WELLS not current bonding requirements.

Item #8 –

Preamble: Evidence that both Cat 1 and Cat 2 pipe will be used along the road allowances.

Question 4.2:

2a) What is the proposed depth below surface below surface for the 16” high pressure roadside pipeline?

2b) How much weight can Cat 1 & Cat 2 pipeline support before jeopardizing its integrity resulting in safety issues?

2c) Will there be any restrictions placed on landowner from crossing this pipeline with heavy equipment (particularly where ditches are flat and no improved entrances are immediately available?)

Answer: The pipeline will be designed and installed as per CSA Z662.11: *Oil and Gas Pipeline Systems* which details burial depths in all installations. The code specifies burial depths (to top of pipe) along both the edge of the road allowance and the travelled portion of the road allowance. The depth of burial listed in the Pipeline Design Specifications sheet are to the top of pipe and are designed to allow heavy equipment crossing over the pipeline. If there are sections of the road allowance where farm equipment gets access to fields without culverted accesses, Tribute will install the pipeline with “Road Crossing” depth of burial.

Q - Please specify the actual depth to the top of pipe that Tribute relates to as “Road Crossing depth”.

Item #9 -

Preamble: These 5 pages show large unidentified additional payments to certain landowners (not all) who form the Bayfield DSA which totals \$118,132.00 A similar situation is also outlined in Binder 2 for the Stanley Pool (E8 – pages 46-74).

Question 4.3 - 3:

3a – Please identify in detail what these payments represent?

3b – Why weren't all landowners in the DSA given additional payments?

Answer:

a. These payments represent a negotiated settlement with the landowners presented to Tribute by the landowners association. This settlement took into account a number of factors that were important to the landowners and the breakdown was agreed to by the landowners association. Tribute examined the amount requested in aggregate and approved the payments upon designation of the pool by the Ontario Energy Board.

b. The breakdown of payments was decided by the landowners association. Tribute was presented with the total to be paid as part of a package negotiation.

Large payments made to individuals that are part of the pool's unit agreement usually indicate payments for residual gas left in the pools.

Q – Are there residual gas payments to be made to the unit agreement holders in the Bayfield and Stanley pools?

Item #10 –

Preamble: – Stantec mentions that there is a high probability of wind power development in Huron County. There is a second mention on Page 382 in a letter from Huron County Planning Department dated Dec 23, 2008 on Industrial Wind Turbines (IWT). It is now a fact that there are two IWT projects very close to development in the Municipality of Bluewater, the Nextera Varna Project – 37 IWTs and the Nextera Goshen Project – 63 IWTs. There is also a third project proposed in Bluewater belonging to Northland Power, and additional 48 IWTs. The two Nextera projects are in the same immediate area as the Tribute gas storage project and pipeline.

Question 4.5 - 1a: Are you aware of these projects and the locations of the IWTs as related to your gas storage project?

Answer: Tribute is aware of these two wind projects and their locations. Tribute is familiar with each of these companies and their representatives and will be meeting with them to discuss the locations for the injection and withdrawal wells, which are already planned and established. Tribute has already provided maps of the project locations, proposed well locations and DSA's

to Nextera for the Bayfield and Stanley pools, as well as other potential future development pools (Zurich, Canton Shoal, Dashwood, Grand Bend, etc.). Tribute is in the process of arranging meetings to discuss these maps and the interaction of both projects.

It is not anticipated that there will be any major constraints in respect of both projects being located on the same lands or use of municipal rights of way. The base of each IWT occupies less than one acre and usually only one turbine is located on 50 – 100 acres of land. Additionally, IWT foundations usually excavate and remove subsoil for several meters in depth, but in no way does that activity affect drilling, casing and cementing and gas injection and withdrawal operations, which extend well into bedrock. IWT locations are subject to changes through the REA process and even up until the time of construction. As well, the connecting pipeline network will be limited and will be all underground, with a coordinated effort to ensure compatibility and non-interference with the underground electric infrastructure.

It may be possible that there is an opportunity for Nextera, Tribute and Northland to work together in terms of road placements for the facilities, which work well for our joint landowners.

HCFA has identified numerous safety issues associated with IWTs. Some of these are:

Stray voltage, blade failure, ice throw, oil leaks, lightning strikes, fires, foundation issues such as partial and total collapse and the inability of small rural fire departments to deal with fires 160m above ground.

Mr. Ierullo, Hydro One Networks Inc's (HONI) planning engineer advises that HONI policy requires IWTs to be setback 500m from their 500kv corridor to protect their assets from damage.

Q1 – Does Tribute have a policy requiring IWTs to be setback from their gas storage facilities?

Ministry of Natural Resources, Ministry of Energy, Ministry of Environment, TSSA and OEB are the regulators of natural gas storage and industrial wind turbine development in Ontario.

Q2 – Please provide any regulations from the above ministries that relate to setbacks between IWT projects and gas storage projects.

Q3 – Please provide a map showing the locations of any IWTs that are within 1000m of all the present and proposed wellheads for both the Stanley and Bayfield pools.

Q4 – Please provide a map showing the location of the IWT substations and transformer stations and exactly how far they will be from Tribute's injection and withdrawal facilities on the DSA lands and Tribute's compressor station.

**See Schedule D – Page 3 – from the Municipality of Bluewater Renewable Energy Approval Consultation Form

The Bluewater council has stated in Schedule D – page 3 – that it requires all transmission power lines associated with the Varna Wind project and the Goshen Wind project to be buried underground.

Q5 – If these power lines are buried in the same road allowance as the 16” high pressure natural gas line, what separation distance will be required?

Q6 – If the power lines and the natural gas lines are in close proximity in the same road allowance, will it have any effect on the cathodic protection associated with the pipe line and the well casings?

** Information provided by landowners in the Tipperary DSA indicates that recently installed apparatus (2012) at the Tipperary injection wells periodically automatically expels pressurized emissions into the atmosphere (even when no one is on site) that smells like odorized natural gas. There are IWTs proposed on the Tipperary’s DSA lands.

Q7 – Do you view IWTs close to your facilities with this apparatus a safety hazard to your facilities and the residents in the immediate area?

Q8 – Why has Stantec not provided any recommendations that would mitigate any impacts of the proposed wind farm on Tribute’s proposed gas storage facilities?

** See Schedule D – Page 2 – Municipality of Bluewater

HCFA requests that Tribute provide a risk assessment prepared by a third party qualified person(s) that addresses any and all impacts the proposed Nextera Wind Generation Facility in the Municipality of Bluewater will have on Tribute’s proposed natural gas storage facilities in Bluewater.

Schedule D – page 2 – Bluewater has requested a similar report from the Nextera wind developers.

Item # 11 –

The HCFA has contacted Engineer, William K.G. Palmer, to provide further comments to the interaction of Industrial Wind Turbines and gas storage projects. Mr Palmer’s comments/photos are attached as separate documents to this submission (HCFA Palmer 1 and HCFA Palmer 2).

Yours truly,

Marinus Bakker
HCFA President

Copy: see list at end of correspondence

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