

**MHP MANAGEMENT INC. AND ALTAGAS LTD., ON BEHALF OF SARNIA  
AIRPORT STORAGE POOL LIMITED PARTNERSHIP  
EB-2008-0002**

**Interrogatories to the Applicants  
by  
Board Staff  
April 21, 2008**

Proposed Designated Storage Area (DSA)

1. Reference: Pre-filed evidence page 29 and Letter dated March 25, 2008 by MHP Management Inc. to the Board

Landowners Bernardi, Rocca and Thurston have properties directly adjacent to the proposed boundaries of the designated storage area ("DSA"). These landowners expressed their concerns with the boundaries and/or felt that they should be included into the DSA. On March 28, 2008 the Applicant addressed these matters in a letter to the Board. A copy of the letter was also sent to Bernardi, Rocca and Thurston. The letter explained the rationale for the proposed boundaries and indicated that these boundaries have been reviewed and approved by the Ministry of Natural Resources. The Applicant submitted that the proposed boundaries are appropriate.

Has there been any additional communication with these three landowners since March 25, 2008? If so, please describe the nature of the communication and provide copies of written correspondence.

Authority to Inject Gas into, Store Gas in and remove Gas from Designated Storage Area

2. Reference: Pre-Filed Evidence pages 30 and 31 and Schedule 5-20 "Assessment of Neighboring Activities Sarnia Airport Pool Development"

The Applicant filed a report entitled "Assessment of Neighboring Activities" dated October 2007 ("Assessment"). The Assessment forms a part of the pre-filed evidence in support of the application under section 38(1) of the

OEB Act for an order authorizing the Applicant to operate the Sarnia Airport storage pool. The Assessment stated that it was prepared in accordance with the requirements of Clause 7.2 of standard CAN/CSA Z341.1-06-Storage of Hydrocarbons in Underground Formations-Reservoir Storage.

- a. Has the Assessment been submitted to the MNR for a review? If so, have any comments been received from the MNR?
- b. Please discuss the process of MNR's review of the Assessment.
- c. Please file copies of any communications resulting from the MNR's review process or any communication with the MNR regarding the Assessment.

3. Reference: Pre-Filed Evidence pages 26-28 "Reservoir Containment"

- a. Please confirm that the proposed maximum operating pressure of 10,685 kPaa is in accordance with the requirements of the CSA Z341.1-06 clauses 5.2.3 and 7.62.
- b. Please explain briefly how the caprock sample evaluation and the results of the micro-fracture test support operating the pool at the 10,685 kPaa without compromising the integrity of the storage container.

4. Reference: Pre-Filed Evidence page 39, lines 845 to 850

Please comment on the appropriateness of Union Gas Limited, (as a storage operator under the agreement with the Applicants) using its Operations and Maintenance Procedures and Emergency Response Plan to comply with the requirements of the CSA Z341.1-06.

5. Reference: Pre-filed Evidence page 44 "Petroleum and Natural Gas Rights" and page 45 "Gas Storage Rights"

The pre-filed evidence indicates that the Applicants hold Petroleum and natural gas rights and storage rights for all the properties within the proposed DSA except for the property owned by Ms. Frances Tavares and road allowances of the City of Sarnia.

- a. Please provide any updates and plans to obtain the P & NG rights and storage rights from Ms. Tavares and from the City of Sarnia.
- b. What is the anticipated time-line of obtaining these rights?
- c. If the rights cannot be obtained, what are the implications for the project development, if any? How will the Applicants proceed with respect to compensation if no agreements are reached with these two parties?

6. Reference: Board Order EB-2006-0164

On February 13, 2007 the Board issued to MHP Canada an order under section 38(1) of the Act authorizing the operation of St. Clair storage pool (EB-2006-0164). The Board attached a set of conditions to this approval. Condition 1.9 required that MHP has "adequate environmental insurance coverage in effect prior to construction commencement":

- 1.9. *MHP Canada shall, after the date on which the OEB grants an order pursuant to Section 38(1) of the OEB Act 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, obtain and maintain in full force and effect insurance coverage, including but not limited to, liability and pollution coverage, in the amount that is determined to be adequate by an independent party with expertise in adequacy of insurance coverage for environmental and other risks and potential impacts of gas storage operations in southwestern Ontario. MHP Canada shall file with the Board documentation proving that the insurance coverage obtained as required by this condition.*

Please discuss whether similar insurance will be in place prior to commencement of construction of the facilities for the Sarnia Airport project.

Licence to Drill Wells

7. Reference: Pre-Filed Evidence, page 33 “Restricted Drilling Areas”

Given the close proximity of the Sarnia Airport Pool Designated Area and the residential/commercial developments and pressures in the area, has the operator undertaken the following:

- a. Has applicant discussed the planning/public safety issues associated with the nature of the proposed storage facilities and has this input been considered by the municipality with respect to its zoning decisions in the area for future development?
- b. Are existing surface land uses in the vicinity of the proposed storage facilities compatible with the proposed storage facilities?
- c. Has the municipality or the operator designed any setback requirements that would allow for the storage operations and municipal development to continue?
- d. Please confirm that the setbacks of the well drilling equipment and the location of wellheads will comply with the requirements of Transport Canada regarding the distance from the Sarnia Chris Hadfield Airport and requirements of the MNR regarding distance from road allowances, houses and municipal drains.
- e. Please indicate, on a map of appropriate scale, the distances of the well locations relative to the features with minimum setback requirements. Please submit this map with reply to this interrogatory.

Leave to Construct Pipeline

8. Reference: Pre-Filed Evidence page 41, lines 895-903

Please provide a status update on consultations with Aboriginal groups with regard to the following points:

- a) Identify all of the Aboriginal groups that have been contacted in respect of this application.
- b) Indicate:
  - i) how the Aboriginal groups were identified;
  - ii) when contact was first initiated;
  - iii) the individuals within the Aboriginal group who were contacted, and their position in or representative role for the group;
  - iv) a listing, including the dates, of any phone calls, meetings and other means that may have been used to provide information about the project and hear any interests or concerns of Aboriginal groups with respect to the project.
- c) Provide relevant information gathered from or about the Aboriginal groups as to their treaty rights, any filed and outstanding claims or litigation concerning their treaty rights, treaty land entitlement or aboriginal title or rights, which may potentially be impacted by the project.
- d) Provide any relevant written documentation regarding consultations, such as notes or minutes that may have been taken at meetings or from phone calls, or letters received from, or sent to, Aboriginal groups.
- e) Identify any specific issues or concerns that have been raised by Aboriginal groups in respect of the project and, where applicable, how those issues or concerns will be mitigated or accommodated.
- f) Explain whether any of the concerns raised by Aboriginal groups with respect to the applied-for project have been discussed with any government department or agencies, and if so, identify when contacts were made and who was contacted.
- g) If any of the Aboriginal groups who were contacted either support the application or have no objection to the project proceeding, identify those groups and provide any available written documentation of their position. Also, indicate if their positions are final or preliminary or conditional in nature.

h) Provide details of any know Crown involvement in consultations with Aboriginal groups in respect of the applied-for project.

9. Reference: Pre-Filed Evidence, page 49 "Permits and Licences"

About 15.5 kilometres of the proposed transmission line is to be located within road allowances under the jurisdiction of the City of Sarnia and Lambton County.

- a. Please provide updates on progress and prospects of negotiations with the City of Sarnia to obtain rights to locate about 12 kilometres of the proposed pipeline within the road allowances of Michigan Line and Waterworks Road and to obtain an agreement with the City of Sarnia for a storage gathering pipeline crossing of Michigan Line; and
- b. Please provide updates on progress and prospects of negotiations with the County of Lambton to locate about 3 kilometres of the proposed transportation pipeline within Churchill Road and Mandaumin Road and an agreement for crossing London Line.

10. Reference: Pre-Filed Evidence page 39 lines 863-867 and page 40 lines 868-872

The Environmental Assessment report prepared by Stantec Consulting Ltd. in accordance with the OEB Environmental Guidelines is part of the pre-filed evidence. The report identified and evaluated route alternatives and proposed the preferred route.

- a. Please describe the input and comments received by potentially affected landowners along the proposed route.
- b. Identify the concerns raised by potentially affected landowners and explain how the Applicants intend to address these concerns during construction and operation of the proposed pipeline.