

December 19, 2012

BY RESS & Courier

Ms. Kristi Walli, Board Secretary Ontario Energy Board 2300 Yonge Street, 27th Floor Toronto, Ontario M4P 1E4

Dear Ms. Walli:

Re: Union Gas Limited ("Union)

EB-2011-0013, EB-2011-0014, EB-2011-0015

Jacob Storage Pool Project

Further to my letter of September 14, 2011, regarding the Board's decisions with respect to the above noted matter, we would like to update you on the current status of the proposed Jacob Storage Pool Project.

Due to continued weakness in the natural gas storage market, and the value of natural gas storage at Dawn, Union will not be developing the Jacob Pool in 2013. We will reassess the project next year to determine if market conditions support development of this storage pool at that time.

All other aspects of the storage pool development, including the final preferred pipeline route, will not change as a result of the delay and all existing landowner commitments negotiated with Union will be honoured.

To ensure the public is aware of this change, Union will send copies of this letter to affected landowners, intervenors and other stakeholders.

We will keep you informed of any future developments with this project, and provide you with detailed information at that time to support the granting of an extension of the current orders for the project.

Should you have any questions, please do not hesitate to contact me.

Sincerely,

Hark Murray / ut.

Manager Regulatory Projects & Land Acquisition,

Union Gas Limited

519 436-4601

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cc: Intervenors