

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

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15, Schedule B; and in particular sections 36.1(1), 38(1), 40(1), 90(1), thereof;

AND IN THE MATTER OF an application by Tribute Resources Inc. for an Order designating the areas known as the Stanley 4-7-XI Pool and the Bayfield Pool, in the County of Huron, as gas storage areas;

AND IN THE MATTER OF an application by Tribute Resources Inc. for authority to inject gas into, store gas in and remove gas from the areas designated as the Stanley 4-7-XI Pool and the Bayfield Pool and to enter into and upon the lands in the said areas and use the land for such purposes;

AND IN THE MATTER OF an application by Tribute Resources Inc. to the Ministry of Natural Resources for a licence to drill wells in the said areas;

AND IN THE MATTER OF an application by Bayfield Pipeline Corp. for an Order granting leave to construct natural gas pipelines in the County of Huron and in the County of Middlesex.

DECISION
December 21, 2012

BEFORE: Cynthia Chaplin
Vice Chair and Presiding Member

Paula Conboy
Member

Introduction

Tribute Resources Inc. and Bayfield Resources Inc., on behalf of Huron Bayfield Limited Partnership and Bayfield Pipeline Corp. (“Tribute”) filed applications with the Ontario Energy Board (the “Board”) on April 20, 2011, and amended on August 4, 2011, under sections 36.1(1), 38(1), 38 (3), 40(1) and 90(1) of the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15, Schedule B (the “Act”) . Tribute is seeking the following Orders:

- Pursuant to section 36.1(1) of the Act, an Order designating Stanley 4-7-XI Pool as a designated gas storage area (“Stanley 4-7-XI Pool”);
- Pursuant to section 38(1) of the Act, authority to inject gas into, store gas in and remove gas from the Stanley 4-7-XI Pool;
- Pursuant to section 40(1) of the Act, a licence to drill four injection/withdrawal wells within the proposed Stanley 4-7-XI Pool;
- Pursuant to section 36.1(1) of the Act, an Order designating the area containing a gas reservoir known as the Bayfield Pool as a designated gas storage area (“Bayfield Pool”);
- Pursuant to section 38(1) of the Act, authority to inject gas into, store gas in and remove gas from the Bayfield Pool;
- Pursuant to section 40(1) of the Act, a licence to drill four injection/withdrawal wells within the proposed Bayfield Pool;
- Pursuant to section 90(1) of the Act, leave to construct approximately 70 kilometres of 16 inch diameter transmission pipeline to connect the Stanley 4-7-XI and Bayfield pools to Union Gas Limited’s pipeline transmission system at Lobo Station; and,
- Pursuant to section 38(3) of the Act, an Order for just and equitable compensation payable to landowners.

The applications would allow Tribute to develop natural gas storage pools in the County of Huron and in the County of Middlesex Ontario (the “Projects”). The Bayfield and Stanley 4-7-XI natural gas storage pools (collectively referred to as the “Pools”) have a

capacity of approximately 10 billion cubic feet with a planned in-service date 2016. The Projects include the construction and operation of a transmission pipeline to connect the Pools with Union Gas Limited's ("Union") pipeline system. Maps showing the location of the Projects are found in the Appendix A to this Decision.

The applications are organized into four Board Files as follows:

- a. Development of Stanley 4-7-XI Pool (Board File No. EB-2011-0076)
- b. Development of the Bayfield Pool (Board File No. EB-2011-0077)
- c. Leave to Construct a Natural Gas Pipeline (Board File No. EB-2011-0078)
- d. Request for Determination of Compensation (Board File No. EB-2011-0285)

The application related to compensation (EB-2011-0285) has been held in abeyance. The other applications have been heard as a single proceeding.

The Board approves all of the applications, except the application for compensation under section 38(3), which has been stayed. The various approvals are subject to conditions attached to the Board's Orders under sections 36.1(1); 38(1) and 90(1) and the Board's Report to the Ministry of Natural Resources pursuant to section 40(1) of the Act. These documents are attached as Appendices to this Decision with Reasons.

1. The Projects

Stanley 4-7-XI Pool Applications (EB-2011-0076)

Tribute applied for an Order designating the area containing a gas reservoir known as the Stanley 4-7-XI Pool located in Lots 6, 7 and 8, Concession 10; and Lots 6, 7 and 8, Concession 11, in the geographic Township of Stanley, in the Municipality of Bluewater, in the County of Huron, as a designated gas storage area ("Stanley 4-7-XI Pool"). Tribute also applied for authority to inject gas into, store gas in and remove gas from the Stanley 4-7-XI Pool, and enter into and upon the lands in the area for such purposes. Tribute requested a favourable Report from the Board to the Ministry of Natural Resources, to whom applications have been made for a licence to drill four injection/withdrawal wells within the proposed Designated Storage Area ("DSA") of the Stanley 4-7-XI Pool.

Bayfield Pool Applications (EB-2011-0077)

Tribute applied for an Order designating the area containing a gas reservoir known as the Bayfield Pool located in Lots 7, 8 and 9, of Bayfield Road North Concession; and Lots 7, 8 and 9, of Bayfield Road South Concession, in the geographic Township of Stanley, in the Municipality of Bluewater, in the County of Huron, as a DSA ("Bayfield Pool"). Tribute also applied for authority to inject gas into, store gas in and remove gas from the Bayfield Pool, and enter into and upon the lands in the area for such purposes. Tribute requested a favourable Report from the Board to the Ministry of Natural Resources, to whom applications have been made for a licence to drill four injection/withdrawal wells within the proposed DSA of the Bayfield Pool.

Leave to Construct Pipeline (EB-2011-0078)

The proposed transmission pipeline starts at Union's Lobo Station, in the Municipality of Middlesex Centre, and continues to the proposed Compressor Station in the vicinity of Village of Zurich, Municipality of Bluewater, and from there runs to the Stanley Station and the Bayfield Station.

Approximately 70 kilometres of NPS 16 pipeline will connect the Lobo Station with the Compressor Station and the Bayfield Station. Approximately 0.7 kilometres of NPS 12 will be required to connect the pipeline with Stanley Station at Lot 7, Concession 11 in the Municipality of Bluewater ("Transmission Pipeline"). Tribute has planned for the entire Transmission Pipeline to be located within the municipal road allowance, with the exception of a portion to be located on Union's property at the Lobo Station.

2. The Proceeding

The intervenors in the proceeding are as follows: the Ministry of Natural Resources (the "MNR"); Howard and Judith Daniel; Huron County Federation of Agriculture ("HCFA"); Mary Erb; McKinley Farms Ltd. and 2195002 Ontario Inc. (McKinley); Stanley 4-7-XI Bayfield Landowners Group ("SBLG"); Zurich Landowners Association; Union; TransCanada Pipelines Ltd. ("TCPL"); Municipality of Bluewater ("Bluewater"); County of Middlesex ("Middlesex") and Northern Cross Energy Limited ("NCE").

The following intervenors were granted cost award eligibility status: McKinley; HCFA; SBLG; and Zurich Landowners Association.

The MNR, HCFA, McKinley, Bluewater, Middlesex, HCFA and Board staff were active participants in the proceeding.

The Board received letters of comments from Mr. J. Philip Walden, Mr. Bill Revington and from Paul and Kathy Steckle. The Board reviewed the letter of comments in the process of making the decision on the applications.

On November 8, 2011 the Board stayed the proceedings to allow for two applications before the Ontario Superior Court of Justice directly related to Tribute's development of the Stanley 4-7-XI Pool to be heard. The two court proceedings were as follows:

1. Ontario Court File No. 5041/2011 (the "McKinley Court Application") wherein 2195002 Ontario Inc. sought declaratory relief from the Court with respect to the Tribute Oil and Gas Lease and the Gas Storage Lease between the McKinley and Tribute; and
2. Ontario Court File No. 5186/2011 (the "Tribute Court Application") wherein Tribute asked the Court to dismiss the above noted McKinley Court Application and to make an order declaring that the Court does not have jurisdiction to grant the relief requested in the McKinley Court Application.

On January 6, 2012, the Court rendered its decision on the Tribute Court Application dismissing the request by Tribute and confirming its jurisdiction to interpret and consider the terms of leases.

On October 17, 2012 the Superior Court rendered its decision on the McKinley Court Application, which concerned the validity of the Oil and Gas Lease under which Tribute argued it had storage rights. In its Judgment the Court declared that the Tribute Oil and Gas Lease does not, by its terms, permit storage of gas in or under the subject lands. The Court further declared that the Gas Storage Lease in favour of 2195002 Ontario Inc. is the only instrument registered on title to the Lands permitting injection into,

storage under or on, and withdrawal of gas from the Lands. Tribute has indicated that it intends to appeal the Court Decision.

This Board acknowledges the Declarations made by the Superior Court and notes that the issue before the Court was the interpretation of the parties contractual rights under certain leases to store natural gas under certain lands. In its analysis, the Court reviewed the case law with respect to the interpretation of commercial contracts and ultimately found in favour of 2195002 Ontario Inc. with respect to the interpretation of the Gas Storage Lease. While the Board recognizes the Declarations made by the Court, the Board has jurisdiction under the Act to determine if it should issue an order authorizing Tribute to inject gas into, store gas in and remove gas from a DSA pursuant to section 38(1) of the Act. This matter is dealt with further under the heading "Authorization to Inject, Store and Withdraw".

3. Issues

The scope of the proceeding and the public interest considerations to be considered by the Board were established through a Board approved Issues List which is attached as Appendix B to this Decision. The issues were grouped according to the Orders sought by Tribute. The following issues were the subject of submissions:

- (1) Designation of Gas Storage Pool
- (2) Authorization to Inject, Store and Withdraw Gas from the DSA
- (3) Licence to Drill Wells within the DSA
- (4) Leave to Construct Pipeline to Connect the Storage Pools to natural Gas Transportation System

6. Designation of the Gas Storage Pools

The Act provides the Board with the following mandate with respect to the designation of a gas storage area:

- 36.1(1) The Board may by order,
- (a) designate an area as a gas storage area for the purposes of this Act;
- or
- (b) amend or revoke a designation made under clause (a).

In reviewing the storage pool designation applications, the Board considered whether the underlying geological formation is appropriate for storage operations and if the tract of land designated is appropriately sized to provide for the safe operation of the Pools. A further issue considered by the Board, and addressed by parties in their submissions, is whether there is a need for incremental storage. Both of these issues are addressed below.

Geological Formation and Size

Tribute's evidence was that the underlying geology of the Pools is appropriate for the storage operations. No party objected took a contrary view. If developed, the proposed Pools will increase natural gas storage capacity in the province by about 10 billion cubic feet ("Bcf").

The proposed DSAs boundaries for the Pools were confirmed with MNR staff. The "Record of Technical Data Reviewed for a Proposed Designated Gas Storage Area" is included in the pre-filed evidence and signed by MNR staff demonstrating the MNR's agreement with the proposed boundary.

The MNR stated that it had no substantive concerns with regard to the designation of the proposed Pools, noting that the geological evidence provided by Tribute supports the proposed well locations and drilling programs. Further, Tribute also confirmed it will follow CSA standard Z-341 requirements for drilling, operation, maintenance and abandonment of both proposed Pools.

Board Findings

The geological evidence on the underlying geology and Pool boundaries is uncontested. The MNR and Board staff supported designation of both the Stanley 4-7-XI and Bayfield Storage Pools. McKinley submitted that it does not oppose designation of Stanley 4-7-XI Pool in which it is a landowner. McKinley did not explicitly oppose or support the designation of the Bayfield Pool. HCFA, Middlesex and Bluewater did not oppose designation of the Pools.

A DSA represents a reasonable balance between the protection of the storage reservoir from other subsurface activities and the retention of as much land as possible for future oil and gas exploration and drilling. The Board finds that the tracts of land to be designated are appropriately bound and sized to provide safe operation of the Pools.

This finding is based on the pre-filed evidence, which conforms to the MNR administered standards and regulatory requirements, and the fact that the MNR reviewed and accepted the proposed boundaries. The designation order for the Pools, including the metes and bounds description of the DSA boundaries for each pool is attached as Appendix C.

7. Authorization to Inject, Store and Withdraw

Section 38 of the Act states:

- (1) The Board by order may authorize a person to inject gas into, store gas in and remove gas from a designated gas storage area and to enter into and upon the land;
- (2) Subject to any agreement with respect thereto, the person authorized by an order under subsection (1)
 - (a) Shall make to the owners of any gas or oil rights or of any rights to store gas in the area just and equitable compensation in respect of the gas or oil rights or the right to store gas; and
 - (b) Shall make to the owner of any land in the area just and equitable compensation for any damage necessarily resulting from the exercise of the authority given by the order.

In considering Tribute's request under section 38(1) of the Act the Board considered the following questions:

- a. Is the applicant a capable prospective storage operator in terms of technical and financial capabilities to develop and operate the proposed storage facilities and is the storage needed?
- b. What are the potential impacts of injection/withdrawal activities on the integrity of the gas storage pool?
- c. Will the appropriate safety requirements for proposed injection/withdrawal activities be ensured in accordance with all relevant codes and standards?
- d. Is the proposed maximum operating pressure safe?

- e. Is the applicant appropriately accountable for losses or damages caused by its activities? In particular, will the appropriate insurance coverage be in effect prior to construction/operation commencement?

Technical and Financial Capabilities and the Need for Storage

Tribute pointed to its experience of successfully developing the Tipperary gas storage pool, which took several years to develop starting in 2004 with construction completed in 2008, as evidence of its capability. With regard to financing the proposed project, Tribute acknowledges that it has not secured funds at this time. However, Tribute's evidence indicates that there are ongoing negotiations for financing arrangements with Market Hub Partners Canada LP ("Market Hub"). In its reply argument, Tribute noted that further developments of these negotiations "...is subject to satisfying certain requirements of the Term Sheet between Market Hub and Tribute, including development commencement approval up to December 31, 2016, receipt of a DSA order and the associated Inject, Store, and Withdrawal orders."

McKinley argued that the Board should not authorize Tribute to inject, store and remove gas from the Stanley 4-7-XI Pool. McKinley relied on the declarations made by the Superior Court and argued Tribute has no right to store gas under the McKinley Lands.

The question of whether there is a demonstrated need or market demand for incremental storage was also addressed by the parties. Tribute stated in its argument in the chief:

...although the need for incremental storage capacity may not be financially or economically supported today by current market conditions, this could change, and is expected to change, in a few short years as the market readjusts.¹

Tribute acknowledged that some parties to the proceeding might argue that designation of the Pools at this time is premature or may provide some inappropriate competitive advantage by allowing a developer to "sit on the pools". Tribute disagreed with this position, noting that no other storage developer in Huron County has brought an

¹ Ontario Energy Board EB-2011-0076; EB-2011-0077; EB-2011-0078 "Argument-in-Chief of Tribute Resources Inc. and Bayfield Resources Inc. on behalf of Huron Bayfield Limited Partnership and Bayfield Pipeline Corp.", October 9, 2012, page 5, paragraph 2

application to the Board at this point and there is no competitive advantage gained by Tribute from approval of its applications. Rather, Tribute argued that the Board approvals will allow Tribute to move ahead quickly when market conditions improve. Tribute argued that demand for storage will materialize within the proposed project development timeline and by the 2016 proposed in-service date.

Board staff submitted that Tribute had failed to put forward any compelling evidence that there is need for incremental storage at this time. Board staff submitted that the lack of demonstrated need for storage may be sufficient reason to reject the Projects at this time. Board staff argued, however, that if the Board does approve the Projects then appropriate conditions of approval should be imposed on Tribute. Board staff proposed a number of conditions.

The only conditions contested by Tribute were related to the length of approvals. Board staff submitted that it has not been the Board's practice to approve construction and development activities in the absence of clear evidence that such facilities are needed within a reasonable time-frame. Tribute argued it needed more time than is standard to develop the project.² While Tribute has proposed a 2016 in-service date, Board staff submitted that significant changes in land-use, ownership and potential environmental impacts could occur in the intervening four years.

Board Findings

The Board will grant Tribute authorization to inject gas into, store gas in and remove gas from the DSAs. The Board finds that Tribute has demonstrated the appropriate technical and financial capabilities to complete the Projects.

The Board has considered McKinley's submission that Tribute has no right to store gas in the Stanley 4-7-XI Pool based on the Ontario Superior Court Judgment issued on October 17, 2012. As set out earlier in this Decision, the Court declared that the Tribute Oil and Gas Lease does not, by its terms, permit storage of gas in or under the subject lands and declaring that the Gas Storage Lease in favour of 2195002 Ontario Inc. is the only instrument registered on title to the Lands permitting injection into, storage under or

² Typically any Board approvals for construction activities terminate one year from the date approvals are granted.

on, and withdrawal of gas from the Lands. While the leases may provide contractual rights to 2195002 Ontario Inc., the Board has jurisdiction to issue an order for authorization to inject gas into, store gas in and remove gas from a DSA pursuant to section 38(1) of the Act, and subject to any agreement, shall provide just and equitable compensation.

Under the Act, there is no requirement for a prospective storage operator to have obtained natural gas storage agreements from all of the landowners prior to the Board authorizations. The Board recognizes that the issue of rights is contested and compensation has yet to be determined. However, there are examples where the Board has approved the designation and operation of storage pools in Ontario without the proposed storage operator having storage rights within a DSA.³

The Board notes that 2195002 Ontario Inc. has not filed a proposal to develop natural gas storage in Stanley 4-7-XI Pool and has not indicated that it has any intention to do so. Furthermore, there was no evidence that McKinley or 2195002 Ontario Inc. carry on business as a storage operator and/or storage developer. The Board is therefore satisfied that it is not providing an unfair advantage to Tribute through the granting of these applications.

In addition, the Act makes it clear that the obligation of the storage operator is to offer just and equitable compensation to the owners of any gas or oil rights or of any rights to store gas in the area. The issue of determining compensation is within the jurisdiction of the Board and will be determined when the application for compensation (EB-2011-0285) is reinstated. The approvals granted with this decision are contingent on the Conditions of Approvals being met. The Board is therefore satisfied that all matters related to compensation can and will be fairly determined in due course.

With respect to the need for storage, the Board accepts Tribute's argument that the planning, development and completion of competitive storage is a lengthy process. The Board finds that if Tribute were required to wait until market conditions were favourable to obtain the respective Orders from the Board, the company would not be able to act

³ In the Decision with Reasons dated March 30, 2000 (RP-1999-0047) the Board granted to Union designation and authority to operate the Bluewater Storage Pool and Oil City Storage Pool without Union holding storage agreements with all the landowners in those pools.

on the market opportunity on a timely basis. The Board also finds that there is no adverse impact on the public interest due to long timeframe, because the economic and financial risks associated with the Project are to be borne by Tribute and no rate payers are at risk.

The Board agrees that circumstances may change over the period from now until the end of 2016. The Board addresses this in the Conditions of Approval attached to the Board's Orders authorizing operation of the Pools under s. 38(1) of the Act and the Board's Order for leave to construct the Transmission Pipeline under section 90(1) of the Act. Any significant change with respect to construction or environmental conditions over that period will require reporting to the Board. Specifically, Condition of Approval 4.1 (see Appendix D, Schedule 1) requires reporting of material changes, including changes in the environmental conditions. If a material change is reported, the Board will determine whether further consideration is required. A similar condition is set out in the order for leave to construct (see Appendix F, Schedule 2) as Condition 6.1.

What are the Potential Impacts of the operation of the Pool?

Tribute has filed evidence demonstrating that it has fulfilled the assessment requirements of the CSA Z341 to the satisfaction of the MNR. As such, the Board concludes that there will be no adverse potential impacts of the operation of the Stanley 4-7-XI Pool and Bayfield Pool on the integrity of the Pools.

Bluewater submitted that it is not in the public interest to permit the development of the Bayfield Storage area as the development may impair the structure and function of the Bayfield sewage treatment facility and thereby potentially or actually jeopardize the environment, health and safety of the citizens in and around the Pool. Tribute and Bluewater appear to disagree as to which entity has priority in the affected area. However, Tribute also submitted that it would work cooperatively with Bluewater.

Board Findings

The Board will not adjudicate the extent of each party's rights in the affected area. The Board is satisfied that the various conditions of approval will operate to ensure that Bluewater's concerns can be addressed to the extent appropriate. If the issues

between the parties cannot be resolved through negotiation, then it may be necessary for the legal rights to be determined in the first instance through the courts.

Are there Appropriate Safety Requirements for Proposed injection/withdrawal activities?

HCFA submitted that there has been no thorough study of the relationship between storage operations and wind generation operations. In particular HCFA was concerned about the "...adequacy of setbacks between the wind turbines to be located at unspecified locations adjacent to the Tribute natural gas storage facility, compressor stations, and pipelines."⁴ HCFA argued that a more rigorous technical analysis should be conducted. Tribute responded that it would adhere to all legal requirements, and that it would be inappropriate to require that it commission additional studies in this area.

Board Findings

The Board will not require Tribute to produce an external report on this issue. The Board finds that such a requirement would not be reasonable in the circumstances. The Board finds that Tribute may rely on the established requirements for wind generation siting and the operation of the gas storage facility, compressor stations and pipelines. Tribute stated that it "is committed to continuing to work with the developer of the wind farm and with the local municipality to ensure that the optimal practical development of its facility is undertaken in a compliant manner."⁵ The Board expects Tribute to work with the prospective wind turbine developers to ensure the safe operation and coexistence with storage pool operation. The Board accepts that Tribute's commitment that it will operate in accordance with all safety regulations and meet all required standards and codes. This requirement also forms part of the Conditions of Approval.

Is the Proposed Maximum Operating Pressure Safe?

The Board notes that Condition 1.5 attached to the Order authorizing the operation of both Pools (see Appendix D, Schedule 1) addresses the maximum operating pressure that Tribute will be allowed to operate the Pools without seeking leave of the Board.

4 EB-2011-0076, EB-2011-0077, EB-2011-0078 Written Submissions by William K.G. Palmer P. Eng. on behalf of HCFA, October 29, 2012 page 5

5 Reply Argument of Tribute Resources Inc., November 12, 2012, page 3, paragraph 7.

Condition 1.5 reads:

- 1.5 *Tribute shall not operate the Stanley 4-7-XI Pool or Bayfield 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.*

Is there Appropriate Insurance Coverage?

The Board notes Tribute's commitment to have the appropriate insurance coverage in effect prior to the commencement of the construction and operation of the Pools. To ensure this is the case, the Board will impose Condition of Approval 1.8 to its Order under s. 38(1) to ensure that Tribute will obtain and maintain the appropriate insurance coverage. Condition 1.8 reads as follows:

- 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 Stanley 4-7-XI DSA or Bayfield 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 Stanley 4-7-XI Pool and Bayfield Pool including, but not limited to, liability and pollution coverage. Tribute shall notify the Board once insurance coverage has been obtained for the Stanley 4-7-XI Pool and Bayfield Pool in accordance with this condition.*

8. Licence to Drill Wells

Tribute applied for licences to drill three Injection/Withdrawal ("I/W") wells and one observation well within the Stanley 4-7-XI Pool:

- Bayfield Resources et al #3 (Horiz.#1), Stanley 3-7-XI (new horizontal I/W well)
- Bayfield Resources et al #3 (Horiz.#1-Lat.#1), Stanley 3-7-XI (new lateral I/W well)
- Tribute et al #25 (Horiz.#1), Stanley 3-7-XI (conversion of existing observation well into I/W well)
- Bayfield Resources et al #4, Stanley 4-7-XI (new observation well)

The Applicant applied for licences to drill the following four I/W wells within the Bayfield Pool:

- Bayfield Resources et al #1, Stanley 9-7-NBR (new vertical I/W well)
- Bayfield Resources et al #1 (Horiz.#1) Stanley 9-7-NBR (new horizontal I/W well)
- Bayfield Resources et al #2 (Horiz.#1), Stanley 9-8-NBR (new horizontal I/W well)
- Bayfield Resources et al #2 (Horiz.#1-Lat.#1) Stanley 9-8-NBR (new lateral I/W well)

The wells will be tied into the Pool Meter, Pressure, and Volume Control Station (“PMPVC Station”) at the Bayfield Pool site with NPS 8 pipeline as the gathering system for the Pools. The PMPVC Station will interconnect with the new Transmission Pipeline, which connects the Bayfield and Stanley 4-7-XI Pools through a compressor/dehydrator station near Zurich to the Union transmission system at the Lobo compressor station.

Board Findings

The Board has issued its *Report to the Ministry of Natural Resources* (“Board’s Report”) recommending that the MNR issue licences for the proposed wells within the Pools subject to conditions that are part of the Report (attached at Appendix E to this Decision). Maps of the drilling locations within the Pools are provided in the Board’s Report.

The Board notes the standard Condition 1.2 included in the Board’s Report:

1.2. Authorization for the issuance of the drilling licences is limited to 12 months from the date of the Board’s Report to the Ministry of Natural Resources.

This is a legally bound timeline set by Ontario Regulation 245/97 made under *Oil, Gas and Salt Resources Act*, R.S.O. 1990, c. P. 12. Tribute’s evidence indicates that the construction activities to develop the storage Pools may not start until the end of 2015.

The Board reminds Tribute that the onus is on the company to ensure that the licences to drill are in good standing at the time of construction.

9. Leave to Construct

The application under section 90(1) of the Act is made by Bayfield Pipeline Corp. (“BPC”) incorporated with the purpose to own, finance and construct the 70 kilometre Transmission Pipeline. BPC also requires construction of the Huron Bayfield Gas Storage Project Compressor facilities located in the Township of Hay (“the Compressor Station”). The construction of the Transmission Pipeline is planned to begin in 2015 in order to meet a planned in service date of 2016.

The Board notes that the Transmission Pipeline is designed to accommodate injection/withdrawal volumes of the Pools and has been sized to accommodate the incremental capacity related to future storage pools Tribute anticipates developing in Huron County.

The design specifications to be used for this Transmission Pipeline and the pipeline installation will be in accordance with the requirements of *CSA Z662.07: Oil and Gas Pipeline Systems* and Ontario Regulation 210/01 under the Technical Standards and Safety Act of 2000, *Oil and Gas Pipeline Systems*. The map of the proposed Projects, including the Transmission Pipeline is attached as Appendix A to this Decision. The Transmission Pipeline crosses the municipalities of Bluewater, South Huron, Middlesex Centre, North Middlesex, Middlesex County, and Huron County. Tribute has provided evidence of ongoing communication with all of these municipalities starting in 2009. No municipalities opposed the Transmission Pipeline, although some concerns were raised which are addressed below.

Board Findings

The Board has considered the submissions of the parties and has determined that it will grant the leave to construct. In addition to the standard conditions of approval, the Board will impose some additional conditions to address the concerns of intervenors.

The Board notes that Tribute is still negotiating Land Use Agreements with the municipalities that would allow location and construction of the Transmission Pipeline in the road allowances. Both Middlesex and Bluewater requested specific provisions. The Board will not specify the precise provisions for these agreements. However, the Board will add a specific condition to the leave to construct order to ensure that these

agreements are negotiated and executed prior to the commencement of pipeline construction. Condition 6.2. provides:

6.2 *Prior to the commencement of construction, BPC shall obtain all necessary road use agreements from the affected municipalities and shall notify the Board's designated representative that the agreements were executed.*

The Board will also add a specific condition requiring BPC to notify the Board, in advance of construction, of any material change in the Transmission Pipeline project.

The Board is aware that other approvals, including municipal road crossing permits, will be required. To address this matter the Board is including in its Conditions of Approval the requirement for BPC to "obtain all other approvals, permits, licences, and certificates required to construct, operate and maintain the proposed project." This condition is a standard condition of approval for leave to construct applications. The Board notes Tribute's commitment to work with all affected municipalities on the exact location of the pipeline in the municipal road allowance once the approvals are obtained and road user agreements are executed.

Bluewater also raised concerns regarding pipeline construction impacts on the existing Bluewater sewage treatment facility ("STF") as well as on the potential expansion of the facility. Bluewater proposed an additional condition to address its concerns. Tribute objected to the proposed condition.

The Board will not add the proposed condition. The Board is satisfied that the various conditions of approval to operate the Pools to ensure that Bluewater's concerns can be addressed to the extent appropriate. As indicated earlier in this Decision, the Board will not adjudicate the extent of each party's rights in the affected area. If the issues between the parties cannot be resolved through negotiation, then it may be necessary for the legal rights to be determined in the first instance through the courts.

The routing and environmental assessment including the proposed mitigation program are described in the September 2009 Environmental Report entitled "Bayfield to Lobo Pipeline Project", completed by Stantec Consulting Ltd. ("Stantec"), which formed part of Tribute's pre-filed evidence. The route selection and the environmental assessment were completed in accordance with the *Environmental Guidelines for the Location,*

Construction and Operation of Hydrocarbon Pipelines and Facilities in Ontario, 5th edition (the “Board’s Guidelines”). Among other mitigation techniques, Stantec recommended a water well monitoring program that will be implemented by the applicant. Public and agency consultation was conducted as recommended by the Board’s Guidelines and outstanding environmental issues have been addressed.

The Board finds that BCP has proposed an appropriate mitigation and restoration program to construct the Transmission Pipeline. To ensure mitigation of impacts, and restoration of land and water resources, the Board has imposed monitoring and reporting requirements in the Conditions of Approval. The Board also finds that the environmental plans proposed by BPC are acceptable.

The Transmission Pipeline is to be constructed exclusively in the road allowance or on land owned by Union at the Lobo Station. For the section of the pipeline at the Lobo Station, Tribute will offer Union an agreement, a draft of which is included in the pre-filed evidence. While the construction of the Transmission Pipeline is to be mainly within the road allowance, Tribute has indicated that there may be sites along the route where a temporary work space from private landowners is needed. For this purpose, the applicant will offer a Temporary Land Use Agreement to private landowners in the form provided in the pre-filed evidence.

Section 97 of the Act requires that the Board approve the form of agreement that has been or will be offered to the landowners affected by the approved route. The Board has reviewed the form of agreement and approves it.

10. Compensation for Storage

The compensation application (EB-2011-0285) will remain stayed until all related Court proceedings have been concluded including any appeal of Superior Court File No. 5041/2011.

11. Cost of the Proceeding

Any intervenor that was granted cost award eligibility and seeks an award of costs shall prepare its cost submission in accordance with the *Practice Direction on Cost Awards* and shall file it with the Board Secretary and with the applicant **15 days** after the date of this Decision.

Tribute may make submissions regarding the cost claims within **30 days** of the Decision and the relevant intervenor may reply within **45 days** of the Decision. A decision and order regarding cost awards will be issued at a later date.

Tribute shall pay the Board's costs incidental to this proceeding upon receipt of the Board's invoice.

DATED at Toronto, December 21, 2012

ONTARIO ENERGY BOARD

Original Signed By

Kirsten Walli
Board Secretary

APPENDIX A

TO

DECISION

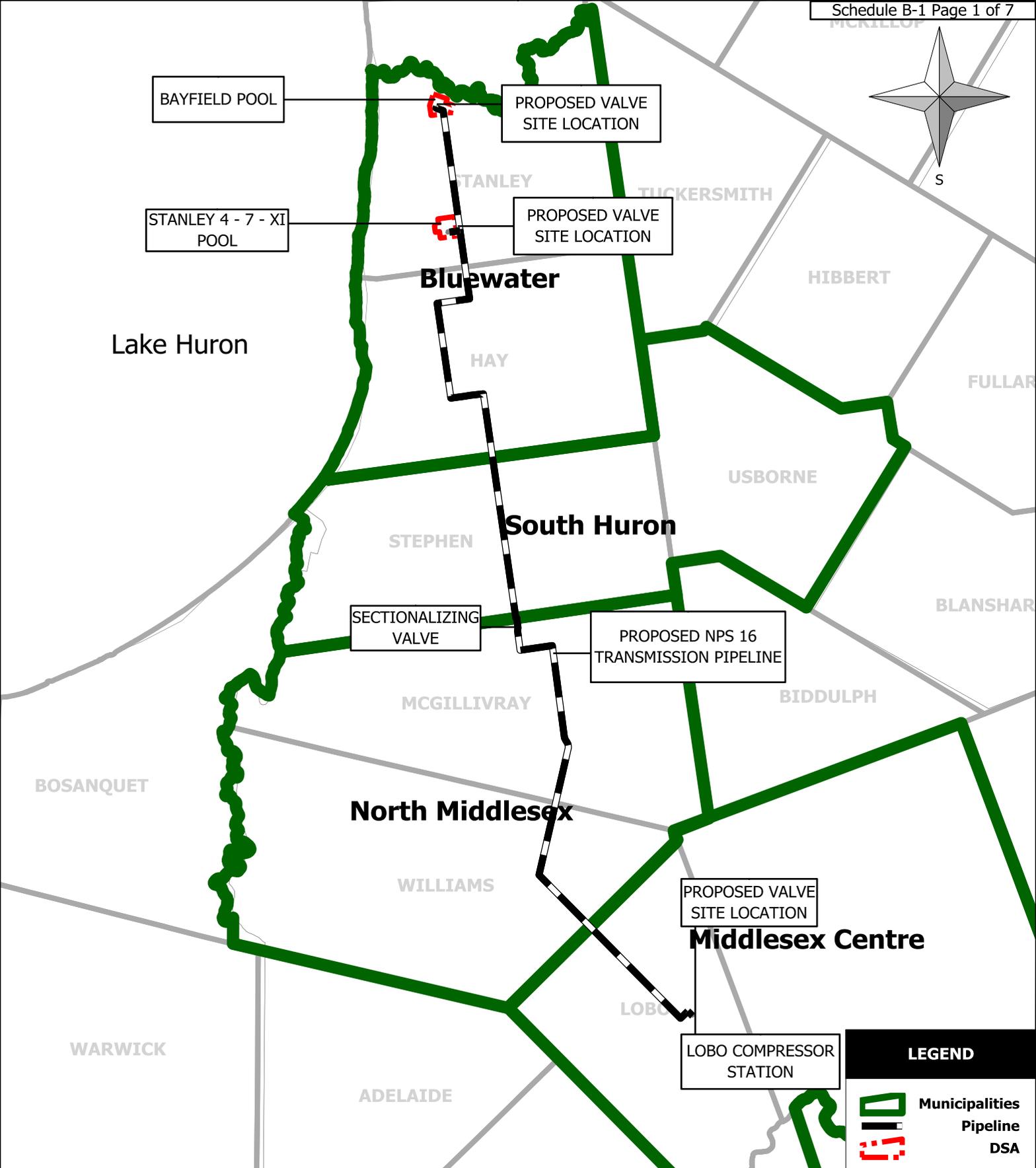
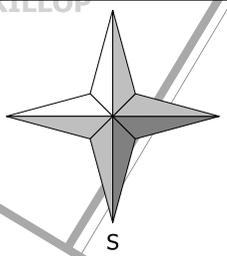
EB-2011-0076

EB-2011-0077

EB-2011-0078

MAP OF THE PROPOSED PROJECT

Dated December 21, 2012



REVISIONS				
NO.	DATE	BY	APP'D	REMARKS

HURON BAYFIELD GAS STORAGE PROJECT			
DRAWN BY	E. Funston	DATE	09/01/2009
CHECKED BY		DATE	
APPROVED BY		DATE	
		SCALE	1:380,000
		SHEET	1 of 7

APPENDIX B

TO

DECISION

EB-2011-0076

EB-2011-0077

EB-2011-0078

Board Approved Issues List

Dated December 21, 2012

1. Designation of the Gas Storage Pool

- 1.1. Is the underlying geological formation appropriate for storage operations?
- 1.2. Is the tract of land to be designated appropriately bound and sized to provide for safe operation of the storage pool?
- 1.3. Is there a need for this incremental storage capacity in Ontario?

2. Authorization to Inject, Store and Withdraw

- a. Is the applicant a capable prospective storage operator in terms of technical and financial capabilities to develop and operate the proposed storage facilities?
- b. Will the appropriate safety requirements for proposed injection/withdrawal activities be ensured in accordance with all relevant codes and standards?
- c. Is the proposed maximum operating pressure safe?
- d. What are the potential impacts of injection/withdrawal activities on the integrity of the gas storage pool?
- e. Is the applicant appropriately accountable and for losses or damages caused by its activities? In particular, will the appropriate insurance coverage be in effect prior to construction/operation commencement?

3. Well Drilling Licence

- 3.1 Does the geological evidence support the proposed well locations and drilling programs?
- 3.2 Are the proposed storage wells appropriately designed? Are construction and maintenance plans in order?

- 3.3 Does the applicant have the technical capability to conduct the drilling in accordance with applicable standards and codes?
- 3.4 Does the applicant propose an appropriate program to mitigate the environmental impacts and impacts on directly affected properties?

4. Leave to Construct

- 4.1 Is there a need for the proposed pipelines and ancillary facilities?
- 4.2 What are the environmental impacts associated with construction of the proposed pipelines and ancillary facilities and are they acceptable?
- 4.3 Are there any outstanding landowner matters for the proposed pipelines and ancillary facilities routing and construction?
- 4.4 Are the pipelines and ancillary facilities designed in accordance with the current technical and safety requirements?
- 4.5 Will there be any issues with the proposed Industrial Wind Turbine Projects and the associated infrastructure in this area on Tribute's Gas Storage Project (i.e. storage lands and facilities, including equipment, pipelines, wellheads, compressor station etc.)?
- 4.6 The Municipality of Bluewater owns and operates a sewage treatment facility (the "Bayfield STF") in the immediate vicinity of the Bayfield Pool. Can, and if so, how can the Applicant ensure that there is no impact of these Applications (and in particular the Development of the Bayfield Pool (EB-2011-0077) and the Construction of a Natural Gas Pipeline (EB-2011-0078) on the existing and future operations of the Bayfield STF, including but not limited to:
- a. The efficient functioning of the existing or future Bayfield STF,
 - b. Access to the existing or future Bayfield STF, and
 - c. The safe inflow and outflow of sewage to and from the existing or future Bayfield STF?
- 4.7 Can the Applicant, and if so, how will the Applicant ensure that any use of the Municipality of Bluewater's lands in the vicinity of the Bayfield STF is appropriate and that the Applications (and in particular the Development of the Bayfield Pool (EB-2011-0077) and the Construction of a Natural Gas Pipeline (EB-2011-0078)

will have no impact on the Municipality of Bluewater's existing and possible future use of such lands, and in particular as they relate to the existing or future Bayfield STF.

4.8 How and when will the Applicant satisfactorily address the several issues raised in the Municipality of Bluewater's correspondence dated 9th of October 2009 (Binder 4, D4-4)? These issues include, but are not limited to the following:

- a. Conflicts of the pipeline with power lines and other utilities;
- b. Compensation and/or restoration for any tree removal;
- c. Public and private roadway use issues;
- d. The location of the pipeline in relation to the cemetery located on Bronson Line north of Rogerville Road;
- e. Whether additional archaeology work is required;
- f. The depth of the pipeline may need to be adjusted at the crest of hills, areas of future municipal reconstruction, and at stream/drain crossings;
- g. Pipeline details to include but not be limited to plan and profile drawings of sufficient grades/elevations for all surface and subsurface features, minimum cover, road crossing and culvert crossing details, pipeline depths for the entire route, pipe materials, construction methods and boring methods, archaeology results;
- h. Construction methods;
- i. Receipt of consents and approvals;
- j. That the Applicant obtain approval from the Municipality of Bluewater for its works;
- k. That the Applicant enter into an agreement with the Municipality of Bluewater for the maintenance and upkeep for those sections of the pipeline located on the Municipality's property which shall address responsibility for all work related to the project, future relocation costs, liability, insurances, as-built drawings, restoration, duration and removal.

APPENDIX C

TO

DECISION

EB-2011-0076

EB-2011-0077

EB-2011-0078

ORDER DESIGNATING GAS STORAGE AREAS

STANLEY 4-7-XI POOL

BAYFIELD POOL

Dated December 21, 2012



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

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15, Schedule B; and in particular sections 36.1(1), 38(1), 40(1), 90(1), thereof;

AND IN THE MATTER OF an application by Tribute Resources Inc. for an Order designating the areas known as the Stanley 4-7-XI Pool and the Bayfield Pool, in the County of Huron, as gas storage areas;

AND IN THE MATTER OF an application by Tribute Resources Inc. for authority to inject gas into, store gas in and remove gas from the areas designated as the Stanley 4-7-XI Pool and the Bayfield Pool and to enter into and upon the lands in the said areas and use the land for such purposes;

AND IN THE MATTER OF an application by Tribute Resources Inc. to the Ministry of Natural Resources for a licence to drill wells in the said areas;

AND IN THE MATTER OF an application by Bayfield Pipeline Corp. for an Order granting leave to construct natural gas pipelines in the County of Huron and in the County of Middlesex.

BEFORE: Cynthia Chaplin
Vice Chair and Presiding Member

Paula Conboy
Member

**ORDER DESIGNATING STANLEY 4-7-XI AND BAYFIELD AS GAS STORAGE
AREAS**

This is the Order of the Board designating the Stanley 4-7-XI and Bayfield Pools as gas storage areas.

Tribute Resources Inc. and Bayfield Resources Inc., on behalf of Huron Bayfield Limited Partnership and Bayfield Pipeline Corp. ("Tribute") have filed applications with the Ontario Energy Board (the "Board"), dated April 20, 2011, and amended August 4, 2011. The applications were filed under sections 36.1(1), 38(3), 40(1) and 90(1) of the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15, Schedule B (the "Act"). The applications, if granted, would allow Tribute to develop natural gas storage pools located in the geographic area of the County of Huron and in the County of Middlesex Ontario (the "Project").

The Project includes the designation and development of two proposed gas storage pools in Huron County, the Stanley 4-7-XI Pool and the Bayfield Pool (the "Pools") and the construction and operation of a transmission pipeline to connect these proposed storage pools with Union Gas Limited's pipeline system.

The Board assigned File Nos. to the applications as follows:

- Stanley 4-7-XI Pool Application consisting of applications to designate the proposed Stanley 4-7-XI Pool, authority to operate the pool and licences to drill wells (EB-2011-0076);
- Bayfield Pool Application consisting of applications to designate the proposed Bayfield Pool, authority to operate the pool and licences to drill wells (EB-2011-0077);

On December 21, 2012 the Board issued a Decision regarding the applications sought under Board File Nos. EB-2011-0076; EB-2011-0077; EB-2011-0078. This Order to Designate Gas Storage Areas is issued in accordance with the Board's December 21, 2012 Decision.

THE BOARD ORDERS THAT:

1. Pursuant to section 36.1(1) of the *Ontario Energy Board Act, 1998*, S.O. 1998,c.15, Schedule B the area known as Stanley 4-7-XI Pooland described by the Metes and Bounds description attached as Schedule 1 to this order is designated as a gas storage area;
2. Pursuant to section 36.1(1) of the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15, Schedule B the area known as Bayfield Pool and described by the Metes and Bounds description attached as Schedule 2 to this order is designated as a gas storage area.

DATED at Toronto December 21, 2012

ONTARIO ENERGY BOARD

Original Signed By

Kirsten Walli
Board Secretary

Schedule 1

EB-2011-0076

EB-2011-0077

EB-2011-0078

**METES AND BOUNDS DESCRIPTION
OF THE BOUNDARY OF THE
STANLEY 4-7-XI POOL DESIGNATED STORAGE AREA**

METES AND BOUNDS DESCRIPTION

OF THE PROPOSED BOUNDARY OF THE

Stanley 4-7-XI Pool Designated Storage Area in the Geographic Township of Stanley, in the Municipality of Bluewater, in the County of Huron

ALL AND SINGULAR that certain parcel or tract of land in the geographic Township of Stanley 4-7-XI, in the Municipality of Bluewater, in the County of Huron, Province of Ontario, being composed of part of Lots 6, 7 and 8, Concessions 11, and part of Lots 6, 7 and 8 of Concession 12, which may be more particularly described as follows:

COMMENCING at the Southwest angle of Lot 6, Concession 11, (also being the Southeast angle of Lot 6, Concession 12);

THENCE: Easterly along the Southerly limit of Lot 6, Concession 11, to the line dividing the Westerly Three-quarters and Easterly One-quarter of Lot 6, Concession 11;

THENCE: Northerly along the last mentioned limit of Lots 6, 7 and 8, Concession 11 to the Northerly limit of Lot 8, Concession 11;

THENCE: Westerly along the Northerly limit of Lot 8, Concession 11, to the Westerly limit of said Lot 8;

THENCE: Continuing Westerly along the Northerly limit of Lot 8, Concession 12, to the line dividing the Easterly One-quarter and Westerly Three-quarters of Lot 8, Concession 12;

THENCE: Southerly parallel to the Easterly limit of Lot 8, Concession 12, to the Northerly limit of Lot 7, Concession 12;

THENCE: Westerly along the Northerly limit of Lot 7, Concession 12, to the line dividing the Easterly Half and Westerly Half of Lot 7, Concession 12;

THENCE: Southerly along the last mentioned limit to the Southerly limit of Lot 7, Concession 12;

THENCE: Easterly along the Southerly limit of Lot 7, Concession 12, to the line dividing the Westerly Three-quarters and the Easterly One-quarter of Lot 6, Concession 12;

THENCE: Southerly along the last mentioned limit of Lot 6, Concession 12, to the Southerly limit of Lot 6, Concession 12;

THENCE: Easterly along the Southerly limit of Lot 6, Concession 12 to the point of commencement.

Corresponding to the Ministry of Natural Resources tracts as described below:

Tract 2 Lot 7 Concession 12

Tract 1 Lots 6, 7 and 8 Concession 12

Tracts 2, 3 and 4 Lots 6, 7 and 8 Concession 1

Schedule 2

EB-2011-0076

EB-2011-0077

EB-2011-0078

Tribute Resources Inc.

**METES AND BOUNDS DESCRIPTION
OF THE BOUNDARY OF THE
BAYFIELD POOL DESIGNATED STORAGE AREA**

METES AND BOUNDS DESCRIPTION

OF THE PROPOSED BOUNDARY OF THE

**Bayfield Pool Designated Storage Area in the Geographic Township of Stanley, in
the Municipality of Bluewater, in the County of Huron**

ALL AND SINGULAR that certain parcel or tract of land in the geographic Township of Stanley, in the Municipality of Bluewater, in the County of Huron, Province of Ontario, being composed of part of Lots 7, 8 and 9, of Bayfield Road North Concession and Lots 7, 8 and 9 of Bayfield Road South Concession, which may be more particularly described as follows:

COMMENCING at the Southeast angle of Lot 9, Bayfield Road North Concession;

THENCE: Northerly along the Easterly limit of Lot 9, Bayfield Road North Concession, a distance of 902.92m, more or less, to a point;

THENCE: Westerly parallel to the Southerly limit of said Lot 9 to a point in the Easterly limit of Lot 8, Bayfield Road North Concession;

THENCE: Northerly along the Easterly limit of Lot 8, Bayfield Road North Concession, a distance of 451.46m, more or less, to a point;

THENCE: Westerly parallel to the Southerly limit of Lots 8 and 7, Bayfield Road South Concession, to a point in the Westerly limit of said Lot 7;

THENCE: Southerly along the Westerly limit of Lot 7, Bayfield Road North Concession to the Southwesterly angle of said Lot 7;

THENCE: Southerly in a straight line to the point in the Northerly limit of Lot 7, Bayfield Road South Concession, at the line dividing the Westerly half and the Easterly half of said Lot 7;

THENCE: Southerly along the last mentioned limit to a point thereupon, distance 1506.76 m, more or less, measured Northerly therealong from the Southerly limit of Lot 7;

THENCE: Easterly parallel to the Southerly limit of Lot 23, Concession XI to a point in the Westerly limit of Lot 9, Bayfield Road South Concession;

THENCE: Southerly along the Westerly limit of Lot 9, South of Bayfield Road, a distance of 804.60m more or less, measured Northerly therealong from the Southerly limit of Lot 23, Concession XI;

THENCE: Easterly parallel to the Southerly limit of Lot 9, South of Bayfield Road;

THENCE: Northerly along the Easterly limit between Lot 9, South of Bayfield Road to the Northeasterly angle of said Lot 9;

THENCE: Northerly in a straight line to the point of commencement.

Corresponding to the MNR tract as described below:

Tracts

7,8,9 7,8 NBR

8,9 9 NBR

1,4 7 SBR

2,3,4 8 SBR

1,2 9 SBR

APPENDIX D

TO

DECISION

EB-2011-0076

EB-2011-0077

EB-2011-0078

ORDER

**AUTHORIZATION TO OPERATE THE STANLEY 4-7-XI POOL
AND**

AUTHORIZATION TO OPERATE THE BAYFIELD POOL

Dated December 21, 2012



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

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15, Schedule B; and in particular sections 36.1(1), 38(1), 40(1), 90(1), thereof;

AND IN THE MATTER OF an application by Tribute Resources Inc. for an Order designating the areas known as the Stanley 4-7-XI Pool and the Bayfield Pool, in the County of Huron, as gas storage areas;

AND IN THE MATTER OF an application by Tribute Resources Inc. for authority to inject gas into, store gas in and remove gas from the areas designated as the Stanley 4-7-XI Pool and the Bayfield Pool and to enter into and upon the lands in the said areas and use the land for such purposes;

AND IN THE MATTER OF an application by Tribute Resources Inc. to the Ministry of Natural Resources for a licence to drill wells in the said areas;

AND IN THE MATTER OF an application by Bayfield Pipeline Corp. for an Order granting leave to construct natural gas pipelines in the County of Huron and in the County of Middlesex.

BEFORE: Cynthia Chaplin
Vice Chair and Presiding Member

Paula Conboy
Member

ORDER

**AUTHORIZING THE INJECTION OF GAS INTO,
STORAGE OF GAS IN, AND REMOVAL OF GAS
FROM THE STANLEY 4-7-XI GAS STORAGE POOL
AND
FROM THE BAYFIELD GAS STORAGE POOL**

Tribute Resources Inc. ("Tribute") filed applications dated April 20, 2011, with the Ontario Energy Board (the "Board") under sections 36.1(1), 38(1), 40(1) and 90(1) of the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15, Schedule B (the "Act"). This Order authorizes the Applicant to operate the Stanley 4-7-XI and Bayfield Pools as gas storage areas.

Tribute applied for the following:

Stanley 4-7-XI Pool Applications (EB-2011-0076)

Tribute applied pursuant to section 36(1) of the Act for an Order designating the area containing a gas reservoir known as the Stanley 4-7-XI Pool located in Lots 6, 7 and 8, Concession 10; and Lots 6, 7 and 8, Concession 11, in the geographic Township of Stanley 4-7-XI, in the Municipality of Bluewater, in the County of Huron, as a designated gas storage area ("Stanley 4-7-XI Pool"). Tribute also applied pursuant to section 38(1) of the Act for authority to inject gas into, store gas in and remove gas from the Stanley 4-7-XI Pool, and enter into and upon the lands in the area for such purposes. Pursuant to section 40(1) of the Act, Tribute sought a favourable report from the Board to the Ministry of Natural Resources to whom application has been made for a licence to drill four injection/withdrawal wells within the proposed designated storage area ("DSA") of the Stanley 4-7-XI Pool.

Bayfield Pool Applications (EB-2011-0077)

Tribute applied pursuant to section 36(1) of the Act for an Order designating the area containing a gas reservoir known as the Bayfield Pool located in Lots 7, 8 and 9, of Bayfield Road North Concession; and Lots 7, 8 and 9, of Bayfield Road South Concession, in the geographic Township of Stanley, in the Municipality of Bluewater, in the County of Huron, as a designated gas storage area ("Bayfield Pool"). Tribute also applied pursuant to section 38(1) of the Act for authority to inject gas into, store gas in and remove gas from the Bayfield Pool, and enter into and upon the lands in the area for such purposes. Pursuant to section 40(1) of the Act, Tribute sought a favourable report from the Board to the Ministry of Natural Resources to whom application has been made for a licence to drill four injection/withdrawal wells within the proposed DSA of the Bayfield Pool.

On December 21, 2012 the Board issued a Decision approving the applications under Board File Nos. EB-2011-0076; EB-2011-0077; EB-2011-0078. This Order authorizing the injection of gas, storage of gas in and removal of gas from the Stanley 4-7-XI Pool and Bayfield Pool is issued in accordance with the Board's December 21, 2012 Decision.

THE BOARD ORDERS THAT:

1. Tribute Resources Inc., pursuant to section 38(1) of the *Ontario Energy Board Act*, 1998, is authorized to inject gas into, store gas in, and remove gas from the area known as the Stanley 4-7-XI Pool in the geographic Township of Stanley, in the Municipality of Bluewater, in the County of Huron, Province of Ontario, which has been designated as a gas storage area, and to enter into and upon the land in the area for such purposes, subject to Conditions of Approval set out in Schedule 1 to this Order.
2. Tribute Resources Inc. pursuant to section 38(1) of the *Ontario Energy Board Act*, 1998, is authorized to inject gas into, store gas in and remove gas from the area known as Bayfield Pool in the geographic Township of Stanley, in the Municipality of Bluewater, in the County of Huron, Province of Ontario, which has been designated as a gas storage area, and to enter into and upon the land in the area for such purposes, subject to Conditions of Approval set out in Schedule 1 to this Order.

DATED at Toronto, December 21, 2012

ONTARIO ENERGY BOARD

Original Signed By

Kirsten Walli
Board Secretary

Schedule 1

EB-2011-0076

EB-2011-0077

EB-2011-0078

Tribute Resources Inc.

Conditions of Approval

Authorization to Inject, Store and Remove Gas

Tribute Resources Inc.

EB-2011-0076

EB-2011-0077

EB-2011-0078

Authorization to Inject, Store and Remove Gas from

**The Stanley 4-7-XI Designated Storage Area
and
The Bayfield Designated Storage Area**

Conditions of Approval

1. Operation of the Stanley 4-7-XI Storage Pool and Bayfield Storage Pool

- 1.1 Tribute Resources Inc. ("Tribute") shall rely on the evidence filed with the Board in the EB-2011-0076; EB-2011-0077 and EB-2011-0078 proceeding. Tribute shall comply with all 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 latest edition of 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 Stanley 4-7-XI Pool and the Bayfield Pool by complying with the requirements of the Provincial Operating Standard, the latest edition of CSA 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 Stanley 4-7-XI Storage Pool and the Bayfield 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 Stanley 4-7-XI Pool and the Bayfield Pool does not affect the quality or supply of potable water. Tribute shall implement a water well monitoring program

to include pre-construction 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 Stanley 4-7-XI Pool and the Bayfield 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 July 1, 2016, 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 Stanley 4-7-XI DSA or Bayfield 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 Stanley 4-7-XI Pool and Bayfield Pool including, but not limited to, liability and pollution coverage. Tribute shall notify the Board once insurance coverage has been obtained for the Stanley 4-7-XI Pool and Bayfield Pool in accordance with this condition.

2. **General**

- 2.1 For the purposes of these conditions conformity by the Applicant with the latest edition of 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**

- 3.1 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.

4. Project Specific Conditions

4.1 Tribute shall report to the Board's designated representative:

- a) any material change to the project;
- b) any material change to the environmental conditions.

If there is no material change, a report to that effect shall be filed. The report shall be certified by the CEO of Tribute and filed prior to the start of construction activities, and again no later than 3 months after the start of construction activities, to develop Stanley 4-7-XI Pool or Bayfield Pool.

APPENDIX E

TO

DECISION

Tribute Resources Inc.

Report to the Minister of Natural Resources

Well Licences Applications in Stanley 4-7-XI DSA

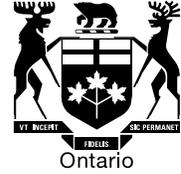
EB-2011-0076

and

Well Licences Applications in Bayfield DSA

EB-2011-0077

Dated December 21, 2012



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

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15, Schedule B; and in particular sections 36.1(1), 38(1), 40(1), 90(1), thereof;

AND IN THE MATTER OF an application by Tribute Resources Inc. for an Order designating the areas known as the Stanley 4-7-XI Pool and the Bayfield Pool, in the County of Huron, as gas storage areas;

AND IN THE MATTER OF an application by Tribute Resources Inc. for authority to inject gas into, store gas in and remove gas from the areas designated as the Stanley 4-7-XI Pool and the Bayfield Pool and to enter into and upon the lands in the said areas and use the land for such purposes;

AND IN THE MATTER OF an application by Tribute Resources Inc. to the Ministry of Natural Resources for a licence to drill wells in the said areas;

AND IN THE MATTER OF an application by Tribute Resources Inc. for an Order granting leave to construct natural gas pipelines in the County of Huron and in the County of Middlesex.

REPORT OF THE BOARD

December 21, 2012

Introduction

Tribute Resources Inc. ("Tribute") proposed to provide storage services upon development of the proposed Stanley 4-7-XI Gas Storage Pool and Bayfield Gas Storage Pool with the planned in-service date of 2016.

The development of the Stanley 4-7-XI Pool and Bayfield Gas Storage Pool requires that Tribute be granted the Orders sought in the following applications:

Stanley 4-7-XI Pool Applications (EB-2011-0076)

Tribute applied pursuant to section 36(1) of the Act for an Order designating the area containing a gas reservoir known as the Stanley 4-7-XI Pool located in Lots 6, 7 and 8, Concession 10; and Lots 6, 7 and 8, Concession 11, in the geographic Township of Stanley, in the Municipality of Bluewater, in the County of Huron, as a designated gas storage area. The applicant also applied pursuant to section 38(1) of the Act for authority to inject gas into, store gas in and remove gas from the Stanley 4-7-XI Pool, and enter into and upon the lands in the area for such purposes. Pursuant to section 40(1) of the Act, Tribute sought a favourable report from the Board to the Ministry of Natural Resources to whom application has been made for a licence to drill four injection/withdrawal wells within the proposed designated storage area ("DSA") of the Stanley 4-7-XI Pool.

Bayfield Pool Applications (EB-2011-0077)

Tribute applied pursuant to section 36(1) of the Act for an Order designating the area containing a gas reservoir known as the Bayfield Pool located in Lots 7, 8 and 9, of Bayfield Road North Concession; and Lots 7, 8 and 9, of Bayfield Road South Concession, in the geographic Township of Stanley, in the Municipality of Bluewater, in the County of Huron, as a designated gas storage area ("Bayfield Pool"). Tribute also applied pursuant to section 38(1) of the Act for authority to inject gas into, store gas in and remove gas from the Bayfield Pool, and enter into and upon the lands in the area for such purposes. Pursuant to section 40(1) of the Act, Tribute sought a favourable report from the Board to the Ministry of Natural Resources to whom application has been made for a licence to drill four injection/withdrawal wells within the proposed DSA of the Bayfield Pool.

On December 21, 2012, the Board issued a Decision with Reasons that approved the EB-2011-0076; EB-2011-0077; and EB-2011-0078 applications and granted all the orders required for Stanley 4-7-XI Pool and Bayfield Pool development and operation. This Report is issued in accordance with the Board's December 21, 2012 Decision.

Referral of the Application to Drill Wells

By letter dated November 9, 2009, the Ministry of Natural Resources, Petroleum Resources Centre ("MNR"), referred to the Board applications by Tribute for licences to drill the following wells within the proposed designated storage areas:

Stanley 4-7-XI DSA:

- Bayfield Resources et al #3 (Horiz.#1), Stanley 3-7-XI
- Bayfield Resources et al #3 (Horiz.#1-Lat.#1), Stanley 3-7-XI
- Tribute et al #25 (Horiz.#1), Stanley 3-7-XI
- Bayfield Resources et al #4, Stanley 4-7-X

Bayfield DSA:

- Bayfield Resources et al #1, Stanley 9-7-NBR
- Bayfield Resources et al #1 (Horiz.#1) Stanley 9-7-NBR
- Bayfield Resources et al #2 (Horiz.#1), Stanley 9-8-NBR
- Bayfield Resources et al #2 (Horiz.#1-Lat.#1) Stanley 9-8-NBR

By letter dated May 4, 2011 the MNR confirmed that there have been no changes or updates to the original referral.

Tribute proposes to drill 4 new wells in the Stanley 4-7-XI DSA and 4 new wells in Bayfield DSA. Maps showing locations of the proposed wells within the designated storage areas are attached as Schedule 1 to this Report.

The main I/W well in the Stanley 4-7-XI Pool is proposed as a multi-lateral horizontal well as follows: Bayfield Resources et al #3 (Horiz. #1), Stanley 3-7-XI will be the initial horizontal drainhole for the well, with Bayfield Resources et al #3 (Horiz. #1-Lat. #1), Stanley 3-7-XI planned as a lateral out of the initial horizontal drainhole.

The Applicant plans to convert an existing well - Tribute Resources et al #25, Stanley 3-7-XI into a I/W well with a horizontal leg drilled from the existing surface point location. Another observation well is needed and is proposed that the well Bayfield Resources et al #4, Stanley 4-7-XI be drilled and cased as an observation well.

The three new I/W wells will be tied into the Pool Meter, Pressure, and Volume Control Station (the "PMPVC Station") at the Stanley 4-7-XI pool site with NPS 8 pipeline as the gathering system for the pool. The PMPVC Station will be connected to the proposed Transmission Pipeline through a compressor/dehydrator station near Zurich which will tie-in to the Union Gas transmission system at the Lobo compressor station.

Scope of the Review

In considering an application for a well drilling licence the Board's review under section 40(1) of the Act typically includes the geological evidence related to the well location, the proposed drilling program, the technical capability of an applicant to conduct the drilling in accordance with applicable standards and codes, and environmental and landowner matters. The following issues have been determined by the Board as a scope of the review of section 40(1) application in this proceeding.

- Does the geological evidence support the proposed well locations and drilling programs?
- Are the proposed storage wells appropriately designed? Are construction and maintenance plans in order?
- Does the applicant have the technical capability to conduct the drilling in accordance with applicable standards and codes?
- Does the applicant propose an appropriate program to mitigate the environmental impacts and impacts on directly affected properties?

Does the geological evidence support the proposed well locations and drilling programs?

The proposed surface locations and well paths are described in the MNR Applications for each well licence. The well locations were determined on the basis of data from existing wells within the proposed DSA and the 2-D and 3-D seismic interpretation. Tribute's evidence stated that the drilling paths were properly engineered and technically feasible.

Are the proposed storage wells appropriately designed? Are construction and maintenance plans in order?

Tribute's evidence is that all wells and facilities will be designed, constructed, operated, maintained and abandoned in accordance with the OGSRA, its regulations and the Provincial Operating Standards.

Does the applicant have the technical capability to conduct the drilling in accordance with applicable standards and codes?

Tribute stated that the wells will be drilled and constructed to comply with CSA Z34, the OGSRA and its regulations, the Provincial Operating Standards and the *Occupational Health and Safety Act*. For the proposed wells, a drilling program filed with the application contains detailed drilling procedures and casing specifications. The drilling programs include the geological prognosis, reporting, the safety procedures required by the *Occupational Health and Safety Act* and the OGSRA, its regulations and the Provincial Operating Standards.

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

The Applicant filed Environmental Management Plan ("Environmental Plan") for wells drilling and operations. The Environmental Plan was filed as part of the Environmental Report entitled "Bayfield to Lobo Pipeline Project" dated September 2009, completed by Stantec Consulting Ltd.

Tribute is committed to implement the environmental impacts mitigation and prescribed in the permit approvals and licences. In addition, site-specific mitigation measures will

be developed in consultation with individual property owners.

Recommendation

The Board, after reviewing the application for well licences, has found that the proposed drilling is in the public interest with respect to the integrity of the gas storage reservoir, the safety of drilling operations, the environmental impacts of drilling and construction, and impacts on directly affected landowners. The Board has also found the Applicant to be technically competent to undertake the planned drilling program and the proposed well completion activities.

In accordance with the Decision with Reasons of December 21, 2012 the Board recommends approval of the Applications for drilling licences for the following wells:

Within Stanley 4-7-XI DSA:

- Bayfield Resources et al #3 (Horiz.#1), Stanley 3-7-XI
- Bayfield Resources et al #3 (Horiz.#1-Lat.#1), Stanley 3-7-XI
- Tribute et al #25 (Horiz.#1), Stanley 3-7-XI
- Bayfield Resources et al #4, Stanley 4-7-X

Within Bayfield DSA:

- Bayfield Resources et al #1, Stanley 9-7-NBR
- Bayfield Resources et al #1 (Horiz.#1) Stanley 9-7-NBR
- Bayfield Resources et al #2 (Horiz.#1), Stanley 9-8-NBR
- Bayfield Resources et al #2 (Horiz.#1-Lat.#1) Stanley 9-8-NBR

The recommendation is subject to the Conditions of Approval attached in Schedule 2 to this Report. The conditions deal with potential adverse impacts and effects of the drilling of the wells. According to the Conditions, the Applicant should adhere to the evidence and comply with all applicable laws, regulations and codes during construction

of the wells. Furthermore, the Conditions call for land restoration and for minimizing adverse impacts on agricultural land and farming operations. The Conditions require monitoring and reporting to the Board of impacts and their mitigation during and after construction, and the recording of landowner's concerns and reporting on the resolution of these concerns.

The Board reminds Tribute that Condition 1.2 sets a twelve month term from the date of the Report being issued to the MNR issuing the well licences. This is required by legislation and the Board expects that Tribute deals with the necessary approvals should the 12 month term expire prior to drilling commencement of any of the wells subject to the referral EB-2011-0076 and EB-2011-0077.

Schedule 1

Tribute Resources Inc.

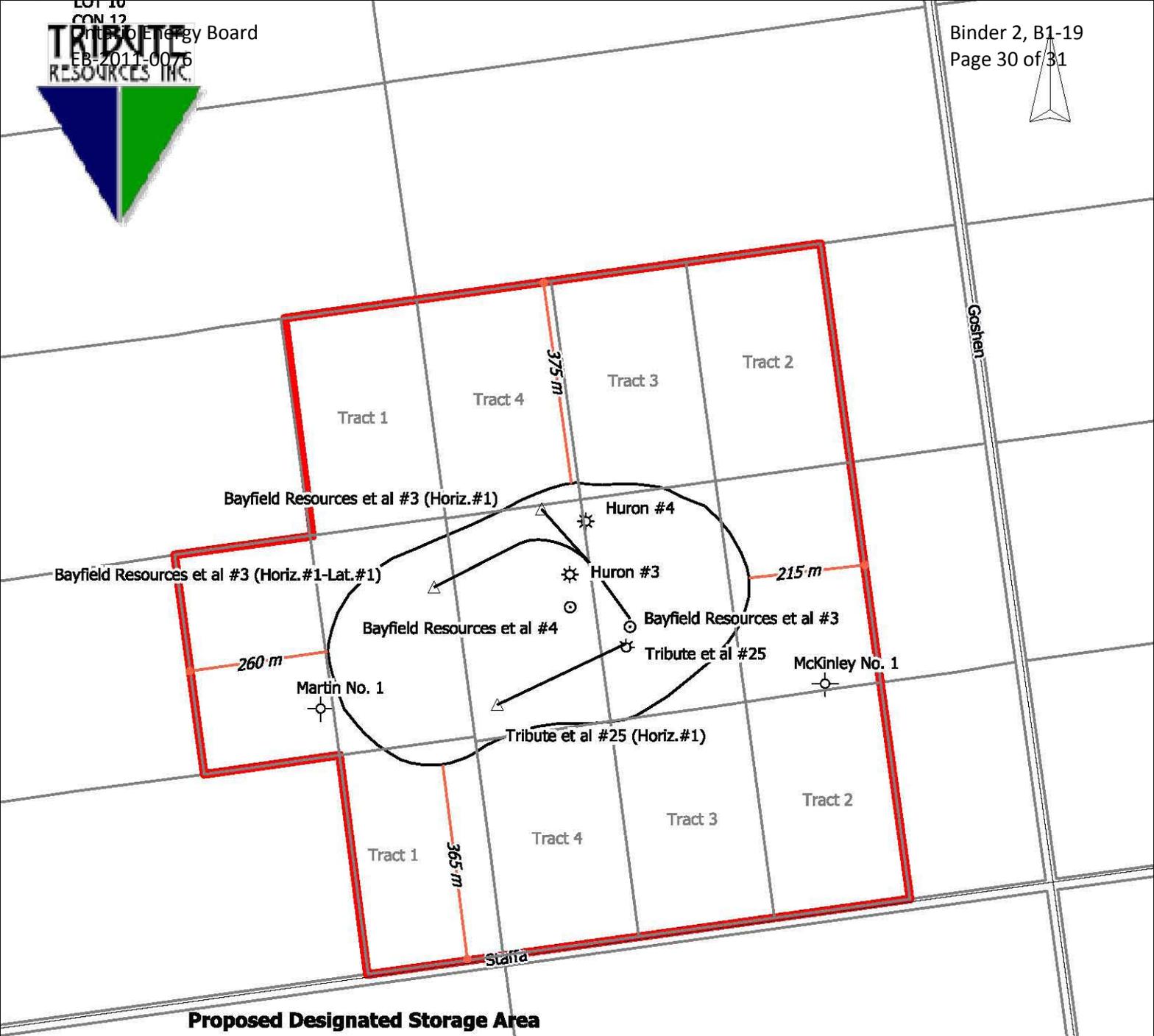
Application for Well Licences

EB-2011-0076

EB-2011-0077

EB-2011-0078

**Maps Showing Location of the Proposed Wells within the Stanley 4-7-XI DSA
and within the Bayfield DSA**



Proposed Designated Storage Area

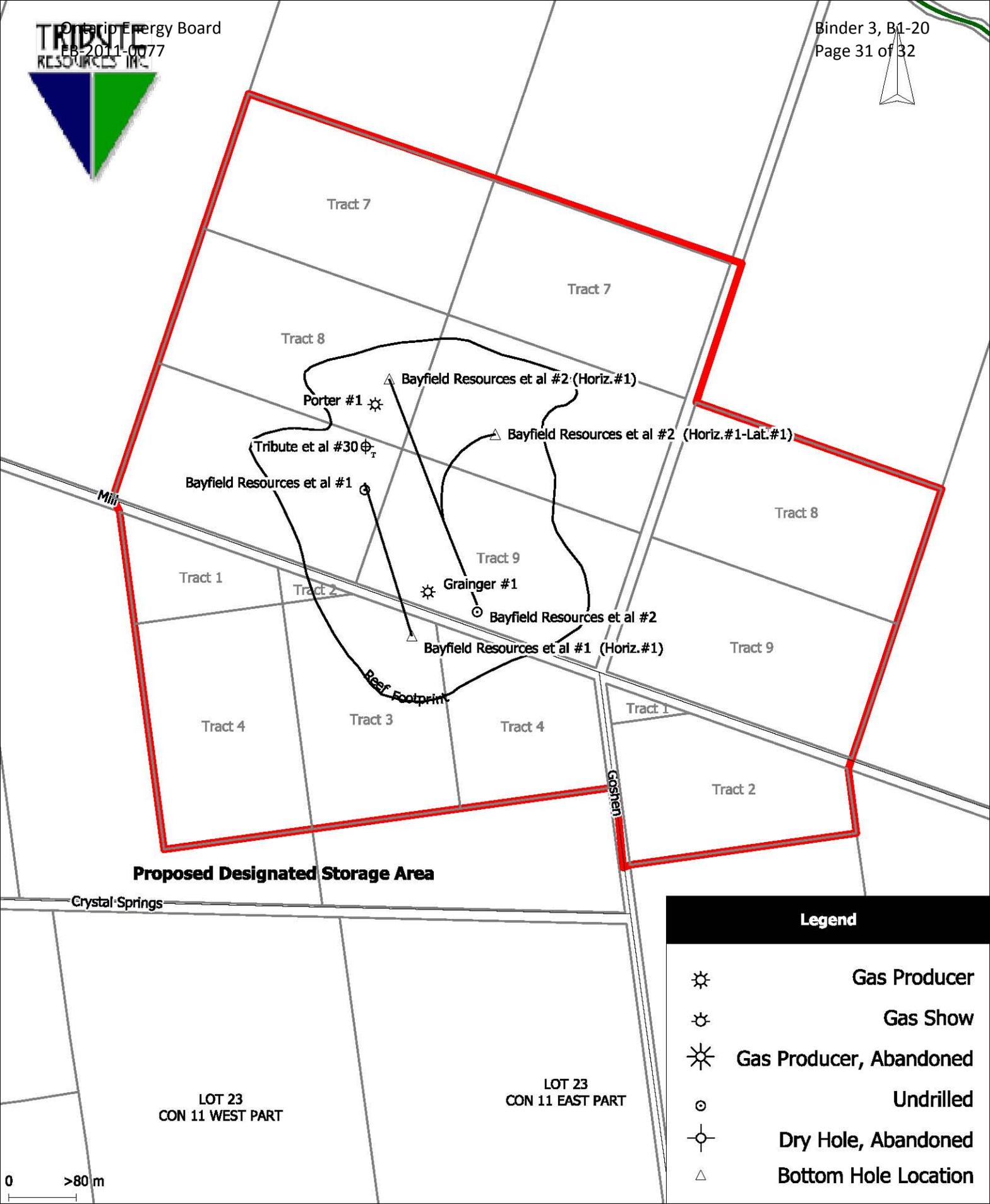
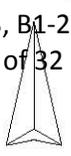
Legend	
	Gas Producer
	Gas Show
	Gas Producer, Abandoned
	Undrilled
	Dry Hole, Abandoned
	Bottom Hole Location

LOT 4
CON 12

>80 m

Stanley 4-7-XI Proposed Well Bores

Universal Transverse Mercator - Zone 17 (N).
Contour Interval: 10m. All Units Metric.
Lon: 81°38'49" W
Lat: 43°28'42" N
Prepared by: J.C. for Tribute Resources Inc.
Printed at: 16/09/2009



Legend	
	Gas Producer
	Gas Show
	Gas Producer, Abandoned
	Undrilled
	Dry Hole, Abandoned
	Bottom Hole Location

0 >80 m

Bayfield Pool Proposed Well Bores

Universal Transverse Mercator - Zone 17 (N).
 Contour Interval: 10m. All Units Metric.
 Lon: 81°39'10" W
 Lat: 43°32'53" N
 Prepared by: J.C. for Tribute Resources Inc.
 Printed at: 15/09/2009

Schedule 2

Tribute Resources Inc.

**Applications for Well Licences within the Stanley 4-7-XI DSA
and within the Bayfield DSA**

EB-2011-0076

EB-2011-0077

EB-2011-0078

Conditions of Approval

Tribute Resources Inc.
EB-2011-0076
EB-2011-0077
EB-2011-0078

Conditions of Approval

**Applications for Well Licences within the Stanley 4-7-XI DSA
and within the Bayfield DSA**

1. General Requirements

- 1.1. Tribute Resources Inc. ("Tribute") shall rely on the evidence filed with the Board in the EB-2011-0076; EB-2011-0077 and EB-2011-0078 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 twelve months 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 landowner 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 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 Stanley 4-7-XI Storage Pool and Bayfield Storage Pool 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 the latest edition of 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.

APPENDIX F

TO

DECISION

Tribute Resources Inc.

Leave to Construct Order

EB-2011-0076

EB-2011-0077

EB-2011-0078

Dated December 21, 2012



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

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15, Schedule B; and in particular sections 36.1(1), 38(1), 40(1), 90(1), thereof;

AND IN THE MATTER OF an application by Tribute Resources Inc. for an Order designating the areas known as the Stanley 4-7-XI Pool and the Bayfield Pool, in the County of Huron, as gas storage areas;

AND IN THE MATTER OF an application by Tribute Resources Inc. for authority to inject gas into, store gas in and remove gas from the areas designated as the Stanley 4-7-XI Pool and the Bayfield Pool and to enter into and upon the lands in the said areas and use the land for such purposes;

AND IN THE MATTER OF an application by Tribute Resources Inc. to the Ministry of Natural Resources for a licence to drill wells in the said areas;

AND IN THE MATTER OF an application by Bayfield Pipeline Corp. for an Order granting leave to construct natural gas pipelines in the County of Huron and in the County of Middlesex.

BEFORE: Cynthia Chaplin
Vice Chair and Presiding Member

Paula Conboy
Member

ORDER

LEAVE TO CONSTRUCT NATURAL GAS PIPELINES

Tribute Resources Inc. ("Tribute") filed applications dated January 17, 2011, with the Ontario Energy Board (the "Board") under sections 36.1(1), 38(1), 40(1) and 90(1) of the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15, Schedule B (the "Act"). The applications allow Tribute to develop natural gas storage pools located in the geographic area of the County of Huron and in the County of Middlesex Ontario.

This is the Board's Order granting Bayfield Pipeline Corp. ("BPC") leave to construct pipeline application under section 90(1) of the Act.

BPC applied under section 90(1) of the Act to construct a proposed transmission pipeline ("Transmission Pipeline"). The Transmission Pipeline will connect the storage pools to Union Gas Limited's pipeline transmission system. The Transmission Pipeline is comprised of approximately 70 kilometres of 16 inch nominal size (NPS 16) pipeline that will connect the Lobo Station with the proposed BPC's Compressor Station and the Bayfield Station. Approximately 0.7 kilometres of NPS 12 pipeline will be required to connect the Stanley Station with the Transmission Pipeline at Lot 7, Concession 11 in the Municipality of Bluewater.

On December 21, 2012 the Board issued a Decision approving all the applications sought under Board File Nos. EB-2011-0076; EB-2011-0077; EB-2011-0078. This leave to construct Order is issued in accordance with the Board's December 21, 2012 Decision.

THE BOARD ORDERS THAT:

Bayfield Pipeline Corp. is granted leave to construct approximately 70 kilometres of 16 inch Nominal Size Pipe ("NPS") to connect the Lobo Station with the Compressor Station, and the Bayfield Station, and approximately 0.7 kilometres of NPS 12 to connect the Stanley Station with the rest of the storage transmission line at Lot 7, Concession 11 in the Municipality of Bluewater in the County of Huron and in the County of Middlesex, pursuant to subsection 90 (1) of the Act, subject to the Conditions of Approval set forth in Schedule 1 to this Order.

DATED at Toronto, December 21, 2012

ONTARIO ENERGY BOARD

Original Signed By

Kirsten Walli
Board Secretary

Bayfield Pipeline Corp.
Leave to Construct Application
EB-2011-0076
EB-2011-0077
EB-2011-0078
Conditions of Approval

1 General Requirements

- 1.1 Bayfield Pipeline Corp. ("BPC") shall construct the facilities and restore the land in accordance with its application and the evidence filed in EB-2011-0076; EB-2011-0077 and 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 December 31, 2015, unless construction has commenced prior to that date.
- 1.3 BPC 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 BPC shall advise the Board's designated representative of any proposed material change in construction or restoration procedures and, except in an emergency, BPC 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 BPC 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. BPC 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 BPC 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.

- 2.4 BPC 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 BPC 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 BPC 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, BPC 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. BPC 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 BPC'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 BPC 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 BPC 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.

6. Project Specific Conditions

6.1 Tribute shall report to the Board's designated representative:

- a) any material change to the project;
- b) any material change to the environmental conditions.

If there is no material change, a report to that effect shall be filed. The report shall be certified by the CEO of Tribute and filed prior to the start of any pipeline construction activities and again no later than 3 months after the start of pipeline construction activities.

6.2 Prior to the commencement of construction, BPC shall obtain all necessary road use agreements from the affected municipalities and shall notify the Board's designated representative that the agreements were executed.