

Market Hub Partners Management Inc. and AltaGas Ltd.
EB-2008-0002
Sarnia Airport Pool Development Project

Board Staff Proposed Standard
Conditions of Approval

Authorization to Inject, Store and Remove Gas

1. Operation of the Sarnia Airport Storage Pool
 - 1.1 Market Hub Partners Management Inc. and AltaGas Ltd. ("MHP and AltaGas") shall adhere to the evidence filed with the Board in the EB-2008-0002 and comply with applicable laws, regulations and codes to the satisfaction of the responsible agency pertaining to the construction, operation and maintenance of the proposed project and, without limiting the generality of the foregoing, MHP and AltaGas shall comply with the following specific requirements:
 - 1.1.1 Prior to commencement of any injection, storage or withdrawal operations, MHP and AltaGas shall conduct and file with the Board, Ministry of Natural Resources and any party or intervenor to these proceedings, a thorough evaluation of all subsurface activities and their potential impact on the integrity of storage facility as required by Section 7.2 of the CSA Z341.1-06, including assessment of:
 - a) existing or abandoned wells within 1km of the subsurface perimeter of the storage zone, including activities within those wells, such as fracture treatments;
 - b) existing operations within 5km radius of the proposed storage scheme, including operation, and minimum and maximum operating pressures; and
 - c) for any existing wellbore penetrating the storage zone, the integrity of the well, including casing inspections, cement inspections, and hydraulic isolation of the storage zone from any overlying porous zones provided that, should such evaluation identify any risk and / or specify necessary remedial work, MHP and AltaGas agrees to implement, complete, and maintain such works prior to commencement of any injection, storage, or withdrawal.
 - d) MHP and AltaGas shall file the Subsurface Assessment consistent with Section 7.2 of the CSA standard Z341.1-06 prior to the commencement of operation of the pool.

- 1.1.2 Prior to commencement of any injection, storage or withdrawal operations, MHP and AltaGas shall complete and file with the Board and the Ministry of Natural Resources the following plans and procedures as required by CSA Z341-02:

- 1.1.2.1 Operations and Maintenance Procedures (s 10.1.1)

- 1.1.2.2 Emergency Response Plan (s. 10.1.2)

and thereafter comply with any and all on-going obligations as required in respect of such procedures and plans pursuant to CSA Z341.1-06 or any successor version thereto.

- 1.1.3 MHP and AltaGas shall implement and comply with the schedule for pressuring of the designated storage area facility (delta pressuring) as set out in the pre-filed evidence.
- 1.1.4 MHP and AltaGas shall comply with the Proposed Reservoir Monitoring Program for Sarnia Airport Storage Pool submitted as a Schedule 7-1 in the pre-filed evidence.
- 1.2. Prior to commencement of any injection, storage or withdrawal operations, MHP and AltaGas shall obtain all the necessary storage rights within the Sarnia Airport Designated Storage Area.
- 1.3. MHP and AltaGas shall design, construct, operate, maintain and abandon the wells and facilities in accordance with the CSA Z341.1-06 Storage of Hydrocarbons in Underground Formations and in accordance with the *Oil, Gas and Salt Resources Act* and its regulations and operating standards.
- 1.4. MHP and AltaGas shall protect the integrity of the reservoir and ensure the safe operation of the Sarnia Airport Storage Pool by complying with the requirements of the Provincial Operating Standard, CSA Standard Z341.1-06 and any other applicable laws, regulations and codes.
- 1.5. MHP and AltaGas 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.
- 1.6. MHP and AltaGas shall not operate the Sarnia Airport Storage Pool above a maximum allowed operating pressure representing a pressure gradient of 15.8 kPa/m of depth to the top of the reservoir. MHP and AltaGas shall operate the Sarnia Airport Storage Pool at a pressure not greater than the discovery pressure of 4,014 kPa until the conditions of section 7.5.2. of

CSA Z341.1-06 are satisfied and leave of the Board is obtained.

- 1.7. MHP and AltaGas shall ensure that the construction, operation and maintenance of the Sarnia Airport Storage Pool do not affect the quality or supply of potable water. MHP and AltaGas shall conduct a water well test prior to and after the first cycle of gas storage and implement a Water Well Monitoring Program. In the event that the quality of the potable water is impacted by the construction, operation and maintenance of the Sarnia Airport Storage Pool, MHP and AltaGas shall provide adequate fresh water supplies to all affected landowners until the problem is rectified.
- 1.8. **Should MHP and AltaGas fail to commence injection before June 30, 2009 MHP and AltaGas 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.**
- 1.9. MHP and AltaGas 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 and AltaGas shall file with the Board documentation proving that the insurance coverage obtained as required by this condition.
2. General
 - 2.1 For the purposes of these conditions conformity of the Applicant with CSA Z341.01-06, 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 MHP and AltaGas 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, Facilities Applications.