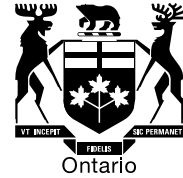


Ontario Energy  
Board

Commission de l'énergie  
de l'Ontario



**EB-2013-0289**

**IN THE MATTER OF** the Ontario Energy Board  
Act, 1998, Schedule B;

**AND IN THE MATTER OF** an application by Enbridge  
Gas Distribution Inc. to the Ministry of Natural  
Resources for a license to drill a well in the Kimball-  
Colinville Designated Storage Area.

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**REPORT OF THE BOARD**

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**November 7, 2013**

## **Application**

Enbridge Gas Distribution Inc. (the “Applicant” or “Enbridge”) filed an application dated June 6, 2013 with the Ministry of Natural Resources, Petroleum Resources Centre (the “MNR”) for a well drilling licence to drill one observation well (TKC #63, Moore 6-18-VIII) in the Kimball-Colinville designated storage area (“DSA”) ( the “Application”). The Application, including supporting pre-filed evidence and forms, was referred to the Ontario Energy Board (the “Board”) by the MNR on July 31, 2013, pursuant to section 40 of the Ontario Energy Board Act, 1998, S.O. 1998, c.15 (schedule B) (the “Act”). The Board has assigned File No. EB-2013-0289 to the Application.

The Kimball-Colinville DSA comprises approximately 1,780 hectares in area and was approved in November, 1963 under Board File No. EBO 5. Enbridge, in its Application requested that the Board, pursuant to section 40 of the Act, prepare a favourable report to the MNR for granting a well drilling licence in the Kimball-Colinville DSA. The report is binding on the Minister. The observation well does not require a pipeline to connect to the existing storage area and it will be used to monitor the gas content and pressure in the underground storage area.

Enbridge filed an earlier application with the Board (EB-2012-0060) to drill this particular well. On June 28, 2012 Enbridge received approval to drill this well as recommended by the Board in its Report to the MNR (“EB-2012-0060 Report”). The EB-2012-0060 Report recommended that the MNR issue a licence to drill TKC #63, Moore 6-18-VIII. On July 10, 2012, the MNR issued a licence, effective for 12 months starting July 9, 2012 (Licence 12161). Enbridge did not start drilling and Licence 12161 expired on July 9, 2013.

## **Proceeding**

The Board issued a Notice of Application dated August 20, 2013. Enbridge served and published the Notice as directed by the Board. There are no registered intervenors or observers in the proceeding. The Board proceeded by way of a written hearing.

On September 30, 2013 the Board issued Procedural Order No. 1 which set the schedule for a written proceeding including dates for Board staff submissions and a reply submission from Enbridge. In accordance with the Procedural Order No. 1, on

October 7, 2013 Board staff filed written submissions and Enbridge filed its reply submissions on October 10, 2013.

### **Evidence**

Licence 12161 expired on July 9, 2013. Enbridge stated in the Application that, "...it does not believe that we can spud<sup>1</sup> the well prior to the expiry date of July 9, 2013." Enbridge further stated that "Because the weather is unpredictable, there is no guarantee that the pad would be built, the rig moved onto location and the drilling operations commenced before the expiry of the existing well licence."

On September 25, 2013 Enbridge, by an e-mail to Board staff, which is part of the public record, proposed to start construction of the drilling pad "once the corn crop has been removed in mid-November". In the same e-mail, Enbridge stated that it plans to begin drilling in early December 2013 and will most likely finish drilling the well by the end of April 2014.

The only difference in the evidence filed in this Application and the approved application EB-2012-0060 is the evidence<sup>2</sup> demonstrating that the proposed location of the well is 8.7 metres north of the original surface location approved in EB-2012-0060.

The change in location is being made at the request of Mr. Oliver Smith, a directly affected landowner on whose land the well will be located. According to Enbridge's pre-filed evidence Mr. Smith requested "...that the well location be moved to better facilitate his changing farming operations." The new location is 8.7 metres north of the original surface location, while the east coordinate remains the same. Enbridge filed a revised location survey form in the pre-filed evidence.

The MNR stated in its e-mail communication dated July 31, 2013 with Board staff, and which is placed on public record, that "...we do not have any objection to the proposed location change." And it is ... "not aware of any changes in the location that would prohibit issuing a new drilling licence at this location."

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<sup>1</sup> In Ontario Regulation 245/97 entitled "Exploration, Drilling and Production" in Definitions section, on page 2, definition of "spud", with respect to a well, means the commencement of actual drilling of the well's surface casing hole using a cable tool or rotary drilling rig, but does not include activities to prepare a site for drilling the well, including installing a conductor pipe".

<sup>2</sup> Revised Location Survey: "Plan of Proposed Well" and Form 1 "Application for a Well Licence" were attached to the June 6<sup>th</sup>, 2013 letter from Enbridge to the MNR and forwarded to the Board by the MNR along with the referral letter.

Board staff, in its written submission, supported the request for the Board's approval of this Application. Board staff proposed standard conditions of approval to Enbridge for comment. Enbridge in its reply submissions stated that it had no concerns with the conditions proposed by Board staff.

### **Recommendation**

The Board recommends approval of the Application for the drilling licence TKC #63, Moore 6-18-VIII subject to the conditions of approval attached as Appendix "A" to this Report.

The four public interest considerations in an application to drill a well pursuant to section 40 (1) of the Act, namely: need, landowner, construction and environmental issues, have all been adequately addressed by Enbridge in the previous proceeding EB-2012-0060. As such, as there are no material changes to the Application from the previous proceeding other than the movement of the well at the request of a directly affected landowner, the Board has determined that the public considerations have been met.

In Ontario, the MNR is the agency overseeing the technical and safety aspects of gas storage pool development and operation including drilling and operation of wells in DSAs. *Oil, Salt and Gas Resources Act* and the related regulation, *CSA Z341 "Storage of Hydrocarbons in Underground Formations"* ("CSA Z341") and *Gas and Salt Resources of Ontario, Provincial Operating Standards, Version 2.0* (the "Provincial Standards") provide a comprehensive framework for the MNR to oversee all of the design, drilling, technical and safety aspects of well drilling and operation in designated storage pools. Accordingly, the condition 4.1, in the Appendix A of this report, specifically states that the applicant is expected to follow the requirements of the CSA Z341 to the satisfaction of the MNR. This condition encompasses the Drilling Procedure, a Casing Program and well head design specifications for the proposed observation well.

The EB-2012-0060 Report addressed the technical expertise and capability of Enbridge to safely drill the well, to maintain geological integrity of the designated storage pool, to ensure environmental protection of affected lands, and minimize adverse impacts on affected landowners. This report adopts the recommendations presented in EB-2012-0060 Report based on the fact that no other change except for minor northern shift in a

surface drilling location is proposed by Enbridge. The Board also notes that the MNR put on the record that it has no outstanding issues or concerns with this application.

### **The Conditions of Approval**

The Board has attached a standard set of conditions of approval to this report as Appendix "A". The conditions address the general requirements for the well drilling licence such as term and transferability, compensation to landowners for damages, as well as construction, monitoring, reporting and communication requirements.

**ISSUED** at Toronto, November 7, 2013

### **ONTARIO ENERGY BOARD**

*Original signed by*

Cathy Spoel  
Presiding Member

**APPENDIX A**  
**TO**  
**REPORT OF THE BOARD**  
**BOARD FILE NO. EB-2013-0289**  
**WELL DRILLING LICENCE APPLICATION**  
**CONDITIONS OF APPROVAL**  
**DATED: November 7, 2013**

**Enbridge Gas Distribution Inc.**  
**EB-2013-0289**

**Conditions of Approval**

**Well Drilling Licence**

**1. General Requirements**

- 1.1. Enbridge Gas Distribution Inc. (“Enbridge”) shall rely on the evidence filed with the Board in EB-2013-0289 proceeding and comply with applicable laws, regulations and codes pertaining to the construction of the proposed well.
- 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 Enbridge is not transferable to another party without leave of the Board. For the purpose of this condition another party is any party except Enbridge Gas Distribution Inc.

**2. Construction Requirements**

- 2.1. Enbridge shall construct the facilities and restore the land in accordance with its Application and evidence given to the Board, except as modified by this Order and these Conditions of Approval.
- 2.2. Enbridge shall ensure that the movement of equipment is carried out in compliance with all procedures filed with the Board, and as follows:
  - i) Enbridge 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. Enbridge 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.

**3. Monitoring and Reporting Requirements**

- 3.1 Both during and after construction, Enbridge 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. Enbridge 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 Enbridge'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 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 CSA Z341-10, shall be to the satisfaction of the Ministry of Natural Resources.
- 4.2 Enbridge 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.