



# **ONTARIO ENERGY BOARD**

## **STAFF SUBMISSION**

**Union Gas Limited**

**EB-2014-0306**

**January 13, 2015**

## Application

The Ontario Energy Board (Board) received an application from Union Gas Limited (Union) on October 1, 2014 under 38(1) and 40(1) of the *Ontario Energy Board Act, 1998* (Act) for leave to operate its Oil City, Oil Springs East and Enniskillen 28 natural gas storage pools (Pools) at a maximum pressure gradient of 17.2 kPa/m (0.76 psi per foot) as permitted under the CSA Standard Z341.1-14<sup>1</sup> “*Storage of hydrocarbons in underground formations*” (CSA Z341). As part of that application Union requests that the Board vary the following condition of approval in its Decision EB-2008-0038<sup>2</sup> dated July 10, 2008 and Decision EB-2009-0144<sup>3</sup> dated July 31, 2009:

*“Union Gas Limited shall not operate the storage pool above a pressure representing a pressure gradient of 0.73 psi per foot of depth without leave of the Board. Union Gas Limited shall file an engineering study and a geological study in support of any leave application.”*

Union requests that the above wording be varied to increase the operating pressure gradient from 0.73 psi per foot to 0.76 per foot.

The Pools are located in the Townships of St. Clair and Enniskillen, Lambton County. The evidence provided by Union indicates that the increase in operating pressure will also increase the storage capacity of the Pools. Subject to obtaining the Board’s approval, Union plans to start operating at the increased operating pressure in the summer of 2015.

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<sup>1</sup> This standard is promulgated by the Canadian Standards Association (“CSA”).

<sup>2</sup> The EB-2008-0038 application by Union Gas Limited dealt with operating pressures in Enniskillen 28 (EBRM 95), Oil Springs East (EBRM 167), Payne (EBRM 98) and Dow A (EBRM 172) Pools.

<sup>3</sup> The EB-2009-0144 application by Union Gas Limited dealt with increasing operating pressures of Bentpath East Pool (EBO 206), Oil City Pool and Bluewater Pool (RP-1999-0047).

## Proceeding

The Board issued a Notice of Application on October 31, 2014 (Notice). Union posted and served the Notice in accordance with the Board's directions to all affected landowners within the Pools, all owners and operators of rail lines, telecommunications and other utilities affected by Union's proposal; the Clerks of the Township of St Clair, the Township of Enniskillen and Lambton County; and the Ministry of Natural Resources and Forestry, Petroleum Operations Section (MNR). Enbridge Gas Distribution Inc. requested and was granted intervenor status. On December 18, 2014 the Board issued a procedural order setting the timeline for written submissions following the filing of interrogatories and responses. No party filed interrogatories.

## Board Staff Submissions

Board staff submits that the main consideration in the Board's review of applications of this nature for an increase in the maximum operating pressure of storage pools, is the operator's compliance with the applicable sections of CSA Z341. This falls under the authority of the MNR. Union is expected to communicate directly with the MNR to demonstrate compliance with the CSA Z341 to ensure safe operations of its storage. Union stated, in its pre-filed evidence, that it has filed with the MNR the required studies and reports in support of its compliance with CSA Z341. Union's evidence indicates that the following technical information has been provided to the Petroleum Resources Section of the MNR:

- Engineering studies completed by Geofirma Engineering Ltd. confirming that the maximum safe operating pressure exceeds 0.76psi/ft (17.2 kPa/m) for each of the pools. Union noted that the approach used by Geofirma is consistent with previous studies completed for other storage pools (e.g. Bentpath, Rosedale, Dawn 167 and Dawn 47-49) currently operated at the elevated pressure gradient of 0.76 psi/ft (17.2 kPa.m).

- A review of each pool as prescribed by CSA Z341 Clause 7.2 assessing: a) wells within 1 kilometre; b) operations within 5 kilometres and; c) the integrity of all wells penetrating the storage zone.
- An analysis of hazards and operability issues for each of the storage pools.

Board staff submits that the MNR has not provided any concerns about Union's request in operating pressure. In fact despite being served with the Notice, the MNR chose not to participate in the proceeding or provide any comments.

By way of reply submissions Board staff requests that Union provide a copy of the correspondence from the MNR that confirms that the required technical information regarding compliance with applicable CSA Z341 standards related to maximum operating pressure, has been received by the MNR and that it is to the satisfaction of the MNR.

Union also submitted that all directly affected landowners were contacted and informed about the application and that no directly affected landowner has raised any concerns related to increasing the maximum operating pressure increase. Further, Union submitted that there are no environmental impacts as a result of the proposed changes in operating pressure.

In accordance with CSA Z341, emergency shut-down valves that isolate the storage facility from the transmission pipeline are currently in place at each pool station with remote operation from the Dawn Operations Centre.

Union's evidence is that the requested increase in the Pool pressures is within the limits as prescribed by CSA Z341. Union confirmed that the Pools will continue to be operated in compliance with all required codes and regulations.

Provided that the Board receives confirmation that the MNR is satisfied with compliance with CSA Z341, Board staff supports the application and submits that the following wording, proposed by Union, be used to vary the Board's condition of approval in EB-2008-0038 and EB-2009-0144 decisions:

*Union Gas Limited shall not operate the storage pool above a pressure representing a pressure gradient of 17.2 kPa/m (0.76 psi/f) of depth without leave of the Board. Union Gas Limited shall file an engineering study and geological study in support of any leave application.*

- All of which is respectfully submitted -