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BY EMAIL

April 10, 2015

Ms. Kirsten Walli OEB
Secretary Ontario
Energy OEB P.O. Box
2319
2300 Yonge Street, Suite 2700
Toronto ON M4P 1E4

Dear Ms. Walli:

**Re: OEB Staff Submissions: Application for Enbridge Gas Distribution Inc. for
Drilling Wells within Wilkesport Designated Storage Area
OEB File No: EB-2014-0378**

Pursuant to Procedural Order No. 1 dated March 19, 2015, please find attached
OEB staff's submissions for the above proceeding.

Yours truly,

Originally Signed By

Zora Crnojacki
Project Advisor



OEB STAFF SUBMISSIONS

**Enbridge Gas Distribution
Application for
Well Drilling Licences (EB-2014-0378)**

April 10, 2015

The Application

On December 17, 2014, Enbridge Gas Distribution Inc. (Enbridge) applied to the Ministry of Natural Resources and Forestry (MNRF) for licences to drill two horizontal Injection/Withdrawal (I/W) wells within the Wilkesport designated storage area (Wilkesport Pool). Pursuant to section 40 of the *Ontario Energy OEB Act, 1998* (Act), the Minister of MNRF referred the application to the Ontario Energy OEB (OEB) on January 29, 2015 for a report (OEB Report).

Enbridge applied for licences to drill and operate the following two I/W wells in the Wilkesport Pool:

- TW#15(Horiz.#1), Sombra 3-15-XIII
- TW#16(Horiz.#1) Sombra 3-15-XIII

Process

On February 11, 2015 the OEB issued a Notice of Application (Notice). The Notice was served and published as directed by the OEB.

On March 19, 2015 the OEB issued Procedural Order No. 1 which set the schedule for a written proceeding including dates to file interrogatories, interrogatory responses, submissions, and a reply submission from Enbridge.

Evidence

The planned in-service date for the proposed wells is July 31, 2015 which corresponds to the start of the injection season.

The need for the new I/W wells is, according to Enbridge, to replace the deliverability loss resulting from abandoning five I/W wells in the Wilkesport Pool. Out of these five wells, two were abandoned in 2014 and three will be abandoned in 2015.

In its application Enbridge stated that there are no outstanding landowners matters related to the two proposed wells. The wells will be located on Enbridge's property. Access to the well locations will be by an abandoned public road allowance. According to Enbridge, two properties adjacent to this road will not be directly affected. Enbridge notified the owners of the adjacent properties of the project and will continue to inform the landowners on the scope of the work.

In response to OEB staff interrogatory #3, Enbridge indicated that it had

completed several studies to address potential environmental impacts of well drilling operations and mitigation and land restoration measures. Enbridge included copies of the following studies in response to the interrogatory: (i) Baseline Private Water Well Monitoring Program – completed by Stantec Consulting Ltd. on February 24, 2015 (ii) Environmental Report Update Letter for Enbridge's Wilkesport Natural gas storage wells TW 15H and TW 16H – completed by Stantec Consulting Ltd. on February 13, 2015 (iii) The 2014 Stage 1-2 Archaeological Assessment of the Proposed Enbridge Gas Distribution Inc. Wilkesport Storage Well Project, Part of Lot 15, Concession 13, Geographic Township of Sombra, The Corporation of the Township of St. Clair, Lambton County, Ontario by Dillon Consulting Limited – completed on January 22, 2015. Enbridge confirmed that it would follow the recommendations of these studies to ensure mitigation and land restoration measures are implemented and private water wells are protected.

OEB staff interrogatory #2 asked Enbridge to file any communication with the MNRF. Enbridge responded on March 31, 2015 that the MNRF did not communicate any concerns with the application. Enbridge filed with the OEB a copy of an email dated April 8, 2015 between the MNRF and Enbridge in which the MNRF noted the following:

- The MNRF requires Enbridge to meet the requirements of CSA Z341 "Storage of Hydrocarbons in Underground Formations" (CSA Z341).
- The MNRF has no concerns with the proposed drilling programs filed with the application.
- The MNRF asked Enbridge if an assessment per CSA Z341 (2014) section 7.1 Risk Assessment (Risk Assessment) was completed.

Enbridge filed with the OEB an email dated April 9, 2015 addressed to the MNRF which confirmed that the Risk Assessment was completed and that it would submit it to the MNRF for review.

OEB Staff Submissions

OEB staff submits that OEB Report should support the issuance by the MNRF of a well drilling licences subject to proposed conditions of approval and a satisfactory review of Risk Assessment by the MNRF. The proposed conditions of approval relate to the authority to issue the licence and the term of the drilling licence, certain construction requirements, monitoring and reporting of any mitigation for construction impacts, and state that Enbridge should conform to the CSA Z341 standards to the satisfaction of the MNRF.

OEB staff submits that Enbridge adequately addressed the need for the wells as well as satisfying OEB staff that there are no landowner, construction and environmental issues. Regarding the requirements of CSA Z341, OEB staff notes that the MNRF has indicated that it has no concerns with the drilling programs and that the MNRF will review the Risk Assessment against the requirements of CSA Z341.

In response to OEB staff interrogatory #4, Enbridge confirmed that it did not have any concerns or comments on the draft conditions of approval. OEB staff has made some amendments to the draft conditions of approval that were proposed through the interrogatories. These amendments are intended to clarify the role of the MNRF in issuing a licence based on an OEB Report that includes these conditions. OEB staff asks Enbridge to confirm in its reply submission that it does not have any concerns or comments on the amended conditions of approval attached to this submission. Prior reports from the OEB to the MNRF for well licences have included standard conditions of approval of this nature.

OEB staff respectfully submits that a favourable OEB Report, under subsection 40(1) of the Act, be provided to the MNRF to whom Enbridge has applied for licences to drill two proposed I/W wells in the Wilkesport Pool, subject to the proposed conditions of approval attached as Appendix A of this submission and a satisfactory review of Risk Assessment study by the MNRF.

All of which is respectfully submitted.

APPENDIX A

OEB STAFF PROPOSED CONDITIONS OF APPROVAL

**LICENCES TO DRILL TWO WELLS IN WILKESPORT
DESIGNATED STORAGE AREA**

**Enbridge Gas Distribution Inc.
EB-2014-0378****OEB Staff Proposed Conditions of Approval
Well Drilling Licences Application****1. General Requirements**

- 1.1. Enbridge Gas Distribution Inc. (Enbridge) shall rely on the evidence filed with the OEB in EB-2014-0378 proceeding and comply with applicable laws, regulations and codes pertaining to the construction of the proposed wells.
- 1.2. For a period of twelve months from the date of the OEB Report to the Ministry of Natural Resources and Forestry (MNRF), the MNRF can issue the drilling licences to Enbridge pursuant to the OEB's Report.
- 1.3. The authority granted to Enbridge under the drilling licence is not transferable to another party. 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 OEB, except as modified by the OEB Report to the MNRF 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 OEB, 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 OEB. 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, Enbridge shall conform with CSA Z341 to the satisfaction of the Ministry of Natural Resources and Forestry.
- 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 and Forestry, the OEB and to all appropriate landowners.
- 4.3 The OEB's designated representative for the purpose of these Conditions of Approval shall be the Manager, Natural Gas Applications.