

**ONTARIO ENERGY BOARD**

**IN THE MATTER OF the Ontario Energy Board Act, 1998, S.O.1998, c.15, Schedule B;**

**AND IN THE MATTER OF an Application by Pembina Infrastructure and Logistics LP for a permit to drill hydrocarbon injection and withdrawal wells within the vicinity of the Moore 3-21-XII Designated Storage Area and to expand the storage capacity at the Corunna Storage Terminal;**

**AND IN THE MATTER OF Ontario Energy Board File Number EB-2015-0032**

**Responses of Pembina Infrastructure and Logistics LP  
to Interrogatories of Ontario Energy Board**

**Interrogatory #1**

- Reference:** Pre-filed Evidence: Page 4 section 1.0. Introduction; page 5, 6, section 4.0 Expansion Scheme; Appendix H; Project Specific Information Package
- Preamble:** Pembina applied to convert Cavern 45 and 10 other unused salt caverns to storage (Conversion Project). Pembina plans to complete the Conversion Project within next 15 years. Except for Cavern 45, Pembina did not provide in-service dates or conversion schedule over the 15 year period.
- Question/  
Request:** Please provide Conversion Project schedule including regulatory approvals, well drilling start, completion and in-service for each of the proposed caverns.
- Response:** On page 6 of Pembina's Storage Cavern Expansion Scheme Application ("Application"), Pembina stated that it had not confirmed a conversion schedule for the Proposed Caverns<sup>1</sup> other than for Cavern 45. At this time, Pembina does not have a detailed Conversion Project schedule including regulatory approvals, well drilling start, completion and in-service date for each of the Proposed Caverns.
- As stated in the Application, the MNR must refer Pembina's Application for conversion of Cavern 45 to the Ontario Energy Board ("OEB") since the point of injection being proposed for Cavern 45 is within 1.6 kilometers of an area designated under the Ontario Energy Board Act 1998, SO 1998, c. 15, Sch B (a "Designated Area").
- Pembina understands that the MNR referral process would be the same for the other ten Proposed Caverns because the points of injection for each cavern would also be within 1.6 kilometers of a Designated Area. However, in light of this referral process and in order to minimize the administrative burden and streamline the future regulatory permitting process for the remaining ten Proposed Caverns under the Storage Cavern Expansion Scheme, Pembina seeks approval from the OEB of the Application such that although the requisite Applications for Conversion to Storage for each Proposed Cavern for each Proposed Cavern will be made to the MNR for each of the ten remaining Proposed Caverns at the relevant times, the MNR could issue the requisite permits and licenses without referring the

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<sup>1</sup> After performing an assessment of all 14 Suspended Caverns at the Corunna facility, Pembina identified 11 Suspended Caverns (the "Proposed Caverns") as having good potential for conversion to storage (as further defined on p. 3 of Pembina's Application).



applications to the OEB. The OEB has historically and previously granted these blanket approvals, as shown in Provident's OEB's original approval for the Corunna Facility.

If the OEB were to approve the Application as outlined above, Pembina would notify the OEB when an Application for Conversion to Storage for each Proposed Cavern made under the Scheme was submitted to the MNR. Pembina intends to notify the OEB to ensure the OEB is continually informed of the work in relation to the approved Scheme and Pembina's Corunna Facility.

## Interrogatory #2

**Reference:** Appendix J, Form 7s for all of Pembina's Suspended Brine Mining Caverns

**Preamble:** Pembina included copies of applications to the Minister of Natural Resources for well drilling licences Form for all of the caverns in the Conversion Project. Except for Cavern 45, the evidence does not contain specific information in support of drilling licence applications.

Ontario OSGRA, Regulation 245/97, "Exploration, Drilling and Production" sets, among other things, terms for expiration of a well licence on the first anniversary of the date of issue.

**Question/  
Request:**

- a) Please confirm that all of the Form 7s included in Appendix J were filed for processing with the Ministry of Natural Resources and Forestry ("MNR").
- b) Please explain Pembina's understanding of regulatory framework for processing and approving of all well drilling applications at this time.
- c) Please indicate the sections in the evidence directly related to each well drilling licence application in the Appendix J.

**Response:**

- a) As all the Cavern entry wells at the Corunna Facility were drilled and completed before Pembina's purchase of the Provident assets, Pembina is unable to confirm that they were previously sent by the previous owner to the MNR for processing.

When Pembina spoke with the MNR prior to filing the Application, the MNR indicated that although the Form 7s were already on file with them, the MNR requested Pembina to file new versions of the Form 7s that were originally filed. Due to the low quality of some of the original Form 7s filed by Provident, and, as part of Pembina's due diligence, Pembina ensured the Form 7s submitted as a part of Pembina's Application were higher quality for ease of reading. Because they are new versions of old Form 7s, they are dated December 14, 2014 (i.e. the date Pembina revised the old Form 7s).

The majority of the Form 7's supplied by Pembina in its Application were updated versions of old Form 7's that were provided with the records and documentation supplied by Provident to Pembina when Pembina purchased Provident's assets. Other Form 7's were created by Pembina from information in the Ontario Oil, Gas & Salt Resources Library. As noted above, since all the Cavern entry wells at the Corunna Facility were drilled and completed prior to Pembina's purchase of the Provident assets, Pembina is unable to confirm they were previously sent to the MNR for processing. Pembina can, however, confirm that when Pembina submitted its Application, the MNR received a copy of same for their information and records.

- b) Form 7s are Drilling Completion Forms that are to be provided to the MNR within 60



days of boring, drilling, deepening, workover, stimulation, plug-back or recasing. When Pembina submitted the Form 7s as Appendix J of its Application, Pembina was not asking the MNR to process these forms as though these wells had recently been completed. Pembina only submitted the Form 7s to meet the MNR's previous request. Pembina did not intend to suggest to the MNR that it recently completed wells on the suspended caverns and confirms that no such activities have taken place at the Corunna Facility without the requisite approvals.

Pembina understands the regulatory framework for processing and approving wells. Pembina will submit completed Form 1s to the MNR for each new proposed well as it determines the timing for converting each Proposed Cavern. Pembina understands that under the *Exploration, Drilling and Production Regulation*, a well licence expires one year after it is granted if the well is not spudded in that year. As Such, Pembina intends to time applications for new well licences accordingly. Currently, all planned future well license(s) will be submitted with a copy of a land survey, directional plan and drilling outline for review and acceptance prior to issuing well license. Any drilling program will be executed following CSA Z341.14 and the OGSR of Ontario Provincial Operating Standards Version 2.0.

Pembina is currently drafting its drilling program to supply to the MNR for their review while this Application is in process. Pembina will complete and file all regulatory paperwork/requirements and will await approval from the MNR prior to proceeding with any related activities.

- c) Each Form 7 provided in Appendix J to the Application relates to one of Pembina's suspended brine mining caverns listed in the table on page 4 of the Application.

### Interrogatory #3

<b>Reference:</b>	Application page 6, section 4.0. Expansion Scheme
<b>Preamble:</b>	Pembina undertook to file with the MNRF an Application for Conversion to Storage prior to injecting the hydrocarbons and placing in-service each of the proposed caverns.
<b>Question/ Request:</b>	Please describe the content of an Application for Conversion to Storage and if well drilling licence applications evidence will be part of these applications.
<b>Response:</b>	<p>Pembina's Application for Conversion to Storage for each Proposed Cavern under the Storage Cavern Expansion Scheme will be very similar to the Application Pembina filed on January 22, 2015. Pembina anticipates that the Application for Conversion to Storage for each Proposed Cavern would, at a minimum, include information pertaining to the:</p> <ul style="list-style-type: none"><li>• Existing Facility;</li><li>• Storage Development Scheme;</li><li>• Notification Requirements (industry, public notification etc.);</li><li>• Geology;</li><li>• Drilling and Completion;</li><li>• Storage Operations;</li><li>• Technical Data Summary;</li><li>• Groundwater Protection;</li></ul>



- Noise;
- Emergency Response Plan;
- Risk Assessment;
- Geomechanical Assessment;
- Suitability Discussion;
- Plot Plans;
- Cement Bond Logs;
- Sonar Logs;
- Casing Inspection Log;
- Mechanical Integrity Test Report;
- EPZ Map; and
- Wellbore Schematic.

And any other information the MNR would request.

#### **Interrogatory #4**

**Reference:** Appendix F, Letter of Non-Objection from Enbridge Inc.

**Preamble:** In a letter dated October 27, 2014 Enbridge Gas Distribution Inc. ("EGDI") expressed no objection to the drilling and plugging the wells in the Cavern 45, if Pembina comply with the current CSA 341 standards.

**Question/  
Request:** Please describe any comments from EGDI regarding the proposed conversion of other 10 caverns over the next 15 years? Please file copies of communication with EGDI regarding this matter.

**Response:** While Pembina is not authorized to speak for EGDI, please find attached as Appendix A the following documentation:

- On October 22, 2014, Pembina sent a letter by e-mail to EGDI notifying EGDI of our proposed Application and respectfully requested consent of the work mentioned in the letter.
- On October 27, 2014, Pembina received a letter by e-mail from EGDI notifying Pembina that they had no objection to the drilling of the two wells into Cavern 45, as further outlined in Pembina's October 23, 2014 correspondence.
- On February 3, 2015, Pembina sent a letter by e-mail to EGDI notifying EGDI of the proposed conversion of the other 10 caverns over the next 15 years.
- On February 3, 2015 Pembina received by e-mail a second letter of non-objection from EGDI regarding Pembina's February 3, 2015 correspondence.
- On February 17, 2015 Melissa Lundy, Regulatory Advisor for Pembina followed up with EGDI by phone to discuss EGDI's second letter of non-objection. Pembina's discussion with EGDI was forwarded to the OEB and MNR by e-mail on February 17, 2015 to ensure they were aware of the details of this conversation.
- On March 12, 2015 Enbridge received a copy of the completed Notice, the location



map, Project Specific Information Package and an electronic copy of Pembina's Application and evidence by registered mail, as outlined in Pembina's correspondence to the OEB on March 19, 2015.

#### **Interrogatory #5**

**Reference:** Letter filed by Pembina, dated May 8, 2015

**Preamble:** In a letter to the OEB, dated May 8, 2015 Pembina outlined its consultation with the Aamjiwnaan First Nations ("AFN") from October 28, 2014 to May 5, 2015.

**Question/  
Request:**

- a) Please identify concerns raised in the consultation with the AFN?
- b) How is Pembina planning to continue consultation and address the concerns raised by AFN?

**Response:**

- a) AFN identified concerns that the proposed caverns were located beneath their lands. Other AFN concerns included an increase in traffic to the area during drilling operations.

- b) Pembina representatives met with the AFN Environmental committee on May 5, 2015 to discuss the above mentioned concerns. Pembina representatives explained that none of the activities contained in Pembina's Application are not located under the AFN reserve and all proposed expansion would take place on property/leases currently owned/occupied by Pembina. Pembina staff also explained that traffic increase would be minimal and temporary in duration.

In addition to the above mentioned meeting, Pembina has made many efforts since last fall to ensure open communication with AFN, through other meetings, phone calls, notification letters, open house invites, etc. Through this communication we strive to achieve understanding of any concerns or questions that the AFN have in regards to the Application.

Pembina will continue to meet with and address any concerns or questions raised by the AFN. Pembina is committed to maintaining the positive relationship it has with AFN through direct engagement and open and transparent communication. As part of our ongoing commitment to stakeholder and First Nations engagement, Pembina will follow-up with AFN to ensure requests and/or concerns are addressed and mitigated where appropriate as they become known.