

Ontario Energy
Board

Commission de l'énergie
de l'Ontario



EB-2014-0378

**REPORT OF THE ONTARIO ENERGY BOARD
TO THE MINISTER OF NATURAL RESOURCES AND FORESTRY
APPLICATION BY ENBRIDGE GAS DISTRIBUTION INC. TO DRILL WELLS IN THE
WILKESPORT DESIGNATED STORAGE AREA**

Before: Cathy Spoel, Presiding Member

Date: June 4, 2015

Introduction

The Ontario Energy Board (OEB), by way of this Report, recommends that the Minister of Natural Resources and Forestry (MNR) grant Enbridge Gas Distribution Inc. (Enbridge) licences for two horizontal Injection/Withdrawal (I/W) wells in Enbridge's Wilkesport designated storage area (Wilkesport Pool).

Application

On December 17, 2014, Enbridge applied to the MNR for licences to drill two I/W wells within the Wilkesport Pool. Section 40(1) of the *Ontario Energy Act, 1998* (Act), requires the MNR to refer the application for the granting of a licence to drill a well in a gas storage area to the OEB and the OEB to report on it.

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

- T.W.#15(Horiz.#1) Sombra 3-15-XIII
- T.W.#16(Horiz.#1) Sombra 3-15-XIII

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

Process

On February 11, 2015 the OEB issued a Notice of Application (Notice). The Notice was served and published as directed by the OEB. There are no intervenors. The OEB proceeded by way of written hearing. The process included interrogatories, and written submissions by OEB staff and Enbridge.

Scope of the Review

The review of the application included an examination of the need for the proposed well, geological evidence related to the well location, the proposed drilling program, the technical capability of an applicant to conduct the drilling in accordance with applicable standards and codes, and environmental and landowner matters.

Evidence

Need

The need for the new I/W wells is the result of having to replace the deliverability loss resulting from abandoning five I/W wells in the Wilkesport Pool. Two of these five wells were abandoned in 2014 and three will be abandoned in 2015. All five wells are located within a flood plain and access to the wells is impeded; hence the need to abandon them..

Legal and Regulatory Requirements

The MNRF is the provincial authority that oversees the implementation of Canadian Safety Authority standards. Enbridge confirmed that it will conduct the drilling to meet the requirements of CSA Z341 (Storage of Hydrocarbons in Underground Formations). The MNRF had no concerns with the details of the drilling programs filed with the application. In the course of the proceeding the MNRF asked that Enbridge file for MNRF's review a Risk Assessment Study as required by section 7.1 of the CSA Z341. In final submissions Enbridge confirmed that it completed a Risk Assessment Study and will be reviewing it with the MNRF. Enbridge's evidence is that the wells will be designed, constructed, operated, maintained and abandoned in accordance with the *Occupational Health and Safety Act* and its Regulations and the Oil, Gas & Salt Resources Act and its Regulations.

Environmental Impacts

Enbridge completed several studies to address potential environmental impacts of well drilling operations and mitigation and land restoration measures. Enbridge confirmed that it will follow the recommendations of these studies to ensure mitigation and land restoration measures are implemented and private water wells are protected.

Landowner Matters

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. The two properties adjacent to this road allowance 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.

Recommendation

The OEB recommends approval of the application for the well drilling licences in the Wilkesport Pool:

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

The OEB finds that Enbridge is technically competent to undertake the planned drilling program and the proposed well completion activities. The OEB also notes that Enbridge adequately addressed the need for the wells and that there are no outstanding construction, environmental nor landowner issues.

This recommendation is subject to the OEB conditions of approval attached in Schedule 1 to this Report and a satisfactory review of the Risk Assessment Study by the MNRF. The 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 of construction impacts, and state that Enbridge shall conform to the CSA Z341 standards to the satisfaction of the MNRF.

DATED at Toronto, **June 4**, 2015

ONTARIO ENERGY BOARD

Original Signed By

Kirsten Walli
Board Secretary

Schedule 1

EB-2014-0378

Conditions of Approval

DATED: June 4, 2015

EB-2014-0378
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 proceeding EB-2014-0378 and comply with applicable laws, regulations and codes pertaining to the construction of the proposed wells.
- 1.2. Authorization for the issuance of the drilling licences is limited to twelve months from the date of the OEB's Report to the Ministry of Natural Resources and Forestry.
- 1.3. The authority granted under this Order to Enbridge is not transferable to another party without leave of the OEB. 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 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 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 landowner's 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, conformity of Enbridge with CSA Z341, shall be 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.