

BY E-MAIL AT BoardSec@ontarioenergyboard.ca
TWO HARD COPIES AND MEMORY STICK BY COURIER

April 29, 2016

Ontario Energy Board
Applications Division
PO Box 2319
#2700, 2300 Yonge Street
Toronto, Ontario M4P 1E4

Attention: Mr. John Pickernell
Application Administration

Dear Mr. Pickernell:

Re: Pembina Infrastructure and Logistics LP ("Pembina")
Application for Well Drilling Licences within 1.6 km of the Dow Moore Storage Pool (the "Application")
Application Amendment
Board File No.: EB-2015-0032

On February 6, 2015, Pembina filed the Application with the Ontario Energy Board ("OEB") seeking OEB approval to conduct certain operations at Pembina's Corunna Storage Facility (the "Corunna Facility"). In March 2015 the OEB set down proceeding EB-2015-0032 in accordance with various Procedural Orders (the "Proceeding"). From March through to September 2015 Pembina and various intervenors participated in the Proceeding. On September 9, 2015 Pembina requested that the Proceeding be held in abeyance while Pembina completed certain technical assessments intended to address certain concerns the Ministry of Natural Resources ("MNRF") had with the Application.

On September 11, 2015 the OEB granted Pembina's abeyance request until such time as the technical assessments were complete and filed with the OEB. Pembina filed these technical assessments: a Geomechanical Assessment¹ and a Risk Assessment², on March 23, 2016 and April 29, 2016, respectively.

The Application

In the Application, Pembina applied pursuant to the *Oil, Gas and Salt Resources Act*³ (the "OGSRA") for the following relief:

- i. a licence, or licences, to convert Cavern 45 at the Corunna Facility by abandoning the current entry well and drilling two new entry wells; and

¹ Filed with the OEB on March 28, 2016 and titled *Operational and High-Level Geomechanical Review of Pembina NGL Canada's Sarnia Cavern Storage Facility* prepared by RESPEC

² Filed the Risk Assessment – Cavern 45 Re-drill, Cavern 45 Assessment of Neighboring Activities and Pembina Corunna Storage Terminal Hazard and Quantitative Risk Assessment with the OEB on April 29, 2016

³ RSO 1990, C.P.12, as amended.



- ii. a permit, or permits, to expand the current storage capacity in existing salt solution mined caverns at the Corunna Facility, by converting 11 currently unused caverns (including Cavern 45) to hydrocarbon storage within the next fifteen years (the “Proposed Caverns”).

In seeking this relief, Pembina intended to first obtain the requisite licenses and permits under the *OGSRA* and then over the next fifteen years convert the Proposed Caverns to hydro-carbon storage. However, given certain requirements contained in the *Exploration, Drilling and Production*⁴ Regulation (the “EDP Regulation”),⁵ Pembina no longer seeks permits authorizing the expansion, by way of converting the 11 Proposed Caverns, of the current hydro-carbon storage capacity at the Corunna Facility.

Application Amendment

In light of this, and in accordance with Rule 11 of the *OEB Rules of Practice and Procedure*, Pembina is now amending the Application so as to no longer seek the relief outlined in (ii) above. Instead, Pembina seeks only the license, or licences, outlined in (i) above in respect of abandoning the current entry well and drilling two new entry wells into Cavern 45.

As mentioned in Pembina’s Interrogatory Responses to the OEB, dated August 12, 2015, Pembina is aware that receiving approval of the Application, as amended, is the first step in the regulatory process required to convert Cavern 45 from a suspended state into a state permitting hydrocarbon storage. Pembina will comply with the requirements of CSA Z341 Section 5.7 Well Conversion and in due course will submit an Application to the MNRF pursuant to EDP Regulation for a permit to convert Cavern 45 to hydro-carbon storage. This secondary application process and receipt of the requisite permit from the MNRF, will occur prior to Pembina placing Cavern 45 into service.

Relief Requested

Having very recently filed with the OEB both the Risk Assessment and the Geomechanical Assessment in support of the Application, Pembina now requests that the OEB remove the Proceeding from Abeyance.

The Risk Assessment comprehensively identifies and addresses all hazards, both surface and subsurface and the Geomechanical Assessment has been updated and addressees the CSA Z341-14 standards. Accordingly, Pembina respectfully submits that the Application, as amended, now addresses the concerns the MNRF had with the Application.

Pembina respectfully requests that the OEB now take the Proceeding out of Abeyance. Further, in light of the very recent filing of the Risk Assessment and Geomechanical Assessment as well as the amendment to the Application outlined above, Pembina also kindly requests that the OEB issue a Procedural Order setting out new dates for interrogatories on the above referenced new material and the Application amendment; the subsequent filing of submissions; and any other procedural steps the OEB deems necessary.

Stakeholder Notifications

Pembina is committed to sharing information related to its planned projects so potentially affected parties or individuals with interests in the area are and remain informed of our proposed activities. Pembina first sent stakeholders Information Packages relating to the Application in January 2015. In light of the amendment to

⁴ *O.Reg. 245/97.*

⁵ Notably, section 3 of the EDP Regulation.



the Application, in April 2016 Pembina sent out updated Information Packages to all interested parties, including landowners immediately adjacent to the Corunna Facility and intervenors participating in the Proceeding. To date, no concerns have been received in relation to these updated Information Packages. Please find attached a copy of these Information Packages.

Please note that due to the size of the attached, we were unable to upload the attachments to the Ontario Energy Board's ("OEB") e-filing services. The OEB and MNRF will receive two hard copies and a memory stick with an electronic version of all of the attached documents by courier. Pembina kindly request that the OEB upload the attached to the OEB's e-filing services upon receipt of the attached so that they are a part of the public record.

At the time of this filing, a copy of this letter was concurrently provided by Pembina to all intervenors by e-mail. Should any intervenors wish to have a copy of the attached, Pembina kindly request that they let Pembina know and we will courier them a copy in due course.

Pembina is committed to maintaining a positive relationship with the OEB, MNRF, intervenors and all stakeholders through direct and transparent communication.

If you require additional information or have any questions with regards to this filing, please contact Melissa Lundy, Regulatory Advisor at (403) 231-3153 or by email at mlundy@pembina.com.

Sincerely,

Original Signed By

Melissa Lundy
Regulatory Advisor

Enclosure

cc: List of Intervenors in EB-2015-0032
Hard Copy and Memory Stick to the Ministry of Natural Resources