

**Ministry of Natural Resources  
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Via RESS filing, e-mail and courier (2 hard-copies to Board)

Our File No. 939-11-0088

July 15, 2016

Kristen Walli  
Board Secretary  
Ontario Energy Board  
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**RE: MNRF Further Written Submission  
Application by Pembina Infrastructure and Logistics LP**

- **Board File Number: EB-2015-0032**
- **Application for a permit to drill hydrocarbon injection/withdrawal wells and to expand its storage capacity in salt solution mined caverns in its Corunna Storage Terminal, located in the Township of St. Clair in Lambton County, within 1.6 kilometres of the Moore 3-21-XII natural gas storage pool operated by Enbridge Gas Distribution Inc.**

Dear Madam,

In accordance with the OEB's directions, please find attached the Ministry of Natural Resources and Forestry's further submission with respect to the above referenced application as revised.

Yours truly,

Demetrius Kappos  
Counsel  
Legal Services Branch

Encl: Attachment

c: All Parties/Intervenors to the Proceeding

**Pembina Infrastructure and Logistics LP  
EB-2015-0032**

**Further Written Submission of the Ministry of  
Natural Resources and Forestry**

**Introduction:**

On January 22, 2015 Pembina Infrastructure and Logistics LP (Pembina) applied to the Ministry of Natural Resources and Forestry (MNRF) pursuant to s. 11(2) of the *Oil, Gas and Salt Resources Act* (OGSRA) for permits to drill wells in Pembina's salt solution mined caverns within 1.6 km of Enbridge Gas Distribution Inc.'s Dow Moore Designated Storage Area in the Township of St. Clair, Lambton County. More particularly, the application sought authorization to convert currently unused Cavern 45 in 2015 to hydrocarbon storage by abandoning the current entry well and drilling two new entry wells; and to convert 10 other unused salt solution mining caverns to hydrocarbon storage over the 15 years beyond 2015. The proposed expansion would increase on-site hydrocarbon storage capacity at the Corunna Facility from the 10 existing caverns (826,000 m<sup>3</sup>) to a total of 21 caverns (2,223,000 m<sup>3</sup>). (Reference: Application at pp. 1 and 6)

Pursuant to s. 40 of the *Ontario Energy Board Act, 1998* on February 6, 2015 the MNRF referred the application to the Ontario Energy Board (OEB) for a report to the Minister.

The OEB provided notification and stakeholder engagement directions, which we are advised have been complied with.

The Board issued three procedural orders and provided for written interrogatories and responses to same, followed by follow-up application disclosures, further interrogatories and responses to those as well.

The MNRF served and filed written submissions on September 9, 2015.

On September 9, 2015 Pembina, by way of a letter, asked that the OEB place the proceeding in abeyance so that (a) it could obtain and produce a complete Geomechanical Assessment; and (b) it could file further evidence on Risk Assessment in order to address the deficiencies identified by MNRF in its written submissions.

On September 11, 2015 the OEB granted Pembina's request for an abeyance of the proceeding.

On April 29, 2016 Pembina filed a letter with the Board requesting that the application be reactivated. Pembina also announced that it was amending its application by removing its request for approval of the Corunna Facility Long-term Conversion project, leaving the only request that for the conversion of Cavern 45.

The Board accepted Pembina's requests and processed the revised, more limited application.

Pembina provided a March, 2016 Geomechanical Review by Respec and a Risk Assessment for their proposed Cavern 45 conversion dated April 20, 2016.

Pembina advises that they notified all Intervenor about the amended application in April, 2016.

The week of June 13, 2016 written interrogatories of the Board and MNRF were served and filed pertaining to the newly received reports.

On June 29, 2016 Pembina provided written responses to the written interrogatories.

### **Deficiencies in the Application:**

In our September 9, 2015 written submissions, MNRF took issue with the completeness of Pembina's application before this Board. In our submission, Pembina's application lacked the adequate evidentiary foundation to substantiate the requested approval. In addition, we took issue with the jurisdictional ability for the approvals sought to be granted.

Each of these concerns has now been addressed to the MNRF's satisfaction, as explained below.

#### **1. Evidentiary Deficiencies Addressed:**

With respect to the evidentiary concerns, at the time of the MNRF's September 9, 2015 submissions the risk assessment as provided was deficient as it failed to comprehensively identify and address all hazards, both surface and subsurface. The geomechanical assessment as provided at the time was dated and did not fully address the applicable current CSA Z341-14 standards.

The MNRF is satisfied that the more recently submitted geomechanical assessment and risk assessment reports (dated March, 2016 and April 20, 2016) adequately address the deficiencies we had raised in our September 9, 2015 submissions.

## **2. Jurisdictional Issue Resolved:**

At the time of MNRF's September 9, 2015 written submissions, the application sought a well drilling licence for wells (in 11 caverns) all within 1.6 km of a Designated Storage Area covering a timeframe of some 15 years. In our submission, this proposal inherently would have run afoul with O.Reg. 245/97: "Exploration, Drilling and Production" under the OGSRA which sets out, among other things, terms for the expiration of a well drilling licence on the first anniversary of the date of issue. The application as framed at the time of our September 9, 2016 submissions was therefore something that could not have been approved.

With the formal amendment of the application described above, (limiting the proposal to a conversion of Cavern 45 and not over a requested extended period of time), the revised application is no longer faced with this jurisdictional obstacle to approval.

### **Conclusion:**

In conclusion, based on the information and evidence provided, MNRF has no objections with the application as revised.

**All of which is respectfully submitted.**

Dated at Toronto this the 15<sup>th</sup> day of July, 2016.

Yours truly,

Demetrius Kappos  
Counsel  
Legal Services Branch  
Ministry of Natural Resources and Forestry

c.: Persons on the attached list (by email)



Melissa Lundy  
Regulatory Advisor

**Applicant Contacts**

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### **List of Intervenors**

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