SC

Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto, Ontario M4P 1E4

EB-2016-0030

Att: Board Secretary

December 27, 2016

Dear Madam:

At the Board's suggestion in its letter dated Feb. 5, 2016, I hereby apply under Section 38(3) of the OEB that I be compensated for gas storage on the basis of my 13.9% ownership of the Bentpath Gas Cavern.

I request that I be yearly fully compensated for the use of my 13.9% interest retroactive to 1974 plus interest.

The damages that I refer to in my letter dated Dec. 18, 2015 is the difference between what I yearly have received and what I yearly should have been receiving on storage itself.

As supporting evidence find enclosed
1) unit operation agreement dated Dec. 1, 1970
2) calculation indicating the 13.9% share factor

As relevant evidence I enclose pages 48, 70 and 105 out of the EBO 64 (1) and (2) Decision.

Also a copy of Union's letter dated Nov. 9, 1990 which resulted in a stalemate.

My letter to Union dated Nov. 7, 2016 I take as a refusal and to keep me in suspension for ever.

For the Board's convenience I enclose copies of my letters to The Minister of Energy
dated March 23, 2016 and June 27, 2016.

Respectfully submitted

Adriel Kimpe

A. Kimpe

P.S. Hard copies to follow by regular mail.

From
A. Kimpe
521 Parkdale Crescent
Corunna, Ontario
N0N 1G0

1-DEC-1970

AH. 1.

COPY OF CAVERN PLAN ATTACHED

SUPPORTING PRODUCTIVE %

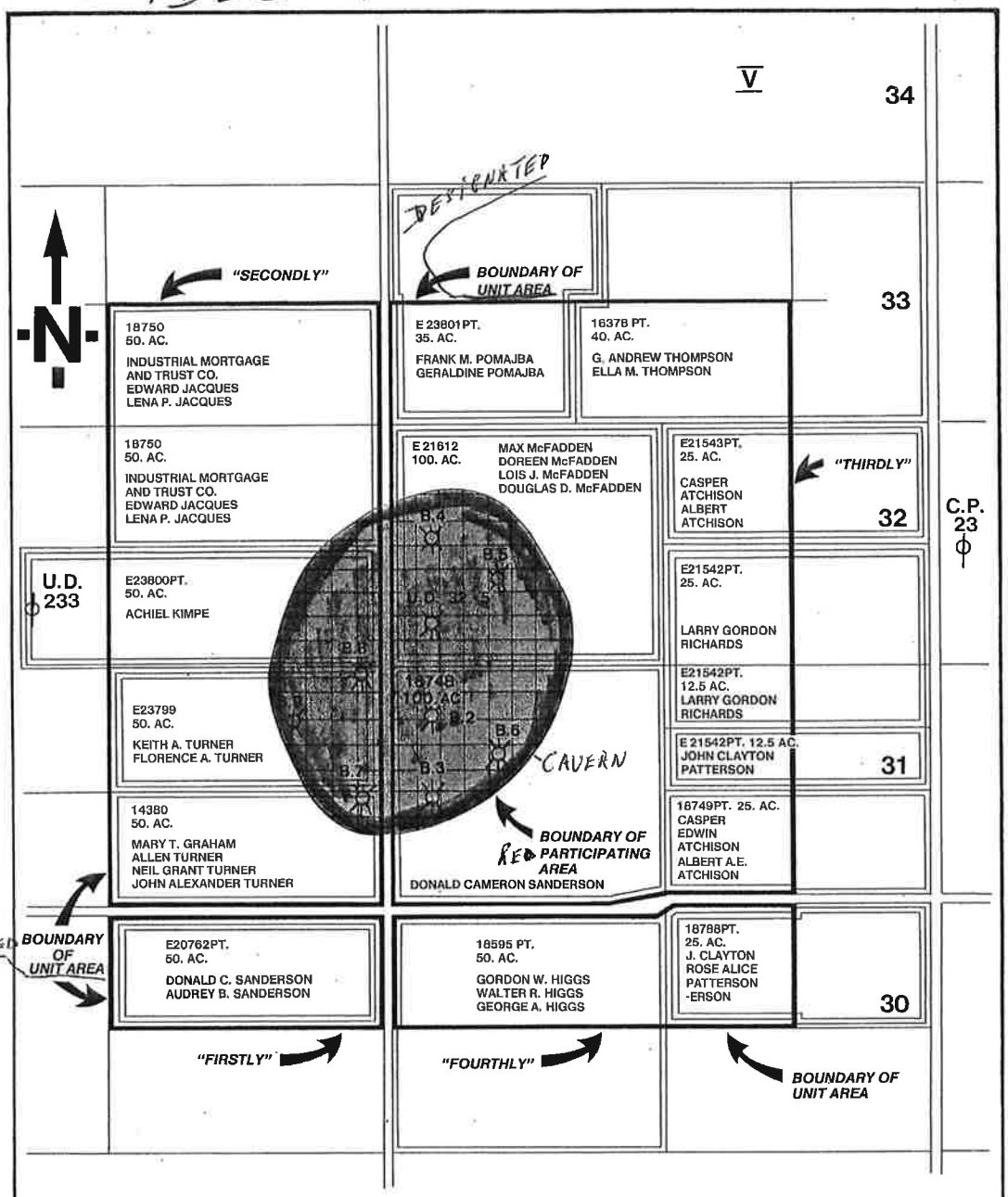
UNIT OPERATION AGREEMENT
BENTPATH POOL
DAWN TOWNSHIP, LAMBTON COUNTY
SCHEDULE "C"
ORIGINAL DECEMBER 1, 1970

PRODUCTIVE RED

Lease No.	Registered Instrument No.	Name of Lessor	Acreage In Unit Area	Acreage in Participating Area	Acreage in Non-Participating Area	% of Lessors' Acreage in Participating Area to Total Acreage of Participating Area
18750	272772	Industrial Mortgage and Trust Co. Edward Jacques Lena P. Jacques	100	2.07	97.93	1.65
E-23801 pt.	276966	Frank M. Pomajba Geraldine Pomajba	35	0	35	0
16378 pt.	103282	G. Andrew Thompson Ella M. Thompson	40	0	40	0
E-23800 pt.	253850	Achiel Kimpe	50	17.45	32.55	13.90
E-21612	194483	Max McFadden Doreen McFadden Lois J. McFadden Douglas D. McFadden	100	47.38	52.62	37.74
E-21543 pt.	194061	Casper Atchison Albert Atchison	25	0	25	0
E-21542 pt.	194062	Larry Gordon Richards	37.5	0	37.5	0
E-23799	253849	Keith A. Turner Florence A. Turner	50	19.19	30.81	15.29
14380	24662	Mary T. Graham Allen Turner Neil Grant Turner John Alexander Turner	50	3.81	46.19	3.04
18748	271075	Donald Cameron Sanderson	100	35.63	64.37	28.38
E-21542 pt.	194062	John Clayton Patterson	12.5	0	12.5	0
18749 pt.	271076	Casper Edwin Atchison Albert A. E. Atchison	25	0	25	0
E-20762 pt.	190860	Donald C. Sanderson Audrey B. Sanderson	50	0	50	0
18595 pt.	280377	Gordon W. Higgs Walter R. Higgs George A. Higgs	50	0	50	0
18788 pt.	275727	J. Clayton Patterson Rose Alice Patterson	25	0	25	0
			750	125.53	624.47	100.00

Note: pt. = partial lease.

1-DEC- 1970



– LEGEND

B. 2 (WELL NO.)

GAS WELL

SHOW OF GAS AND ABANDONED

DRY AND ABANDONED

UNIT OPERATION AGREEMENT
SCHEDULE "B"
ORIGINAL DECEMBER 1, 1970
BENTPATH POOL

PORTION OF DAWN TOWNSHIP
LAMBTON COUNTY
SCALE: ¼" = 1000'

Ex. 23
E.B.O. 64(1)"K (2)

UNION GAS COMPANY OF CANADA, LIMITED.

CHATHAM, ONTARIO

4

Att 2

SUPPORTING

COMPENSATION DUE UNDER E.B.O. 64(1)
AND (2) DATED OCTOBER 27, 1982.
RESIDUAL GAS COMPENSATION BASED
ON 466,216 M.C.F. AT 2¢ PER M.C.F.

Achiel Kimpe

13.9% share of 466,216 M.C.F. = 64,804 M.C.F. @ 2¢ = $1,296.08

Interest Calculated at 11.98% per annum from July 31, 1974 to November 30, 1982

Residual Gas Value	$1,296.08
Interest	$1,293.88
	$2,589.96

AVERAGE INTEREST
JULY 31 1974
TO
NOV 30 1982
IS 11.98

COPY OF CHEQUE ATTACHED

2 PAGES

Union Gas Limited
November 12, 1982.

UNION GAS
LIMITED
P.O. Box 2001, Chatham, Ontario N7M 5M1

46765

PAY THIS AMOUNT	YR.	MO.	DA.	AMOUNT
**2,589 Dollars 96 Cents	1982	11	05	$2,589.96

TO THE ORDER OF

ACHIEL KIMPE,
R. R. # 2,
OIL SPRINGS, ONTARIO.
NON 1PO.

LANDS DEPARTMENT ACCOUNT

Authorized Signature

Authorized Signature

TO
CANADIAN IMPERIAL BANK OF COMMERCE
99 KING ST. WEST, CHATHAM, ONTARIO N7M 1C7

⑆00282⑈010⑆ 92⑈00?11⑈

UNION GAS LIMITED CHATHAM, ONTARIO

Please detach this portion before cashing cheque.

Payment in the amout of $ 2,589.96 Dated: 1982-11-05

For: Lease 18917 - Compensation due under E.B.O. 64(1) & (2) dated Oct. 27/82 - residual gas compensation based on 466,216 MCF at 2¢ per MCF plus Int. @ 11.98% per ann. to Nov. 30/82 JB

0948-1980/03

AH3

RELEVANT ?

OUT OF E.B.O. 64 (V)(2) DECISION

have the opportunity of negotiating a higher rental and that he did not intend to grant the gas storage rights to his property to Union when he executed the Gas Storage Agreement. Accordingly the plea of non est factum must succeed with this Applicant. The Board has also considered whether laches or estoppel would apply in these circumstances and concludes that they do not. The Board having reached this conclusion does not need to make a finding as to misrepresentation or unconscionability with respect to Mr. Kimpe.

The next Applicants to put forward a plea of non est factum are Douglas McFadden and Max McFadden, two brothers who jointly own property in the Bentpath Pool area. Their prefiled evidence is found in Exhibit 34, Tabs 20 and 21, and transcript pages 112 to 164. Douglas McFadden recalled signing the Gas Storage Agreement but did not remember initialling or seeing or discussing the Gas Storage Lease Agreement and the Lease and Grant. In his prefiled testimony he stated that Mr. Thompson of Union offered $5.00 an acre for the lease "which I understood to be for drilling and production".

Max McFadden had little recollection of the relevant facts including initialling the two documents attached to the Gas Storage Agreement but said that the initials M. M. "could be mine".

During examination Douglas McFadden recalled that Mr. Thompson discussed storage and that he, McFadden, said, "This is funny; you are asking me to sign the

RELEVANT ?

OUT OF E.B.O. 64 11/2(2) DECISION

of any default so that it could be removed before the lease could be declared void. Since such notice was not given by the lessors prior to this proceeding, the Union lease agreements cannot be considered void for reasons of non-payment. The Board concludes, therefore, that none of the leases or the Gas Storage Agreements is voidable on the grounds of non-payment.

The Act requires the Board to determine the amount of compensation payable to the owner of storage rights which are not subject to agreement. The Board agrees with its counsel that the Board is not a collection agency, but since the landowner's storage rights were taken as of July 31, 1974, the date of first injection, the period from 1974 to 1982 must be considered and recognition must be given to payments that have already been made by Union. A determination of outstanding compensation due to an Applicant necessitates an analysis of payments to determine under which leases, agreements or Board Orders they were made.

In reviewing the amounts that have been paid by Union under the various agreements, it appears that payments were made in full under the individual agreements prior to Board Order E.B.O. 46 being issued and also under Union's interpretation of the Unit Operation Agreement that formed part of Board Order E.B.O. 46. However, it is questionable whether payments under the Gas Storage Agreements have actually been made by Union.

105

RELEVENT ?

OUT OF E.B.O. 64 (1) (3) DECISION

The Board concludes that direct reliance cannot be placed on the rates found appropriate by the Board in its 1964 report. In that report the Board appeared to recognize the existence of a market, in that the recommendations of that report were apparently based on the rates actually being paid in Southwestern Ontario at that time and trends that were perceived by the Board as to the future use and usefulness of gas storage. It is noted that the latter point could be considered as introducing an element of "use to the taker" or reflecting the scheme for which the property was expropriated. However, the Board is satisfied that some recognition can be given to the potential for land or rights without specific consideration of the value that might be ascribed to the storage as a result of the expropriation. The Board also recognizes that, as pointed out by Consumers' Gas during the hearing that led to the Board's 1964 report, a porous rock formation under a landowner's property is an asset that is reusable, unlike minerals which once removed are gone forever. The landowner in this case has lost the right to use the asset, not the title to the asset.

The right to use the asset can of course be relinquished by the operating company and perhaps for this reason the most accepted form of compensation for storage rights in Ontario is the annual rental per acre. The Board accepts the annual rental as being the most appropriate method of compensation in such cases.

AH 4

UNION GAS

RELEVANT ?

J. C. HUNTER
Vice-President
Gas Supply

November 29, 1990

Mr. Achiel Kimpe
P. O. Box 2
Corunna, Ontario
NON 1GO

REFUSAL

Dear Mr. Kimpe:

I received a copy of your letter of 17 November, 1990 to our Mr. David Lowe. This letter is one of a series of correspondence between you and Mr. Lowe on the subject of storage compensation.

For nearly two years, we have discussed with you and other landowners our view that storage compensation in Ontario, as in other jurisdictions surveyed by us, is based on "value to the owner", not "value to the taker". We feel that the landowners and Union have reached agreement and are satisfied that the "value to the owner" is reflected in the negotiated value set out in the terms of the new compensation agreement. Therefore, in our view, the value of storage to Union Gas or our ratepayers is irrelevant in determining storage compensation. We do not propose to issue further information on "value of storage" to you, and will decline to respond to further such requests.

Union has a policy of treating all landowners in a similar fashion with respect to storage compensation, and indeed most landowners have demanded this "equal treatment". For that reason, given an acceptance by over 96% of storage landowners of the new compensation package, Union is not prepared to negotiate an individual and fundamentally unique storage compensation agreement with you, as this would be unfair to the remaining landowners. We are of course, and have with other landowners, prepared to discuss unique situations such as outstanding claims regarding damages, etc., but these situations are not with respect to **the general** area of storage compensation.

Your choices have been made clear to you in my letter of November 26, 1990 and in Dave Lowe's earlier correspondence. You can sign our new Storage Compensation Agreement, receive two years retroactivity, and receive the new and considerably higher storage compensation rates, hence joining with the vast majority of the landowners. Alternatively, you can "do nothing", and continue to receive your existing level of compensation without retroactivity. In our view, this is a significant financial penalty to you and we would be puzzled as to what would warrant such a course of action. Lastly, and although we obviously recommend against it, you can apply to the Ontario Energy Board for an Order setting a new

compensation level for you. For the reasons discussed in my earlier letter, we see this as a costly and potentially risky course for you, which is unlikely to result in retroactivity and unlikely, in our view, to result in a higher level of compensation than that accepted by 96+% of the landowners. Nevertheless, this clearly is an option for you, and we would suggest you seek legal advice from competent counsel in this matter.

Mr. Kimpe, I would urge you to bring this matter to an early close so that you may enjoy the same benefits as our other landowners. We are prepared to discuss deviations from our general compensation formula should there be special circumstances to consider in your situation; however, we are not prepared and will not continue to negotiate with you on any methodology based on the value of storage to Union Gas or our ratepayers.

Yours very truly

UNION GAS LIMITED

J. C. Hunter
Vice-President, Gas Supply

JCH/ke

November 7th, 2016

Mr. A Kimpe
521 Parkdale Cr.,
Corunna, ON
N0N 1G0

Union Gas Ltd.,
P.O. Box 2001
50 Keil Drive, N.
Chatham, ON
N7M 5M1

Attention: Lands Department

Re: Bentpath Gas Storage Cavern

Dear Sir/Madame:

Currently, I am a partial owner of the Bentpath Cavern pool. Union Gas started to use the Bentpath Cavern in 1974 and is the current operator. At the present, I have no gas storage agreement with Union Gas and no amending agreement.

In 1974, the Bentpath Cavern was expropriated for use and the expropriation does not effect my ownership of my portion of the Bentpath Cavern.

I hereby request that I be paid annually 13.9% of the yearly total value awarded for compensation of the use of the Bentpath Cavern retroactive to 1974 when Union Gas began using the Bentpath Cavern for storage.

Respectfully,

Adriel Kimpe

Mr. A. Kimpe

c.c. O.E.B

A#6

March 23, 2016'
Corunna, Ontario.

Office of the Lieutenant Govenor,
Queen's Park,
Toronto, Ontario, M7A-1A1.

CC the following:

Ombudsman of Ontario,
Bell Trinity Square,
483 Bay Street, 10th Floor, South Tower,
Toronto, Ontario, M5G-2C9.

Auditor General,
1530-20 Dundas Street, West,
Toronto, Ontario, M5G-2C2.

Minister of Energy,
900 Bay Street, 4th Floor, Hearst Block,
Toronto, Ontario, M7H-2E1.

COPY

Mr. Robert Bailey, MPP,
805 Christina Street, North,
Sarnia, Ontario, N7V-1A4.

Your Honour:

I am a Landowner that owns a percentage of the storage cavern in the storage area called Bentpath Pool, Designated by the Ontario Energy Board, (Board) the pool is operated by Union Gas Limited (UGL) of Chatham, Ontario. Let me make it perfectly clear, I am not against the Designation (Taking) / UGL being the Operator. However having approached 3 Ministers of Energy, the Board & UGL to have a situation corrected to no avail, I am therefore seeking the assistance of your office.

It is my intent to bring to your attention a grave injustice that exists in the compensation methology for the "right to store" in the storage caverns that exist beneath the lands of certain Landowners. Primarily those Landowners with storage space that are without a Storage Agreement with the storage Operator.

The Crozier Report, dated May 4, 1964, addressed to the Lieutenant

Govenor in Council was adopted by the Board. In doing so the Board adopted a "trend" set in the U.S.A. for compensation to American Landowners having a storage cavern under their land. There seems to be some confusion in the meaning of storage POOL and storage CAVERN

See Tab # 1 - page 2 of the Crozier Report.

The Crozier Report was never sanctioned by the Govenor and was never incorporated into a law by Parliament.

See Tab # 2 - Board Council Argument in EBO 64(1) & (2) page 83.

This U.S.A. "trend" is but a convenience (policy) to justify per acre payments across the board to Landowners within the boundaries of a storage POOL with no consideration for just compensation for the actual owners of the storage CAVERN.

See Tab # 3 - page 22 of the Crozier Report.

The Crozier Report would make one believe that gas is stored in a POOL, this concept from the beginning is far from the truth. Gas / any substance can only be stored in a CONTAINER, in this instance the underground CAVERN / pore space.

In july 1982 in OEB 64(1) & (2) and in the Lambton County Storage Association compensation Application the Board ordered an increased compensation package. However in both cases the Board overlooked the basic foundation of fair, just and equitable compensation, Landowners not bound by contract are still forced to accept acreage payments and there lies the injustice.

The Board and UGL both acknowledge that gas storage CAVERNS are the most important element in any gas storage operation, where gas is purchased, stored, transported and storage space is rented on a volume basis. Having said that it would seem reasonable that Landowners not bound contractually by acreage payments should be compensated on a volume basis. In fact all CAVERN owners should be compensated thusly.

Acreage payments in lieu of volume payments for storage space are rather absurd, not justifable / rational with compensation being made to Landowners with no CAVERN space at the expense of the Landowner with all / some of the CAVERN capacity. The assertion that surrounding acreage payments are necessary to protect the CAVERN is rather moot. The

storage CAVERN is protected out to 1.6 Kms in all directions by the Board and also by the fact that the Production Leases are kept in force in perpetuity. Acres outside the storage CAVERN are not in any way productive so it begs the question "why are Landowners with no CAVERN receiving storage compensation?", logic would dictate one must first have something to store in, in this case part / all of the underground CAVERN.

In order to show the difference in compensation, acreage vs. volume I can only speak for myself but all Landowners, with storage space, contract bound / not, are in the same "boat".

Bentpath POOL was designated in 1974 - read that as expropriating the right to use the CAVERN for storing natural gas from the impacted Landowners. The ownership of the actual CAVERN stayed with the Landowners, in my case this was 13.9% of the storage capacity.

See Tab # 4 - Operating Agreement dated December 1, 1970

As further evidence that 13.9% is correct, UGL compensated me for 13.9% of the producible gas down to 50 psi at the commencement of storage operations and the Board agreed with this number. To further aggravate

the situation UGL has refused to pay me for my residual gas 50 to 0 psi. UGL admits that it is useful as a "cushion" but claims it cannot be harvested - which is absurd to say the least. The value of this cushion gas is due to the Landowner(s).

See Tab # 5 - Letter from UGL dated September 24, 2013.

I do not have an Storage Agreement with the Operator and I am expropriated / the Board, I have never signed a compensation Amending Agreement as there is no Storage Agreement to amend and have never accepted any compensation from the Operator as "Payment in Full" for the right to store in my 13.9% of the CAVERN. All cheques received are endorsed as "Accepted only as partial payment on account".

What I receive as yearly compensation is only 6.66%, instead of the 13.9% that I am entitled to, the only reason for this shortfall is the adoptation of flawed policy (the Crozier Report) which is based on acreage and not volume of a CAVERN. The acreage payment approach is completely at odds with reality (the only thing of value is the volume of the CAVERN). All CAVERN owners suffer the same fate - they are not being fully

compensated for their resource. If I understand correctly this approach on compensation is a complete contradiction to the Expropriations Act.

UGL bases the value of a CAVERN on 2 factors, volume & peformance and the Board concurs with this approach except where the CAVERN owners are concerned but continue to sanction storage payments to none CAVERN owners.

The Board's answer to my dilemma is not to resolve these issues but send me to the Divisonal Court and as in most cases in this counrty such an undertaking is beyond my financial resources.

See Tab # 6 - Letter from Board dated February 11, 2011.

In a subsequent attempt to regain my loss I filed a damage claim with the Board. Instead of a resolution the Board filed an Application on my behalf, as if the Board doesn't understand the problem. This turn of events is truly amazing.

See Tab # 7 & 8 - Letter from the Board and my Response.

It has become quite clear the Board is very reluctant to admit and rectify past errors short of a Court order.

past errors short of a Court order.

If I understand correctly the Board is an arbitrator in monetary disputes and a proctector of the public (consumer etc.) from greed & gouging by any party and it has done so on several occassions. Obviously that protection against gouging does not extend to the CAVERN owners, they are also part of the Public are they not? To make things right the consumer would pay very little extra if anything, as the funds in place now for "the right to store" would be to CAVERN owners ONLY, as it should be.

Any confidence in the ethics, integrety, honesty etc. in respect to the storage industry has been shattered and has left me desparate and dislocated. Any assistance that you may suggest / provide will truly be appreciated.

Written to the best of my ability and knowledge.

Hard copy to follow by registered mail - a timely response would be of value to me.

Respectfully;

Odriel Kruger

Achiel Kimpe

Kindly send written correspondence to;

Achiel Kimpe,
~~Box # 2,~~ 521 PARKDALE CR.
Corunna, Ontario, N0N-1G0.

A#7

June

A.K. ~~July,~~ 27, 2016
Corunna, Ontario.

Minister Of Energy,
900 Bay Street,
$th Floor, Hearst Block,
Toronto, Ontario, M7H-2E1.

Copy
Sent June 30 2016

Dear Sir / Mdm:

I write this as clarification in seeking assistance for a situation outlined in my letter dated March 23, 2016. Union's slap dash dealings, over many years, with Landowners having Petroleum & Natural Gas Leases, Storage Agreements and those without contracts within a Designated Storage Area;

and the lack of experience of the past Fuel Board & the Ontario Energy Board (OEB) resulted in the adoptation by the OEB of a trend set in the U.S.A. in which storage compensation was based on surface acreage. See Page #1 of the Crozier Report. This Report is not a Law in Ontario but a policy adopted by the OEB to establish Landowner compensation.

The OEB Decision of July 16, 1982 # 64(1) & (2) resulted in the continuence

of gas storage compensation based on surface acres which IMHO is contrary to the basic principles used by the industry, which is rental by volume of storage space.

The 1982 Decision came about via an application by Landowners most of which did not have any storage space under their Lands. These Landowners were no doubt very much influenced by Crozier and the Havelena Report which called for an "surface acreage" payment of $1950.00 per acre. As you can see at Tab #4 in the Operating Agreement the cavern owners are far outnumbered by the non-owner "profiteers".

The OEB rejected the Havelena Report and ordered a payment of $24.00 per surface acre to the Landowners in the Unit Area of a storage area. I was again denied compensation by volume for my 13.9% of the cavern storage space. Upon reading the 1982 Decision I became aware of the fact I had been expropriated of my gas storage rights in July 31, 1974 without my knowledge and had not been properly compensated for the taking of the rights to my resource;

and further in the Decision in the Application under the Section #21 now Section #38 of the OEB Act the taking was under the Expropriations Act and the compensation came about using the OEB Act. see Giffen Letter dated February 28, 1989;

and the OEB is completely ignoring the following facts, I have no Storage Agreement, I have not signed an Amending Agreement and therefore I have been expropriated;

And the OEB is ignoring the fact that by virtue the Expropriations Act I have not been fully compensated for the taking.

As said before the OEB set the compensation at $24.00 per surface acre which I maintain is contrary to the Operating Agreement dated December 1, 1970 which clearly shows I own 13.9% of the storage cavern. As an expropriated Landowner I believe I am entitled to 13.9% of the monies being paid out for the Bentpath Storage Area. This value I believe is determined by Union Gas and sanctioned by the OEB at preset intervals.

I am very apprehensive about filing any Application as the OEB staff

suggests in a letter dated February 5, 2016. My fear is I will be railroaded to the Courts as in the previous cases - EB-2012-0314 & EB-2013-0073 & 74. Should I fail at the Courts I cannot afford the costs. The OEB & Union know this fact and are counting on it to discourage any attempt via a Court action.

Lambton County Storage Association (LCSA) - Clarification of my position;

For many years I have had nothing to do with the LCSA as it is not a true Association - gas storage / otherwise. The so called Association has no charter, rules, regular meetings, membership list, membership card or some such item, no dues are paid and vast majority of the the participants have no storage capacity (cavern) under their properties (roughly 80 with cavern vs 220 without in Union's storage operation). The Landowners without cavern are simply "profiteers" of an unjust OEB Decision (EBO-64(1) & (2) made in 1982.

All at the expense / loss shouldered by the Landowners with storage capacity within Ontario. I also firmly believe that Landowners without cavern (storage capacity) have no place at compensation meetings / negotiations / hearings.

Thank you for all your time and effort in assisting me in this matter.

With Respect;

Achiel Kimpe

Achiel Kimpe,
~~P.O. Box # 2,~~ 521 PARKDALE CR.
CORUNNA ONT

4-5

Corunna, Ontario,
N0N-1G0
27 ~~July~~ 2016
O.K. JUNE

Below are further comments I wish to make.

Up to this date I havve not received any response from your office that my letter was even received.

Could you kindky inform me as to the status regauarding the assistance I am seeking from your office.

Enclosed find a letter dated April 15, 2016, which id self explanatory, a copy of a Giffon letter dated February 28, 1989 and an affidavid datedAugust 18, 2014.

A prompt reply would be appreciated.

Achiel Kimpe

Achiel Kimpe

NOTE:
HARD COPIES TO FOLLOW
BY REGULAR MAIL
O.K.

AH.8

UNION GAS

J. C. HUNTER
Vice-President
Gas Supply

November 29, 1990

Mr. Achiel Kimpe
P. O. Box 2
Corunna, Ontario
NON 1GO

Dear Mr. Kimpe:

I received a copy of your letter of 17 November, 1990 to our Mr. David Lowe. This letter is one of a series of correspondence between you and Mr. Lowe on the subject of storage compensation.

For nearly two years, we have discussed with you and other landowners our view that storage compensation in Ontario, as in other jurisdictions surveyed by us, is based on "value to the owner", not "value to the taker". We feel that the landowners and Union have reached agreement and are satisfied that the "value to the owner" is reflected in the negotiated value set out in the terms of the new compensation agreement. Therefore, in our view, the value of storage to Union Gas or our ratepayers is irrelevant in determining storage compensation. We do not propose to issue further information on "value of storage" to you, and will decline to respond to further such requests.

Union has a policy of treating all landowners in a similar fashion with respect to storage compensation, and indeed most landowners have demanded this "equal treatment". For that reason, given an acceptance by over 96% of storage landowners of the new compensation package, Union is not prepared to negotiate an individual and fundamentally unique storage compensation agreement with you, as this would be unfair to the remaining landowners. We are of course, and have with other landowners, prepared to discuss unique situations such as outstanding claims regarding damages, etc., but these situations are not with respect to **the general** area of storage compensation.

Your choices have been made clear to you in my letter of November 26, 1990 and in Dave Lowe's earlier correspondence. You can sign our new Storage Compensation Agreement, receive two years retroactivity, and receive the new and considerably higher storage compensation rates, hence joining with the vast majority of the landowners. Alternatively, you can "do nothing", and continue to receive your existing level of compensation without retroactivity. In our view, this is a significant financial penalty to you and we would be puzzled as to what would warrant such a course of action. Lastly, and although we obviously recommend against it, you can apply to the Ontario Energy Board for an Order setting a new

UNION GAS LIMITED • EXECUTIVE OFFICES
P.O. Box 2001, 50 Keil Drive North, Chatham, Ontario N7M 5M1
Telephone (519) 436-4508; Fax (519) 436-4667

compensation level for you. For the reasons discussed in my earlier letter, we see this as a costly and potentially risky course for you, which is unlikely to result in retroactivity and unlikely, in our view, to result in a higher level of compensation than that accepted by 96+% of the landowners. Nevertheless, this clearly is an option for you, and we would suggest you seek legal advice from competent counsel in this matter.

Mr. Kimpe, I would urge you to bring this matter to an early close so that you may enjoy the same benefits as our other landowners. We are prepared to discuss deviations from our general compensation formula should there be special circumstances to consider in your situation; however, we are not prepared and will not continue to negotiate with you on any methodology based on the value of storage to Union Gas or our ratepayers.

Yours very truly

UNION GAS LIMITED

J. C. Hunter
Vice-President, Gas Supply

JCH/ke

NOTE:

- WHO ARE THE 4% ?

- MOST ~~CAVERN~~ LAND OWNERS ARE ~~OR~~ NOT CAVERN OWNERS. SEE UNIT AGREENT DATED DEC-1-1970