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BY EMAIL

March 29, 2017

Ms. Kirsten Walli OEB
Secretary Ontario
Energy OEB P.O. Box
2319
2300 Yonge Street, Suite 2700
Toronto ON M4P 1E4

Dear Ms. Walli:

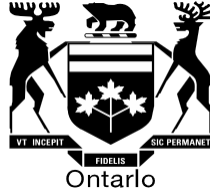
**Re: OEB Staff Submission: Application for Enbridge Gas Distribution Inc. for
Drilling Well within Corunna Designated Storage Area
OEB File No: EB-2016-0378**

Pursuant to Procedural Order No. 1 dated March 6, 2017, please find attached
OEB Staff's submission for the above proceeding.

Yours truly,

Originally Signed By

Zora Crnojacki
Project Advisor



OEB STAFF SUBMISSION

**Enbridge Gas Distribution
Application for approval to drill one injection/withdrawal well in
the Corunna designated storage area in the Township of St. Clair in
Lambton County**

EB-2016-0378

March 29, 2017

The Application

Enbridge Gas Distribution Inc. (Enbridge) filed an application dated December 20, 2016 with the Ministry of Natural Resources and Forestry (MNRF) for a licence to drill a horizontal injection/withdrawal (I/W) well – TC9 (Horiz #2 Moore 4-2-10) (referred to below as TC9 H2) – in the Corunna designated storage area (Corunna Pool) located in the Township of Moore, Lambton County.

The application was referred to the Ontario Energy Board (OEB) by the MNRF on November 28, 2016, pursuant to section 40 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15 (Schedule B) (OEB Act).

The drilling of TC9 H2 is a second attempt to drill a horizontal leg at the TC9 surface entry point, and the existing vertical wellbore and kick-off point will be used. In the first attempt, Enbridge drilled a horizontal leg (TC9 H1, also referred to as the Original Horizontal Well) but did not reach the desired porosity zone to accomplish the needed deliverability. The MNRF granted Enbridge a licence to drill TC9 H1 based on a favorable *Report of the Ontario Energy Board to the Minister of Natural Resources and Forestry*, dated March 10, 2016 (OEB Report EB-2015-0303). The need for TC9 H2, the subject of this application, is the same as the need for the Original Horizontal Well. The need is to replace storage deliverability lost due to abandonment of two I/W wells and the conversion of one I/W well into an observation well. The proposed TC9 H2 will provide 23% of total deliverability of the Corunna Pool (Replaced Deliverability).

Process

On February 7, 2017 the OEB issued a Notice of Application (Notice). The Notice was served and published as directed by the OEB. The MNRF and Union Gas Limited (Union) are the intervenors in the proceeding. The OEB proceeded by a written process. On March 7, 2017 the OEB issued Procedural Order No. 1 which set the schedule for interrogatories, interrogatory responses, submissions, and a reply submission from Enbridge. The MNRF and Union did not file any interrogatories.

Evidence

Enbridge stated that the evidence filed in the current application does not differ from the evidence filed in the EB-2015-0303 proceeding. Enbridge noted that there will be no impacts in addition to those the OEB considered in the EB-2015-0303 proceeding. The existing drilling pad, vertical wellbore and kick-off point for the Original Horizontal Well will remain in place and will be used for the drilling of TC9 H2. No additional land

is needed for the drilling of TC9 H2. The Environmental Assessment filed and reviewed in the EB-2015-0303 proceeding has not changed.

The need for the new I/W well is the same as the need for the Original Horizontal Well. Enbridge noted that replacement of the deliverability will contribute to regulated storage services and the reliability of the Corunna Pool.

Regarding the impacts of drilling costs on ratepayers, Enbridge explained that costs will be tracked and treated consistently with Enbridge's accounting practices. Enbridge also noted that the original leg will not be abandoned, but will be used to provide deliverability¹. OEB Staff expects Enbridge to explain in its reply submission if any deliverability beyond the 23% to be replaced will be provided by operating both the TC9 H1 and TC9 H2 wells.

The MNRF requires Enbridge to meet the requirements of CSA Z341 – "*Storage of Hydrocarbons in Underground Formations*" (CSA Z341). Enbridge submitted a Drilling Program for the MNRF's review. Enbridge noted that there are no changes to the Risk Assessment studies that were previously reviewed by the MNRF in advance of the favourable report of the OEB in EB-2015-0303 and the issuance of the Original Horizontal Well drilling licence by the MNRF².

Enbridge notified directly affected parties and Indigenous communities of the proposed well TC9 H2 by way of serving the Notice of Application, the application and evidence to all property owners and encumbrancers with lands or interest in lands identified in the search of title; the Clerks of the Township of Moore and the County of Lambton; all Indigenous Communities with lands or interest in the lands directly affected by the proposed project; the Metis Nations of Ontario; all affected utilities and railway companies; and the MNRF's Petroleum Operations Section.

Enbridge explained that because no new above ground facilities will be constructed, it did not conduct additional consultation with Indigenous communities. There is only one landowner in the Corunna Pool directly affected by the drilling of both the Original Horizontal Well and the TC9 H2 well, and Enbridge will compensate that owner for damages and disturbances related to the drilling of both wells.

¹ Enbridge's response to OEB Staff interrogatory # 1 c)

² The TC9 H1 well was drilled by Enbridge in 2016 and will be operated to provide deliverability to the Corunna Pool. However, Enbridge explained this added deliverability is not sufficient to replace 23% of the total deliverability to be replaced due to abandoning and conversion of 3 I/W wells, and therefore the need to drill a new horizontal.

OEB Staff Submissions

OEB Staff submits that the OEB Report should recommend to the MNRF the issuance of a drilling licence for I/W well TC9 H2, subject to proposed conditions attached in Appendix A.

OEB Staff is satisfied that Enbridge confirmed that there are no changes regarding landowner matters, environmental and construction impacts, the Risk Assessment or the Environmental Assessment since the OEB Report in EB-2015-0303. OEB Staff submits that Enbridge has adequately addressed the need for the well. OEB staff notes that there are no outstanding landowner, construction or environmental issues.

With respect to the requirements of the CSA Z341, the *Oil, Salt and Gas Resources Act* and related regulations, Enbridge noted that it is not aware of any concerns raised by the MNRF. The Risk Assessment study pertinent to the TC9 H2 was reviewed by the MNRF in the EB-2015-0303 proceeding. There are no changes to the Risk Assessment study. Enbridge's Drilling Program for the TC9 H2 well is filed for review by the MNRF. The MNRF expressed no comments or concerns to date.

OEB Staff has no concerns with consultation of directly affected parties or with Indigenous communities. Enbridge notified all the landowners in the Corunna Pool, the affected municipalities, and the First Nations and Metis communities about the TC9 H2 application and received no comments or concerns from any of the notified parties.

Enbridge stated that the Replaced Deliverability will be part of its regulated services and that "Eventually costs will be categorized in a manner consistent with Enbridge's accounting practices".³ OEB Staff expects that Enbridge will provide, in its written reply submission, a more detailed description of the impact of the TC9 H2 well drilling costs on its rate-payers. OEB Staff also expects that Enbridge will comment in its reply submission on whether and how the cost of drilling the Original Horizontal Well will be recovered and the impact of these costs on rate-payers.

The proposed conditions attached to Appendix A of this Submission relate to the authority granted under the licence and the term of the drilling licence, certain construction requirements, monitoring and reporting of any mitigation for construction impacts, and state that Enbridge should conform to the CSA Z341 standards to the satisfaction of the MNRF. Enbridge agreed with all of the draft conditions proposed

³ Enbridge's response to OEB Staff interrogatory #1c)

by OEB Staff in interrogatory # 2, with the exception of proposed condition 6 which reads⁴:

Enbridge shall, subject to the recommendation by an independent tile contractor and subject to the landowners 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.

Enbridge suggested that Condition 6 be deleted because the surface work has been completed with the drilling of the Original Horizontal Well and no surface work that would cause drainage tile disturbances will be conducted for drilling of the TC9 H2 well. Enbridge has committed to monitor the tile and surface drainage around the construction area and repair any damage to the tile drainage system caused by Enbridge's activities. Enbridge will report to the OEB on tile drainage repairs in the post construction report or final monitoring report as required by Condition 7. OEB Staff's view is that the Condition 6 should remain in the event of any unanticipated or unplanned surface work involving heavy machinery that may potentially disturb the drainage system and because there is no detriment to including this condition if no such work is undertaken.

OEB Staff suggests that the conditions OEB Staff proposed in the interrogatory # 2 are intended to be implemented once a licence is issued and therefore may be more appropriately referred to as "licence conditions" rather than "conditions of approval". An exception is Condition 2 which limits the authorization for the issuance of the drilling licence to twelve months from the date of the OEB's Report to the MNR. For this reason OEB Staff proposes that Condition 2 be removed from the list of licence conditions and be incorporated into the OEB's Report.

OEB Staff respectfully submits that the OEB should provide a favourable Report, under subsection 40(1) of the OEB Act, to the MNR to whom Enbridge has applied for a licence to drill one proposed IW well in the Corunna Pool, subject to the proposed conditions attached as Appendix A.

All of which is respectfully submitted.

⁴ Enbridge's response to OEB Staff interrogatory #2,

APPENDIX A

OEB STAFF PROPOSED CONDITIONS

**LICENCE TO DRILL WELL IN CORUNNA
DESIGNATED STORAGE AREA**

**Enbridge Gas Distribution Inc.
EB-2016-0378**

OEB Staff Proposed Conditions of Licence

Well Drilling and Operation

1. Enbridge Gas Distribution Inc. (Enbridge) shall rely on the evidence filed with the OEB in the EB-2016-0378 proceeding and comply with applicable laws, regulations and codes pertaining to the construction of the proposed well.
2. ~~Authorization for the issuance of the drilling licence is limited to twelve months from the date of the OEB's Report to the Ministry of Natural Resources and Forestry.~~
3. The authority granted under this licence 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.
4. 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 licence and these Conditions.
5. 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.
6. Enbridge shall, subject to the recommendation by an independent tile contractor and subject to the landowners 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.

7. Both during and after construction, Enbridge shall monitor the impacts of construction and shall file with the OEB one paper copy and one electronic (searchable PDF) version of each of the following reports:

- a) a post construction report, within three months of the in-service date, which shall:
 - i. provide a certification, by a senior executive of the company, of Enbridge's adherence to Condition 1;
 - ii. describe any impacts and outstanding concerns identified during construction;
 - iii. describe the actions taken or planned to be taken to prevent or mitigate any identified impacts of construction;
 - iv. include a log of all complaints received by Enbridge, including the date/time the complaint was received, a description of the complaint, any actions taken to address the complaint, the rationale for taking such actions; and
 - v. provide a certification, by a senior executive of the company, that the company has obtained all other approvals, permits, licences, and certificates required to construct, operate and maintain the proposed project.

- b) a final monitoring report, no later than fifteen months after the in-service date, or, where the deadline falls between December 1 and May 31, the following June 1, which shall:
 - i. provide a certification, by a senior executive of the company, of Enbridge's adherence to Condition 1;
 - ii. describe the condition of any rehabilitated land;
 - iii. describe the effectiveness of any actions taken to prevent or mitigate any identified impacts construction;
 - iv. include the results of analyses and monitoring programs and any recommendations arising therefrom; and
 - v. include a log of all complaints received by Enbridge, including the date/time the complaint was received, a description of the complaint, any actions taken to address the complaint, the rationale for taking such actions.

- 8. 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.