

**Ministry of Natural Resources
and Forestry**

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VIA e-mail (boardsec@ontarioenergyboard.ca) and courier (2 hard-copies to Board)

July 21, 2017

Our File No. 948-22-0018

Kristen Walli
Board Secretary
Ontario Energy Board
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RE: Application by Union Gas Limited ("Union")

- **Board File Number: EB-2017-0162**
- **Application for a permit to drill a hydrocarbon injection/withdrawal well and for approval to construct a natural gas pipeline in the Terminus designated storage area in the Township of St. Clair in Lambton County**

Dear Madam,

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

Yours truly,

Demetrius Kappos
Counsel
Legal Services Branch

Encl.

c. The Applicant and Intervenor

UNION GAS LIMITED**2017 TERMINUS WELL REPLACEMENT PROJECT****EB-2017-0162****Written Submission of the Ministry of
Natural Resources and Forestry****Introduction:**

Union Gas Limited ("Union") filed an application dated March 29, 2017 ("the application") with the Ministry of Natural Resources and Forestry ("MNRF") pursuant to the *Oil, Gas and Salt Resources Act* ("OGSRA") for one well drilling licence in the Terminus designated storage area ("Terminus Pool").

On April 12, 2017, MNRF referred the application to the Ontario Energy Board ("OEB") pursuant to s. 40 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15 ("OEB Act") for a report to the Minister.

Union has also applied under s. 90 of the OEB Act for leave to construct approximately 330 metres of 12 inch diameter pipeline in the Terminus Pool.

The proposed well would in effect be a replacement well. It is sought to replace the deliverability lost due to the recent abandonment (in 2016) of two wells.

The OEB initiated this proceeding subsequent to the MNRF referral.

Further to Interrogatories and responses to Interrogatories, the MNRF is hereby providing a Written Submission.

Analysis:

With respect to the MNRF Interrogatory, MNRF is satisfied that Union has offered a complete response.

MNRF reminds Union that, as the operator, it bears the responsibility for compliance with the *Oil, Gas and Salt Resources Act*, O.Reg. 245/97, the

Provincial Operating Standards and CSA Z341: Storage of Hydrocarbons in Underground Formations.

With respect to the OEB Staff proposed Conditions of Approval and the OEB Staff draft Leave to Construct Conditions of Approval, as found in the OEB Staff's Interrogatories # 6 and #7, MNRF has no objection to these proposed conditions.

With respect to OEB Staff Interrogatory #1(d) and its response, i.e. the conversion of an Observation well to an Injection/Withdrawal well, the MNRF agrees that no separate MNRF approval for such a change would be required, however:

- (a) MNRF submits it would be appropriate in this case to require as a Condition of Approval that Union provide 30-day advance notification to MNRF of any such conversion works;
- (b) MNRF reminds Union that, as per CSA Z341: Storage of Hydrocarbons in Underground Formations, the operator shall meet all requirements for conversion from Observation well to Injection/Withdrawal well;
- (c) Union is expected to adhere to applicable reporting requirements under the Provincial Standards for such a conversion, in particular under s. 13.9 (Form 7: Drilling and Completion Report) and s. 13.16 (Form 3: Annual Well Status Report).

Finally, MNRF submits it would also be appropriate that there be a Condition of Approval requiring Union to provide a report to the MNRF if the conversion from Observation well to Injection/Withdrawal well changes the parameters of the Application with respect to capacity.

Conclusion and Relief Requested:

MNRF has no objection to the application's approval as supported by the OEB Staff draft Conditions of Approval and the MNRF proposed further Conditions of Approval set out above.

ALL OF WHICH IS RESPECTFULLY SUBMITTED.

DATED AT Toronto, this the 21st day of July, 2017.

Yours truly,



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

c: The Applicant and Intervenor representatives listed below (by email)

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