



Ontario  
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**BY EMAIL**

August 4, 2020

Ms. Christine E. Long  
Board Secretary and Registrar  
Ontario Energy Board  
2300 Yonge Street, 27th Floor  
Toronto ON M4P 1E4  
BoardSec@oeb.ca

Dear Ms. Long:

**Re: Enbridge Gas Inc.  
Kimball-Colinville and Payne Well Drilling Application  
OEB Staff Submissions  
OEB File No. EB-2020-0105**

In accordance with Procedural Order No. 3, please find attached the OEB staff Submissions for the above proceeding. This document has been sent to Enbridge Gas Inc. and to all other registered parties to this proceeding.

Yours truly,

*Original signed by*

Ritchie Murray  
Project Advisor

- c. Mr. Joel Denomy, [Joel.Denomy@enbridge.com](mailto:Joel.Denomy@enbridge.com)  
Ms. Tania Persad, [Tania.Persad@enbridge.com](mailto:Tania.Persad@enbridge.com)  
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Encl.



## **OEB Staff Submission**

### **Kimball-Colinville & Payne Well Drilling Project**

#### **Enbridge Gas Inc.**

**EB-2020-0105**

**August 4, 2020**

# **1 INTRODUCTION**

## **1.1 Overview of the Application**

On April 9, 2020, pursuant to section 40(1) of the *Ontario Energy Board Act, 1998* (OEB Act), Enbridge Gas Inc. (Enbridge Gas) requested from the Ontario Energy Board (OEB) a favourable report to the Ministry of Natural Resources and Forestry (MNRF) in respect of Enbridge Gas's application to the MNRF for licences to drill wells in the Kimball-Colinville Storage Pool and the Payne Storage Pool (Application). Both pools are located in St. Clair Township in the County of Lambton. One of the wells is a horizontal gas storage well in the Kimball-Colinville Designated Storage Area (DSA) and the other is a vertical gas storage well in the Payne DSA. The new wells would need to be connected to Enbridge Gas's existing gathering pipeline system by way of two new segments of pipeline. The well and pipeline work is collectively referred to as the Project. Enbridge Gas has the authority to store natural gas in these DSAs. The Kimball-Colinville DSA and Payne DSA are collectively referred to as the Pools.

Enbridge Gas says the \$4.94 million Project is needed to replace deliverability that was lost in the Pools due to the abandonment and relining of a number of pre-existing wells. Enbridge Gas says the proposed wells are effectively "like for like" replacements that would not increase the deliverability and capacity of the Pools. The well in the Kimball-Colinville pool would be part of Enbridge Gas's regulated storage operations. The well in the Payne pool would serve both Enbridge Gas's regulated and unregulated operations, and its costs would be allocated according to certain regulated / unregulated allocation factors in Enbridge Gas's next rebasing application.

OEB staff submits that the OEB should issue a favourable report subject to certain conditions (see section 2.10 and Appendix A), provided that Enbridge Gas provides additional information that confirms to the OEB that the combined cost of the two new segments of pipeline is less than \$2,000,000 (see section 2.4). If the pipeline cost is greater than \$2,000,000, then OEB staff submits that the OEB should issue a report in support of the issuance of a well drilling licence subject to leave to construct approval being granted.

## **1.2 Process to Date**

In the Application, Enbridge Gas stated that, in its view, there are no special circumstances associated with the Application. Therefore, in accordance with s. 40(2) of the OEB Act, Enbridge Gas requested that the OEB issue a favourable report to the MNRF without holding a hearing.

The OEB issued a Notice of Hearing on May 7, 2020. The MNRF, Mr. Bryan Arnold, and Mr. Douglas Henderson applied for intervenor status. No objection was received from Enbridge Gas. The MNRF, Mr. Arnold and Mr. Henderson were approved as intervenors. Mr. Arnold and Mr. Henderson were approved for cost award eligibility.

The OEB proceeded with a written hearing. Procedural Order No. 1 set out a process for interrogatories and submissions. In response to a request by Mr. Henderson for an extension, Procedural Order No. 2 extended the due date for submissions by two weeks. In Procedural Order No. 3, the OEB found that the matters of compensation under the existing gas storage lease agreements and alleged inadequate past restoration of intervenors' properties and awards for damage are matters that are outside the scope of this proceeding. The OEB also found that the inclusion of the regulated portion of the proposed assets in rate base, and the matter of cost allocation between regulated and unregulated gas storage operations, will be considered as part of Enbridge Gas's 2024 rates application, and are also beyond the scope of this proceeding. The OEB extended the due date for submission by an additional week to allow intervenors and OEB staff to revise their submissions accordingly. Enbridge Gas's reply submission is due August 18, 2020.

## 2 SUBMISSIONS

### 2.1 Project Need

Based on Enbridge Gas's pre-filed evidence and responses to interrogatories, OEB staff submits that the Project is needed.

The purpose of the Project is to replace deliverability that was lost due to the abandonment and relining of a number of pre-existing wells. Enbridge Gas says the new wells would effectively be "like for like" replacements and would not increase the deliverability and capacity of the pools. Enbridge Gas says the new wells would assist with the continued safe and reliable distribution of natural gas to existing and future Enbridge Gas customers.

The new vertical gas storage well in the Payne DSA (UP 24) would replace deliverability that was lost due to the abandonment of one gas storage well and the relining of six other gas storage wells in that pool.

The new horizontal gas storage well in the Kimball-Colinville DSA (TKC 67H) would replace deliverability that was lost due to the abandonment of three gas storage wells in that pool.

### 2.2 Technical Matters

OEB staff has no issues or concerns with the technical aspects of the Project. However, OEB staff submits that if the OEB approves the Application, then the approval should be conditional on Enbridge Gas being compliant with the relevant requirements of the the Canadian Standards Association *Z341 Storage of Hydrocarbons in Underground Formations* (CSA Z341) to the satisfaction of the MNRF.

In past well drilling applications, the OEB has said that it expects applicants to comply with the relevant requirements of the CSA Z341 to the satisfaction of the MNRF. In its application, Enbridge Gas confirmed that it will fulfill to the satisfaction of the MNRF all of the relevant requirements of the CSA Z341, as well as the *Oil, Salt and Gas Resources Act* and related regulations.

In accordance with the CSA Z341, Enbridge Gas completed the following risk assessment reports for each of the storage pools (Reports):

- a) Assessment of Neighbouring Activities report
- b) "What if" analysis of hazards and operability (a.k.a., HAZOP) report

Enbridge Gas personnel met with the MNRF on March 12, 2020, to discuss the Project. The Reports were provided to the MNRF at that time.

In response to an MNRF interrogatory<sup>1</sup>, Enbridge Gas confirmed that any changes to the proposed drilling programs will be sent to the MNRF for review and approval. OEB staff notes that there has been a change in the proposed drilling program since the Application was filed. The change involves deferring the completion of the Project to 2021. Enbridge Gas says that, in order to ensure that it can maintain the injection schedule and that the pools are full and ready for winter withdrawal, the Kimball-Colinville and Payne Pools have been placed back into service and injection operations are currently occurring in both Pools<sup>2</sup>. Due to the increased pressure in both Pools, Enbridge Gas will not drill into either storage pool in 2020. Instead, the drilling will now be completed in two stages – drilling and completing a portion of each well, above the storage pool, in Q4 of 2020 and drilling and completing the balance of each well in Q1/Q2 of 2021. It is unclear to OEB staff whether this change in drilling program has been discussed with the MNRF and whether the MNRF has any issues with the change. Enbridge Gas should advise in its reply submission as to whether those discussions have taken place and, if so, what the outcome was. If the discussions have not taken place, Enbridge Gas should advise what its plans are for holding those discussions and how it will advise the OEB about the outcome.

In an interrogatory, Mr. Arnold asked whether Enbridge Gas was aware of a fault line running through the Kimball-Colinville pool, and if so had it studied the issue and developed any safety protocols should a loss of containment occur. Enbridge Gas replied that it is aware of a west-northwest by east-southeast trending fault that separates the Kimball-Colinville pool and the Ladysmith pool, called the Payne-Waubuno Fault (Fault)<sup>3</sup>. Enbridge Gas stated that it has reviewed numerous studies that have been completed on the geology of Ontario and has completed three-dimensional seismic activities over the Kimball-Colinville Storage Pool and the Ladysmith Storage Pool and confirmed the presence of the Fault. Enbridge Gas states that the well location is approximately 789 metres north of the Fault. The horizontal leg will be drilled in a northerly direction, away from the Fault and therefore the horizontal leg will not intersect the Fault.

Enbridge Gas stated that it has safely operated the Kimball-Colinville Storage Pool since 1965. Enbridge Gas also stated that it continuously monitors the pressure in the

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<sup>1</sup> Response to MNRF interrogatory No. 3

<sup>2</sup> Response to OEB staff interrogatory No. 4

<sup>3</sup> Response to Arnold interrogatory No. 1

Kimball-Colinville pool, and that safety equipment and protocols are in place in the event of an emergency, including<sup>4</sup>:

1. An Emergency Response Plan that identifies the measures that need to be taken if an emergency occurs and includes the notification of landowners and neighbours
2. Enbridge Gas is part of the Chemical Valley Emergency Coordinating Organization and can leverage the resources of other industries in the Sarnia area
3. During the drilling of TKC 67H, blowout preventors will be used to:
  - a. Prevent the unplanned release of fluid and gases from the well
  - b. Allow pumping of fluids into the well
  - c. Close the well under any circumstance, if required
4. A drilling monitoring system will be used to provide real-time information of well conditions – such as any pressure increase/decrease, fluid inflow/outflow, and drilling speed
5. Blowout prevention drills are performed regularly by the crew, ensuring that the crew is well-trained and all workers know where they need to be in the event of an emergency
6. An emergency shutdown valve will be installed on the well, which can be shut remotely from the Corunna Compressor Station to stop flow from the well in the event of an emergency condition

OEB staff notes that equipment such as blowout preventors and emergency shutdown valves are required by the CSA Z341 – compliance with which must be to the satisfaction of the MNRF.

OEB staff has reviewed the submission by MNRF. The MNRF states that it is satisfied with Enbridge Gas's responses to the interrogatories in which it had an interest. The MNRF reminded Enbridge Gas that, as the operator, it bears the responsibility for ensuring that all safety and environmental issues are addressed, and to ensure its compliance with the CSA Z341. The MNRF stated that it has no objection to the OEB's approval of the Application as proposed.

OEB staff interprets MNRF's submission to be an acknowledgement that it is satisfied with Enbridge Gas's compliance with the CSA Z341 to date. However, OEB staff submits that, as a condition of licence, the OEB should require that Enbridge Gas

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<sup>4</sup> Response to Arnold interrogatory No. 1

remain compliant with the relevant requirements of the CSA Z341 to the satisfaction of the MNRF. In its submission, the MNRF supported the inclusion of such a condition.

## **2.3 Proposed Facilities and Alternatives**

OEB staff submits that the proposed well, wellhead and pipeline facilities seem appropriate to achieve the intent of the Project, which is to replace deliverability that was lost due to the abandonment and relining of a number of pre-existing wells.

Upon completion of drilling activities, Enbridge Gas would need to construct new wellheads for each well. Approximately 85 metres of NPS 10 steel pipeline would be installed from TKC 67H to the Kimball-Colinville gathering pipeline. Approximately 120 metres of NPS 10 steel pipeline would be installed from UP 24 to the Payne gathering pipeline. Enbridge Gas confirmed that it will install emergency shutdown valves on both wells<sup>5</sup>.

## **2.4 Leave to Construct Approval**

The OEB Act requires that no person shall construct a hydrocarbon line without first obtaining from the OEB an order granting leave to construct (LTC) the hydrocarbon line if one or more of the following criteria are met:

- a) It is greater than 20 kilometres in length, or
- b) It costs more than \$2,000,000, or
- c) It is 12 inches or greater in diameter and has an operating pressure of 2,000 kilopascals (290 pounds per square inch) or more<sup>6</sup>

Enbridge Gas says the two pipelines do not meet any of the criteria for requesting leave to construct set out in the OEB Act<sup>7</sup>. OEB staff agrees that the length and diameter of the pipelines do not trigger the requirement for LTC. However, while it is unlikely that the cost of the pipelines would exceed \$2,000,000, OEB staff cannot confirm that LTC is not required without knowing the combined capital cost estimate for the pipelines separate from the total cost of the well work. Enbridge Gas should provide the estimated cost of the pipelines in its reply submission.

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<sup>5</sup> Response to MNRF interrogatory No. 10.

<sup>6</sup> OEB Act, section 90 (1)

<sup>7</sup> Application, Exhibit B, Tab 1, Schedule 1, page 4



## 2.5 Project Economics

OEB staff has no issues with the capital costs of the Project. The issue of cost allocation between regulated and unregulated storage operations is a matter for Enbridge Gas's next rebasing application.

The estimated capital cost for the Project is \$4.94 million. Well TKC 67H would be part of Enbridge Gas's regulated storage operations. Well UP 24 would serve both Enbridge Gas's regulated and unregulated operations. Enbridge Gas provided Table 1 (below), which sets out the forecasted capital cost by well.

Table 1: Project Costs

| New Well and Type                          | Cost Allocation   | Forecasted Capital Cost (\$000's) |
|--|-------------------|-----------------------------------|
| TKC 67H – Horizontal Well                  | 100% Regulated    | 2,554.0                           |
| UP 24 – Vertical Well                      | 44.1% Regulated   | 1,051.0                           |
|  | 55.9% Unregulated | 1,334.0                           |
| Total Cost to Regulated Storage Operations |                   | 3,605.0                           |
| Total Cost                                 |                   | 4,939.0                           |

The drilling activities (rig, fuel, labour and directional drilling services) account for approximately 51% of the Project costs. The remaining costs are comprised of materials 29% (casing, wellheads, valves, etc.), labour 8% (supervision, mechanical contractors, logging contractors, etc.) and site preparation and cleanup 13% (gravel pads, site restoration). OEB staff notes that this breakdown of Project costs is identical to the breakdown of project costs filed in Enbridge Gas's 2017 Dow-Moore Well Drilling application<sup>8</sup>.

OEB staff submits that the costs provided in Table 1 above are higher than other recent well drilling projects by Enbridge Gas. Examples of the costs of recent well drilling applications are provided in Table 2 below, which was prepared by OEB staff.

Table 2: Costs of Other Recent Well Drilling Projects

| Proponent                      | Project                         | Well Type and Name              | Forecasted Capital Cost (\$000's) |
|--------------------------------|---------------------------------|---------------------------------|-----------------------------------|
| Union Gas Limited              | Terminus Project, EB-2017-0162  | Vertical Storage Well, UT-15    | \$1,797.0                         |
| Enbridge Gas Distribution Inc. | Dow-Moore Project, EB-2017-0354 | Vertical Observation Well TD-26 | \$1,364.0                         |
|                                |                                 | Vertical Observation Well TD-27 | \$1,534.0                         |

<sup>8</sup> EB-2017-0354, Exhibit D, Tab 1, Schedule 1, page 1

|  |  |                                 |           |
|--|--|---------------------------------|-----------|
|  |  | Horizontal Storage Well, TD-28H | \$1,800.0 |
|  |  | Horizontal Storage Well, TD-29H | \$1,876.0 |

However, OEB staff understands that the projects included in Table 2 did not require additional pipeline costs as is the case for the current application. As the pipeline costs have not been separately identified, OEB staff is unable to provide an “apple to apple” comparison. OEB staff submits that providing such a comparison in reply submission would be of assistance to the hearing Panel.

In its decision in the recent amalgamation application for Enbridge Gas Distribution Inc. and Union Gas Limited, the OEB approved a price cap incentive regulation regime for the setting of rates for fiscal years 2019-2023<sup>9</sup>. Enbridge Gas is not requesting an Incremental Capital Module treatment for the Project. Therefore, the costs will be funded through existing rates in accordance with the approved incentive rate setting mechanism and there will be no incremental bill impact to customers up to the end of the 2023 fiscal year. Enbridge Gas proposes to include the costs of the regulated storage operations in rate base in its next rebasing application<sup>10</sup>, which is scheduled for the 2024 fiscal year.

In Procedural Order No. 3, the OEB noted that the regulated portion of the proposed facilities, if and to the extent approved, would not be included in Enbridge Gas’s rate base until the time of rebasing. As such, the inclusion of the regulated portion of these assets in rate base, and the matter of cost allocation between regulated and unregulated gas storage operations, will be considered as part of Enbridge Gas’s 2024 rates application, and are beyond the scope of this proceeding.

Enbridge Gas submits that the Project is like-for-like, and will not result in an increase in storage capacity or deliverability<sup>11</sup>. OEB staff notes that for any new storage projects that only replace existing storage assets and do not increase storage capacity or deliverability, the cost of those projects will be allocated to regulated and unregulated storage operations on the same basis as the original assets<sup>12</sup>. OEB staff submits that the matter with respect to whether the Project is like-for-like is not a matter typically in scope of a licence referral proceeding and should be considered as part of Enbridge Gas’s 2024 rates application.

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<sup>9</sup> EB-2017-0306 & EB-2017-0307

<sup>10</sup> Response to OEB staff interrogatory No. 3 a)

<sup>11</sup> Application, pages 1 and 2

<sup>12</sup> EB-2011-0038, Union Gas Limited, 2010 ESM and DVA application, section 3.5.4

## 2.6 Project Schedule

OEB staff has no issues or concerns with the revised schedule for the Project.

In its application, Enbridge Gas said that drilling of the wells is proposed to occur in June and July of 2020 when storage pressures are low and constant and therefore suitable and safe for drilling operations. Enbridge said that the pools must be put back into operation by mid-July, 2020, to ensure that there is no disruption to services for storage injections. Enbridge Gas said that if it were not able to finish drilling before mid-July, 2020, the Project would be deferred to the following year. Enbridge Gas requested a favorable report be provided by the OEB to the MNRF by the end of May 2020.

OEB staff asked Enbridge Gas to comment on its ability to complete the work in 2020 in the event that the OEB were to issue its report in July or August of 2020. As previously mentioned in this submission, Enbridge Gas replied that it has already begun injection operations in the Pools to ensure they are ready for winter withdrawal<sup>13</sup>. Due to the increased pressure in the Pools, Enbridge Gas says it will now not drill into either storage pool in 2020. Enbridge Gas now proposes to complete the Project in two stages – drilling and completing a portion of each well, above the storage reef, in Q4 of 2020 and drilling and completing the balance of each well in Q1/Q2 of 2021<sup>14</sup>.

Enbridge Gas did not indicate whether this change in the project schedule will have a negative impact on its ratepayers. In its reply submission, Enbridge Gas should comment on any incremental costs that may arise due to the change in the project schedule.

## 2.7 Land Matters

OEB staff has no issues or concerns in respect of land matters.

The Project would require the construction of gravel pads and access lanes. There are two parties who would be directly impacted by the Project. Enbridge Gas has confirmed that neither of the directly affected parties is Mr. Arnold or Mr. Henderson<sup>15</sup>.

To install and maintain well TKC 67H in the Kimball-Colinville DSA, Enbridge Gas would need to construct:

- A temporary 76 m x 76 m gravel pad that, after drilling is complete, would be reduced to a permanent pad of approximately 11 m x 5.5 m

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<sup>13</sup> Response to OEB staff interrogatory No. 4

<sup>14</sup> Ibid.

<sup>15</sup> Response to OEB staff interrogatory No. 5 a)

- A temporary work space of approximately 64 m x 18 m for the purposes of constructing the pipeline that will connect the well to the Kimball-Colinville gathering line
- A permanent 6 m wide x 29 m gravel lane off the existing gravel lane in order to maintain access to the new well site

Enbridge Gas owns the property on which TKC 67H would be drilled. The lands are leased to a local farmer. Enbridge Gas land agents have contacted the farmer regarding the proposed project. The farmer will be notified once Enbridge Gas receives approval to drill the well.

To install and maintain well UP 24 in the Payne DSA, Enbridge Gas would need to construct:

- A temporary 76 m x 76 m gravel pad that, after drilling is complete, would be reduced to a permanent pad of approximately 12 m x 12 m
- A temporary work space of approximately 94 m x 18 m for the purposes of constructing the pipeline that will connect the well to the Payne gathering line
- A permanent 6 m wide x 130 m gravel lane off Ladysmith Road in order to maintain access to the new well site

Enbridge Gas leases from a local farmer the property on which UP 24 would be drilled. Enbridge Gas land agents have contacted the farmer regarding the proposed project. The farmer has executed a Letter of Acknowledgement and a Pipeline Easement Agreement in addition to the Gas Storage Lease<sup>16</sup>. The Gas Storage Lease grants Enbridge Gas the right to drill wells and install facilities on the lands, provides for the landowner to be compensated for the work, and addresses compensation for damages<sup>17</sup>. The compensation for the work is based upon standard acreage or facility fees for each activity<sup>18</sup>. Although not required, the Letter of Acknowledgement and Pipeline Easement Agreement are customary in the former Union Gas Limited rate zone and serve to provide details of the specific project and related compensation<sup>19</sup>.

In the Application, Enbridge Gas states that rotary rig drilling would proceed on a 24 hour / 7 day per week basis throughout the drilling process. If cable tool rig drilling is

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<sup>16</sup> Response to OEB staff interrogatory No. 5 b)

<sup>17</sup> Ibid.

<sup>18</sup> Response to OEB staff interrogatory No. 5 c)

<sup>19</sup> Response to OEB staff interrogatory No. 5 b)

necessary, it will proceed on a 12 hour basis<sup>20</sup>. The drilling of the horizontal well, TKC 67H, is expected to take 21 to 28 days and the drilling of the vertical UP 24 well is expected to take 10 to 14 days. OEB staff asked Enbridge Gas whether affected landowners (i.e., the two parties who would be directly impacted by the Project) have been informed about this level of activity. Enbridge Gas replied that it owns the property where TKC 67H would be drilled and therefore notification is not required<sup>21</sup>. The landowners for UP 24 have not been informed to date about drilling operations and scheduling; Enbridge Gas says that, in order to provide the most accurate information concerning drilling operations and scheduling, it will send letters to the affected landowners after the project has been approved<sup>22</sup>.

Enbridge Gas states that, to date, the directly affected parties have not expressed any concerns regarding the drilling location, access roads or other activities. Enbridge Gas has committed to maintaining a log of any concerns presented by the landowners and to ensuring that any concerns are noted and resolved<sup>23</sup>. Enbridge Gas says that it is not aware of any unresolved land matters.

OEB staff submits that Enbridge Gas's proposed land use requirements, the associated impact on affected landowners, and its communications to date are reasonable.

## **2.7.1 Gas Storage Leases and Compensation**

OEB staff notes that, in accordance with Procedural Order No. 3, issues related to Gas Storage Leases are beyond the scope of this proceeding.

## **2.8 Environmental Matters**

OEB staff has no issues or concerns in respect of environmental matters.

Enbridge Gas retained Stantec Consulting Ltd. (Stantec) to undertake an environmental screening to identify potential environmental and socio-economic impacts associated with the Project and to prepare an Environmental Screening Report (ESR). The ESR includes recommended impact mitigation measures, including measures to avoid impacts to the Butler's Gartersnake – the only Species at Risk identified in the study area. The ESR is incorporated into the Environmental Report (ER) that was prepared by Enbridge Gas. The ER concludes that, with the implementation of the recommended

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<sup>20</sup> In response to MNRF interrogatory No. 3, Enbridge Gas confirmed that any changes to the proposed drilling programs would require subsequent review and approval by the MNRF. This would include switching from a rotary rig to a cable tool rig.

<sup>21</sup> Response to OEB staff interrogatory No. 6 a)

<sup>22</sup> Response to OEB staff interrogatory No. 6 a) & b)

<sup>23</sup> Ibid.

mitigation measures, the Project is not anticipated to have any significant adverse effects.

The ER was provided to the Ontario Pipeline Coordinating Committee (OPCC) on February 20, 2020. Enbridge Gas has received comments from the Technical Standards and Safety Authority, the Ontario Ministry of Transportation, the Ontario Ministry of Environment, Conservation and Parks, and the MNRF, and no issues or concerns were raised by these OPCC members.

A Stage 1 and Stage 2 Archaeological Assessment (AA) was completed by Stantec and was submitted to the Ministry of Heritage, Sport, Tourism and Cultural Industries (MHSTCI) on February 18, 2020. No archaeological resources were identified and no further archaeological work is required. The clearance letter from the MHSTCI indicates that the AA was accepted into the Ontario Public Register of Archaeological Reports on March 19, 2020.

In the Application, Enbridge Gas states that water wells may be impacted by well drilling and pipeline construction if it is not completed properly, and that Enbridge Gas had retained a consultant hydrogeologist to conduct a standard water well monitoring program. Both the MNRF and OEB staff asked Enbridge Gas about the possible impact of the Project on water wells. Enbridge Gas replied that water wells could be disturbed temporarily when drilling is occurring through the freshwater zone<sup>24</sup>. Enbridge Gas stated that it is possible for drilling fluids to enter the water well, but that this is highly unlikely as the water zone is only open for a minimal amount of time before casing is run and cemented to the surface. Once the surface casing is placed, the freshwater zone is sealed off for the remainder of drilling activities. Enbridge Gas states that the proposed drilling program provides for two additional casing strings to be run and cemented to surface, thereby providing 3 layers of protection between the freshwater and the natural gas.

Enbridge Gas noted that the closest water well to TKC 67H is located 830 metres south at 3071 Tecumseh Road and the closet water well to UP 24 is located 900 metres south at 3427 Ladysmith Road<sup>25</sup>.

If it is determined that Enbridge Gas has impacted a water well, Enbridge Gas will ensure that the affected landowner's water supply will be maintained until the problem is corrected<sup>26</sup>.

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<sup>24</sup> Response to OEB staff interrogatory No. 6 d)

<sup>25</sup> Ibid.

<sup>26</sup> Response to OEB staff interrogatory No. 6 d)

Enbridge Gas stated that letters offering private well monitoring were hand delivered by Stantec in March 27, 2020 to residents within at least one kilometer of TKC 67H and UP 24<sup>27</sup>. Enbridge Gas stated that a Landowner Relations Program will be administered by two Enbridge Gas Land Agents and will provide landowners with a dedicated contact in the event they have any concerns or questions during the Project<sup>28</sup>.

OEB staff submits that Enbridge Gas's efforts to date appear to be in accordance with the applicable requirements of the OEB's *Environmental Guidelines for Location, Construction and Operation of Hydrocarbon Pipelines and Facilities in Ontario* (7<sup>th</sup> Edition, 2016).

## 2.9 Indigenous Consultation

OEB staff has no issues or concerns in respect of Indigenous consultations.

The Ministry of Energy, Northern Development and Mines (MENDM) has delegated to Enbridge Gas the procedural aspects of the Crown's Duty to Consult. The MENDM's delegation letter identified six Indigenous communities to be consulted:

1. Aamjiwnaang First Nation
2. Bkejwanong (Walpole Island First Nation)
3. Chippewas of the Thames First Nation
4. Caldwell First Nation
5. Chippewas of Kettle and Stoney Point
6. Oneida Nation of the Thames

Enbridge Gas's Indigenous Consultation Report was provided to the MENDM on April 9, 2020. On May 29, 2020, the MENDM issued a letter to Enbridge Gas stating that, "MENDM is of the opinion that the procedural aspects of consultation undertaken by Enbridge to date for this project in relation to the Ontario Energy Board's *Environmental Guidelines for Hydrocarbon Pipelines and Facilities in Ontario* is satisfactory." The MENDM also stated that, "[i]t is expected that Enbridge will continue its consultation activities with the communities throughout the life of the project, and that Enbridge will notify ENDM should any additional rights-based concerns/issues arise."

## 2.10 Conditions of Licence

The conditions of licence that the OEB typically recommends to the MNRF for natural gas storage well drilling licences are provided in Appendix A. Further to section 2.2 of

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<sup>27</sup> Response to MNRF interrogatory No. 4

<sup>28</sup> Ibid.

this submission, one of the typical conditions (No. 9) relates to Enbridge Gas's efforts being to the satisfaction of the MNRF. OEB staff submits that, if the OEB issues a favourable report to the MNRF, then the report should recommend that the licences be subject to the conditions provided in Appendix A. If Enbridge Gas disagrees with part of all of these conditions, it can comment in its reply submission.



### 3 CONCLUSION

OEB staff submits that the Project is needed to replace deliverability that was lost in the Kimball-Colinville DSA and Payne DSA due to the abandonment and relining of a number of pre-existing wells. OEB staff submits that the OEB should issue a report in support of the issuance of a well drilling licence subject to certain licence conditions (see section 2.10 and Appendix A), provided that Enbridge Gas provides additional information that confirms to the OEB that the combined cost of the two new segments of pipeline is less than \$2,000,000 (see section 2.4). If the pipeline cost is greater than \$2,000,000, then OEB staff submits that the OEB should issue a report in support of the issuance of a well drilling licence subject to leave to construct approval being granted.

*All of which is respectfully submitted.*

## APPENDIX A

### **Proposed** Standard Conditions of Approval

1. Enbridge Gas Inc. (Enbridge Gas) shall rely on the evidence filed with the OEB in EB-2020-0105 proceeding and comply with applicable laws, regulations and codes pertaining to the construction of the proposed wells.
2. The authority granted under this licence to Enbridge Gas 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 Inc.
3. Enbridge Gas shall construct the facilities and restore the land in accordance with its Application and evidence given to the OEB, except as modified by this license and these Conditions.
4. Enbridge Gas shall implement all the recommendations of the Environmental Screening Report filed in the proceeding.
5. Enbridge Gas shall ensure that the movement of equipment is carried out in compliance with all procedures filed with the OEB, and as follows:
  - i. Enbridge Gas 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 to minimize disruption of agricultural land and agricultural activities.
6. Concurrent with the Final Monitoring report referred to in Condition 8(b), Enbridge Gas shall file a Post Construction Financial Report, which shall indicate the actual capital costs of the project and shall provide an explanation for any significant variances from the cost estimates filed in this proceeding.
7. Enbridge Gas shall, subject to the recommendation by an independent tile contractor and subject to the landowner's 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.
8. Both during and after construction, Enbridge Gas 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 Gas'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 Gas, 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, licenses, 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' 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 during 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 Gas, 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.
9. For the purposes of these conditions, conformity of Enbridge Gas with the following shall be to the satisfaction of the MNRF:
- a) CSA Z341.1-18 "Storage of Hydrocarbons in Underground Formations"
  - b) The requirements for wells as specified in the *Oil, Gas and Salt Resources Act, Ontario Regulation 245/97*, and the Provincial Operating Standards v.2.

10. Enbridge Gas shall designate one of its employees as project manager who will be responsible for the fulfillment of these conditions, shall provide the employee's name and contact information to the OEB and to all the appropriate landowners, and shall clearly post the project manager's contact information in a prominent place at the construction site.