



**BY E-MAIL**

September 13, 2022

Susan Mancini  
Manager, Petroleum Operations Section  
Ministry of Natural Resources and Forestry  
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Dear Ms. Mancini:

**Re: Report to the Minister of Natural Resources and Forestry  
Enbridge Gas Inc., Well Drilling Licence Application- Crowland Test Well  
Drilling Project  
Ontario Energy Board File Number: EB-2022-0155**

Pursuant to Section 40 of the *Ontario Energy Board Act, 1998*, the Minister of Natural Resources and Forestry referred to the Ontario Energy Board (OEB) an application by Enbridge Gas Inc. (Enbridge Gas) for a licence to drill a stratigraphic test well in the Crowland Storage Pool. Please find attached the OEB's report to the Minister of Natural Resources and Forestry that recommends the issuance of a well drilling licence to Enbridge Gas for this well, subject to certain conditions of licence.

Please direct any questions relating to this application to Catherine Nguyen, Advisor at 416-440-7654 or [Catherine.Nguyen@oeb.ca](mailto:Catherine.Nguyen@oeb.ca).

Yours truly,

Nancy Marconi  
Registrar

Attachment

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Ontario  
Energy  
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de l'énergie  
de l'Ontario

**EB-2022-0155**

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## **REPORT OF THE ONTARIO ENERGY BOARD TO THE MINISTER OF NATURAL RESOURCES AND FORESTRY**

**Application by Enbridge Gas Inc. for a licence to drill a stratigraphic test well in  
the Crowland Storage Pool**

**By Delegation, before: Theodore Antonopoulos**

Vice President

Applications

**Date: September 13, 2022**

## 1. INTRODUCTION AND SUMMARY

Enbridge Gas Inc. (Enbridge Gas) applied to the Minister of Natural Resources and Forestry (Minister) for a licence to drill a stratigraphic test well (EC 1) in the Crowland Storage Pool, which is currently operated by Enbridge Gas (Project). The Crowland Storage Pool is a Designated Storage Area<sup>1</sup> in which Enbridge Gas has the authority to store gas<sup>2</sup>. The Crowland Storage Pool is located in the Township of Humberstone, in the City of Port Colborne, in the Regional Municipality of Niagara.

On May 18, 2022, the Minister referred the application to the Ontario Energy Board (OEB) pursuant to section 40(1) of the *Ontario Energy Board Act*, 1998 (OEB Act). Enbridge Gas seeks a favourable report (Report) from the OEB to the Minister to support its well drilling licence application.

The OEB recommends approval of the application for a well drilling licence. The OEB's recommendation includes the conditions of licence in Attachment A to this Report.

## 2. PROCESS

Section 40(2) of the OEB Act states that the "Board may hold a hearing before reporting to the Minister if the applicant does not have authority to store gas in the area or, in the Board's opinion, the special circumstances of the case require a hearing".

On June 30, 2022, in a Case Information Letter, the OEB stated it will review the application and issue the Report without holding a hearing as Enbridge Gas has the authority to store gas in the area and there are no special circumstances that require a hearing. The letter also set out a process for OEB staff questions and comments from the Ministry of Natural Resources and Forestry (MNRF).

OEB staff filed questions on July 7, 2022. Enbridge Gas responded on July 19, 2022.

By letter dated July 28, 2022, the MNRF advised that it has no objection to approval of the application, subject to the conditions of licence proposed by OEB staff in its questions for Enbridge Gas.

## 3. FACTORS CONSIDERED BY THE OEB

When reviewing and reporting to the Minister on well drilling licence applications, the OEB considers the following factors:

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<sup>1</sup> Granted by Ontario Regulation 299/64

<sup>2</sup> Granted by the OEB in E.B.O 8

- Project need and timing
- Proposed facilities and regulatory compliance
- Project costs and impact on ratepayers
- Environmental impacts of the project
- Landowner matters associated with the project
- Indigenous consultation associated with the project
- Conditions of Licence

The sections below summarize the evidence filed by Enbridge Gas and provide the OEB's findings related to each of these factors.

### **3.1 PROJECT NEED AND TIMING**

#### **Need for the Project**

Enbridge Gas stated that EC 1 is needed to obtain core and install instrumentation to characterize the rock properties of the storage zone and the geological formations above and below the storage zone. Enbridge Gas stated that the drilling of EC 1 is the first phase of Enbridge Gas's Crowland Wells Upgrade project needed to assess and respond to potential integrity concerns associated with the existing Crowland Storage Pool wells. The results of the drilling and testing of the core from EC 1 will provide data needed to finalize the next phase of the Crowland Wells Upgrade project.

Enbridge Gas stated that the drilling of EC 1 will not cause any disruption to service from the Crowland Storage Pool. The maximum operating pressure, working capacity and deliverability at the Crowland Storage Pool will not change as a result of the proposed drilling operations of EC 1.

In response to an OEB staff question, Enbridge Gas explained that after completion of the collection of data required to finalize the next phase of the Crowland Wells Upgrade project, EC 1 will be converted into an observation or injection/withdrawal well, depending on the test results.<sup>3</sup>

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<sup>3</sup> Enbridge Gas response to OEB Staff-1c)

Enbridge Gas stated that it is not aware of any comparable alternative facility or non-facility solution that would enable gathering information on the rock properties of these specific geological formations. Enbridge Gas also stated that historic information of this nature does not exist, as no other wells in the Crowland Storage Pool have been cored and tested in the manner proposed by Enbridge Gas in this application.

### **Findings**

The OEB finds that there is a need for the Project. The OEB notes that any future conversion of EC 1 from a test well to an observation or injection/withdrawal well would be subject to Enbridge Gas receiving approvals from the MNRF. The OEB also notes that the findings arising out of this Report do not guarantee any future approvals or favourable reports from the OEB for the remaining phase(s) of the broader project.

### **Timing of the Project**

Enbridge Gas stated that the Project is proposed to be fully placed into service by December 1, 2022. Enbridge Gas requested the Report by September 2022.

In its application, Enbridge Gas stated that the drilling of EC 1 must take place between mid-September and November 2022 to ensure there is no disruption to service from the storage pool and to ensure the pool pressure will be suitable to safely complete the drilling of the well. Enbridge Gas explained that the safe drilling of EC 1 must be done when the reservoir pressure is less than 2,100 kPa.

Enbridge Gas noted that if EC 1 cannot be drilled prior to November 2022, the Project will have to be deferred until 2023 when Winter 2022/23 withdrawal operations have completed.

In response to an OEB staff question, Enbridge Gas explained that if the Project is deferred until 2023, the second phase of the Crowland Wells Upgrade project would potentially be deferred by a year to 2024 and 2025.<sup>4</sup>

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<sup>4</sup> Enbridge Gas response to OEB Staff-1b)

## **Findings**

The OEB finds the proposed drilling schedule to be acceptable as it ensures there is no disruption to service from the Crowland Storage Pool and the safe drilling of EC 1.

### **3.2 PROPOSED FACILITIES AND REGULATORY COMPLIANCE**

#### **Proposed Facilities**

The Project requires the construction of a permanent gravel pad, temporary workspace and a permanent all-weather access lane.

For EC 1, Enbridge Gas must construct the following features:

- a) Temporary workspace area for a gravel pad approximately 90 m x 90 m with a silt fence around the perimeter, which will be reduced to an approximately 10 m x 6 m permanent gravel pad once the drilling of well EC 1 is complete.
- b) A permanent all-weather gravel access lane, 6 m wide x 16 m long will be constructed off an existing gravel lane to allow access to the new well site.

A laneway and gravel pad will be installed prior to the commencement of drilling operations. Enbridge Gas stated that upon completion of drilling, the pad will be reduced in size, a permanent laneway will remain, and the balance of the land will be restored.

## **Findings**

The OEB finds the construction of the proposed facilities to be appropriately planned.

#### **Regulatory Compliance**

Enbridge Gas stated that all design, installation and testing of the proposed well will be in accordance with the *Oil, Gas & Salt Resources Act* (OGSRA), Ontario Regulation 245/97, OGSRA Standards v.2.0 and the Canadian Standards Association *Z341 Storage of Hydrocarbons in Underground Formations* (CSA Z341 1-22).

Enbridge Gas further stated that it will fulfill, to the satisfaction of the MNRF, all of the relevant requirements of CSA Z341 1-22, the OGSRA and related regulations.

**Findings**

The OEB accepts the undertaking by Enbridge Gas that all design, installation and testing of the proposed wells will be in accordance with applicable regulations.

**3.3 PROJECT COSTS and impact on ratepayers**

The total projected cost for the Project is approximately \$2.26 million, as set out in Table 1, below.

Table 1: Project Costs

<u>Type of expenditure</u>	<u>Cost estimate</u>
Material Costs	\$ 390,000
Labour Costs	\$ 60,000
External Permitting	\$ 20,000
Land	\$ 30,000
Contractors	\$1,350,000
Internal Labour	\$ 200,000
Contingency Costs	\$ 205,000
<b>Total Costs</b>	<b>\$2,255,000</b>

Enbridge Gas noted that the total estimated Project costs set out above are lower than a recent comparable project completed by Enbridge Gas and approved by the OEB.<sup>5</sup>

Enbridge Gas stated that it is not seeking recovery of the Project cost as part of this application. Upon rebasing, Enbridge Gas expects the capital costs associated with the Project will be included in rate base as the Project solely benefits Enbridge Gas's regulated storage business. Enbridge Gas further noted that the Project will not result in increased deliverability or capacity.<sup>6</sup> Enbridge Gas stated that it will allocate Project costs to rate classes according to the applicable OEB-approved cost allocation methodology in place at the time Enbridge Gas applies for such rate recovery.

**Findings**

The OEB finds that the Project costs are reasonable. The cost types and quanta are similar to recent Enbridge Gas storage pool expansions approved by the OEB. The OEB recommends that Enbridge Gas be required, as a condition of the requested licence, to file post-construction financials with both the MNRF and the OEB. The OEB

<sup>5</sup> EB-2019-0012, Report of the OEB, July 25, 2019

<sup>6</sup> Enbridge Gas response to OEB Staff-2a)

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will address the ratemaking implications of the Project, including the appropriate allocation of costs, in a subsequent rebasing application to the OEB.

### 3.4 ENVIRONMENTAL IMPACTS

Enbridge Gas retained Stantec Consulting Ltd. to undertake an environmental screening to identify potential environmental and socio-economic impacts associated with the Project. The Environmental Report (ER) concluded that, with the implementation of the recommendations in the ER, ongoing communication and consultation, environmental and supplementary studies and adherence to permit, regulatory and legislative requirements, potential adverse residual environmental and socio-economic impacts of the Project are not anticipated to be significant.

The ER was provided to the Ontario Pipeline Coordinating Committee (OPCC) on May 6, 2022. Enbridge Gas received requests from the Niagara Peninsula Conservation Authority (NPCA) to:

- Provide a single season botanical inventory and Ecological Land Classification (ELC) mapping and note that any proposed changes to evaluated wetland boundaries are subject to review and approval by the MNRF
- Provide a figure clearly demonstrating the areas requiring vegetation removal and to include a restoration plan detailing how disturbed areas will be restored following the removal of the temporary drill pad

NPCA staff also recommended that amphibian and reptile exclusion fencing be explored as a mitigation to prevent herpetofauna from entering construction areas.

In response to an OEB staff question, Enbridge Gas stated that it would prepare and submit a permit application to the NPCA under *Ontario Regulation 155/06* by July 2022 which would address the comments made by NPCA.<sup>7</sup>

A Stage 1 Archaeological Assessment (AA) for the proposed area was completed and concluded that a Stage 2 AA is required. The Stage 1 AA report was submitted to the Ministry of Tourism, Culture and Sport (MTCS) and Enbridge Gas received the Stage 1 AA clearance letter from the MTCS on April 8, 2022.

Enbridge Gas stated that it anticipates receiving the Stage 2 AA clearance letter and Cultural Heritage Assessment Report acceptance letter from the MTCS by September 2022.

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<sup>7</sup> Enbridge Gas response to OEB Staff 6a) and b)



In response to an OEB staff question, Enbridge Gas stated that it anticipates completing the Stage 2 AA work in July/August of 2022 and submitting the Stage 2 AA Report to the MTCS within three weeks of completing the Stage 2 AA work.<sup>8</sup>

### **Findings**

The OEB finds that Enbridge Gas has satisfactorily identified and addressed potential environmental impacts, and that it intends to continue doing so through the Stage 2 AA process, subject to the recommended conditions of licence in Attachment A.

Regarding the completion of the Stage 2 AA, the OEB notes that Enbridge Gas will be required to receive a clearance letter from the MTCS as part of the approvals referred to in proposed Condition 6 as set out in Attachment A.

### **3.5 LANDOWNER MATTERS**

As noted in section 3.2 of the Report, the Project requires the construction of a permanent gravel pad, temporary workspace and a permanent all-weather access lane.

Enbridge Gas owns the property on which the well will be drilled, and the lands are leased to a tenant farmer. In response to an OEB staff question, Enbridge Gas stated that the tenant farmer was notified by a phone call and has been sent drawings of the Project and drill pad location.<sup>9</sup> Enbridge Gas also stated that the tenant farmer will be notified again of the work when Enbridge Gas receives approval to drill the well and that no comments from the tenant farmer have been received to date.

In response to an OEB staff question, Enbridge Gas confirmed that there are no directly affected landowners for the Project.<sup>10</sup>

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<sup>8</sup> Enbridge Gas response to OEB Staff-3a)

<sup>9</sup> Enbridge Gas response to OEB Staff-5a)

<sup>10</sup> Enbridge Gas response to OEB Staff-5b)

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**Findings**

The OEB finds that Enbridge Gas's proposed land use requirements, the associated impact on affected landowners/tenants, and its communications with affected landowners/tenants to date are acceptable.

**3.6 INDIGENOUS CONSULTATION**

Enbridge Gas provided the Ministry of Energy (MOE) with a description of the Project on January 21, 2022.

As part of its application, Enbridge Gas provided the MOE's response indicating that, based on the information Enbridge Gas has provided to date, the duty to consult has not been triggered and it will not be necessary for the MOE to provide a letter of opinion regarding the sufficiency of consultation.

**Findings**

The OEB finds that the duty to consult was not triggered and notes that no letter of opinion from the MOE regarding the sufficiency of consultation was required.

**3.7 CONDITIONS OF LICENCE**

As part of a question for Enbridge Gas, OEB staff proposed certain conditions of licence that are similar to those recommended by the OEB in past well drilling licence applications.

In response to the OEB staff question, Enbridge Gas stated that it had no concerns with the proposed conditions.<sup>11</sup>

By letter, the MNRF stated that it reviewed OEB staff's questions and Enbridge Gas's responses and advised that it has no objection to the application, subject to OEB staff's proposed licence conditions.<sup>12</sup>

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<sup>11</sup> Enbridge Gas response to OEB Staff-7

<sup>12</sup> MNRF letter, dated July 28, 2022

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**RECOMMENDATION**

The OEB recommends approval of the application for a well drilling licence, subject to the recommended conditions of licence in Attachment A. This recommendation shall expire twelve months from the date of this report.

**DATED** at Toronto, September 13, 2022

**ONTARIO ENERGY BOARD**

Theodore Antonopoulos  
Vice President  
Applications

**Attachment A**

**To the EB-2022-0155**

**REPORT OF THE OEB TO THE MINISTER**

**APPLICATION BY ENBRIDGE GAS INC. TO DRILL A STRATIGRAPHIC TEST  
WELL IN THE CROWLAND STORAGE POOL**

**Recommended Conditions of Licence**

**September 13, 2022**

**Application under Section 40 of the OEB Act**

**Enbridge Gas Inc.**

**EB-2022-0155**

**RECOMMENDED CONDITIONS OF LICENCE**

1. Enbridge Gas Inc. (Enbridge Gas) shall rely on the evidence filed with the OEB in the EB-2022-0155 proceeding and comply with applicable laws, regulations and codes pertaining to the construction of the proposed well.
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.
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 licence and these Conditions.
4. Enbridge Gas shall implement all the recommendations of the Environmental Report filed in the proceeding.
5. Enbridge Gas shall develop a Project-specific Spill Response Plan prior to the start of well drilling operations and following the installation of the Project facilities, the location of the facilities will be added to Enbridge Gas's Emergency Response Plan.
6. Prior to commencement of construction of the proposed well, Enbridge Gas shall obtain all necessary approvals, permits, licences, certificates, agreements and rights required to construct, operate and maintain the proposed well.
7. 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(s) 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.

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8. Enbridge Gas shall, subject to the recommendation by an independent tile contractor, 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.
  9. Concurrent with the final monitoring report referred to in Condition 10(b), Enbridge Gas shall file a Post Construction Financial Report, which shall provide a variance analysis of project cost, schedule and scope compared to the estimates filed in this proceeding, including the extent to which the project contingency was utilized. Enbridge Gas shall also file a copy of the Post Construction Financial Report in the proceeding where the actual capital costs of the project are proposed to be included in rate base or any proceeding where Enbridge Gas proposes to start collecting revenues associated with the Project, whichever is earlier.
  10. Both during and after construction, Enbridge Gas shall monitor the impacts of construction, and shall file with the OEB 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, licences, and certificates required to construct, operate and maintain the proposed project.
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- 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 Gas'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 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.

11. For the purposes of these conditions, Enbridge Gas shall comply with:

- a) CSA Z341.1-22 "Storage of Hydrocarbons in Underground Formations" to the satisfaction of the Ministry of Natural Resources and Forestry (Natural Resources); and
- b) The requirements for wells as specified in the *Oil, Gas and Salt Resources Act*, its Regulation 245/97, and the Provincial Operating Standards v.2 to the satisfaction of the Natural Resources.

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