

**Ontario Energy  
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**Commission de l'énergie  
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**BY EMAIL ONLY**

July 29, 2008

Dan Elliott  
Acting Manager  
Petroleum Resources Centre  
Ministry of Natural Resources  
659 Exeter Road  
London, ON  
N6E 1L3

Dear Mr. Elliott:

**Re: Updated Application for Enbridge Gas Distribution Inc.  
Tecumseh Storage Enhancement Project – Well Drilling Program  
Board File No. EB-2007-0891**

Please see attached the Amended Report of the Board for the above proceeding.

This is in relation to the previously issued Decision with Reasons and Favourable Report of the Board dated June 2, 2008.

Yours truly,

Kirsten Walli  
Board Secretary

- c. Scott Stoll, Enbridge Gas Distribution Inc.  
Cathy Carriero, Enbridge Gas Distribution Inc.  
Pat McMahon, Union Gas Ltd.



EB-2007-0891

**IN THE MATTER OF** the Ontario Energy Board  
Act, 1998, Schedule B;

**AND IN THE MATTER OF** an application by  
Enbridge Gas Distribution Inc. to the Ministry of  
Natural Resources for a license to drill a total of 5  
wells in the Kimball-Colinville Pool, the Wilkesport  
Pool and the Coveny Pool in the Township of  
Moore, County of Lambton.

**AND IN THE MATTER OF** an application by  
Enbridge Gas Distribution Inc. pursuant to section  
21(4)(b) of the *Ontario Energy Board Act, 1998*,  
seeking to dispose of the proceeding without a  
hearing.

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**AMENDED REPORT OF THE BOARD**

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July 29, 2008

## **Revised Application**

By letter, dated July 10, 2008, the Ministry of Natural Resources, Petroleum Resources Centre ("MNR"), pursuant to section 40 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15 (Schedule B), (the "Act") referred to the Ontario Energy Board (the "Board"), a revised application to accommodate a new well location, by Enbridge Gas Distribution Inc. (the "Applicant" or "Enbridge"). The Applicant is seeking a licence to drill within a Designated Storage Area as follows:

- TCK#61 (Horz.#1), Moore Township, Tract 5, Lot 17, Concession VIII.

This is in relation to Board File No. EB-2007-0891.

## **The Proceeding**

The Board issued a Notice of Application (the "Notice") on April 18, 2008. The Applicant served the Notice as directed by the Board. The one intervenor in this proceeding is Union Gas Limited ("Union") and the one observer in this proceeding is the Ministry of Natural Resources ("MNR"). On May 22, 2008 the Board received a letter of comment from Union stating that it did not intend to submit interrogatories on Enbridge's pre-filed evidence. On May 23, 2008 Board Staff's submissions for the proceeding were submitted accepting the establishment of need for the proposed project and requesting comments from the applicant on the draft Conditions of Approval. On May 23, 2008 Enbridge replied to the Board Staff submission in a letter stating it has no objections to the proposed draft Conditions of Approval. This completed the discovery phase of the proceeding.

On June 2, 2008 the Board issued its Decision with Reasons approving Enbridge's request to drill a total of five wells in three storage pools: Kimball-Colinville, Wilkesport and Coveny. Enbridge has now submitted a revised license application in respect to one of those wells,TKC#61H as described above. Enbridge is requesting that the well be relocated approximately 155 metres from the originally proposed location.

In its revised application Enbridge notes that the surface rights owner at the originally proposed location for well TCK61H was opposed to the drilling location. As a result, Enbridge has proposed a new well location on property owned by Enbridge. This

change in well location results in approximately 400 metres of NPS 8 gathering pipeline being installed as opposed to the original application which required approximately 175 metres.

In this application Enbridge also requests that the Board proceed without a hearing, pursuant to Section 21(4)(b) of the Act.

### **Board's Review**

Pursuant to section 40 of the Act, the Minister of Natural Resources ("MNR") shall refer to the Board every application for the granting of a licence relating to a well in a designated gas storage area. Upon review of the referred application and related evidence, the Board prepares a report to the Minister of Natural Resources (the "Report"). The Report is binding on the Minister.

The Board's review is focused on the technical expertise and capability of the Applicant to safely drill the well, to maintain geological integrity of the designated storage pool, to ensure environmental protection of affected lands, and minimize adverse impacts on affected landowners.

### **The Need**

The Storage Infill Drilling Project is one part of the Tecumseh Storage Enhancement Project and is designed to increase the deliverability of the Kimball-Colinville Pool, the Wilkesport Pool and the Coveny Pool but does not increase their working capacity or operating pressure.

The Storage Infill Drilling Project is required to meet a demand for high deliverability storage services in Ontario. The high deliverability storage services which are provided by these projects will be used to meet the needs of power generators and marketers in Ontario. These services are being made available as a result of the Board's decision in EB-2005-0551 Natural Gas Electricity Interface Review which recognized a market need for high deliverability services.

### **Drilling Procedure**

Enbridge plans to drill the wells by a combination of rotary and cable tool methods. Enbridge stated that it had planned to commence drilling in June, 2008 and to complete it in August, 2008.

The Drilling Procedure, a Casing Program and well head design specifications are submitted in support of the drilling licence Application. Enbridge also states that all aspects of the well drilling and design will be completed in accordance with CSA-Z341-06 and the Oil, gas and Salt Resources of Ontario, Provincial Operating Standards (Version 2.0).

### **Environmental Impacts of Drilling and Construction**

Enbridge retained Stantec Consulting Limited ("Stantec") to conduct an environmental assessment ("EA") study to evaluate the proposed activities to determine the potential impacts on both environmental and socio-economic features. No significant environmental or socio-economic features were identified and no adverse effects to either environmental or socio-economic features are expected from the project provided the recommended mitigation and protective measures are implemented. Enbridge states that it agrees to abide by the recommendations contained in the EA Report. A copy of the EA and its recommendations were included as Attachment 10 of the pre-filed evidence.

A copy of a letter from Stantec dated July 8, 2008 confirming the proposed changes will not have any significant environmental impact was filed with the Board and can be found at Attachment 10 of the updated pre-filed evidence.

### **Landowner Matters**

In the updated pre-filed evidence Enbridge stated that of the five proposed wells, Enbridge owns the land in fee simple for four of the proposed wells. Enbridge has indicated that it has notified the tenant of the property in each case and that tenants will be compensated for any damages that result from the planned activities.

### **The Conditions of Approval**

The Board has attached a standard set of conditions of approval to this Report. The conditions, which may be found in Schedule 1 of the Report, address general requirements such as term and transferability, compensation to landowners for damages, as well as construction, monitoring, reporting and communication requirements.

In Ontario the MNR is the agency overseeing the technical and safety aspects of gas storage pool development and operation including drilling and operation of wells in designated storage areas. CSA Z341 "Storage of Hydrocarbons in Underground Formations" ("CSA Z341") and Gas and Salt Resources of Ontario, Provincial Operating Standards, Version 2.0 provide a comprehensive framework for the MNR to undertake this role. Accordingly, the conditions specifically state that the applicant is expected to follow the requirements of the CSA Z341 to the satisfaction of the MNR.

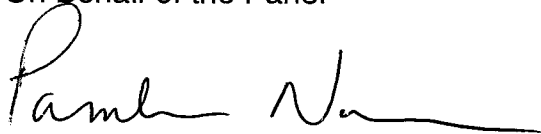
### **Recommendation**

The Applicant is considered technically competent to undertake the planned drilling programs and the proposed well completion activities. It is expected that the Applicant is able to conduct these activities responsibly and safely at the level required by the relevant codes and standards. The Board recommends approval of the revised Application for the drilling licence, subject to the conditions of approval attached in Schedule "1" to this Report.

**ISSUED** at Toronto, July 29, 2008

**ONTARIO ENERGY BOARD**

On Behalf of the Panel

A handwritten signature in black ink, appearing to read 'Pamela Nowina', written over a horizontal line.

Pamela Nowina,  
Presiding Member

**Schedule 1**  
**to**  
**Amended Report of the Board**  
**EB-2007-0891**  
**Well Drilling Licence Application**  
**Conditions of Approval**

**EB-2007-0891**

**Enbridge Gas Distribution Inc.**

**Storage Infill Drilling**

**Conditions of Approval  
Well Drilling Licence**

**1 General Requirements**

- 1.1 Enbridge Gas Distribution Inc. ("Enbridge") shall adhere to the evidence and the undertakings provided in this proceeding and comply with applicable laws, regulations and codes pertaining to the construction of the proposed wells.
- 1.2 Authorization for the issuance of the drilling licence is limited to twelve months from the date of the Board's report to the Ministry of Natural Resources.
- 1.3 The authority granted under this order to Enbridge is not transferable to another party without leave of the Board.

**2 Just and Equitable Compensation**

- 2.1 Enbridge shall offer to pay landowners and/or tenants just and equitable compensation for any damages, including present and future crop damage arising from: drilling of injection/withdrawal wells; installation of gathering pipelines; and access road construction.

**3 Construction Requirements**

- 3.1 Enbridge shall construct the facilities and restore the land in accordance with its Application and evidence filed in this proceeding and the undertakings given to the Board, except as modified by this Order and these Conditions of Approval.
- 3.2 Enbridge shall ensure that the movement of equipment is carried out in compliance with all procedures and plans filed with the Board, and as follows:

- i) Enbridge shall make reasonable efforts to keep any 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.
- 3.3 Enbridge shall, subject to the recommendation of 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.
- 3.4 Enbridge shall implement all the recommendations identified in Schedule 11 of the pre-filed evidence.
- 4 Monitoring and Reporting Requirements
- 4.1 Both during and after construction, Enbridge shall monitor the impacts of construction, and shall file four copies of both an interim and a final monitoring report with the Board and the Ministry of Natural Resources. The interim monitoring report shall be filed within six months of the in-service date, and the final monitoring report shall be filed within fifteen months of the in-service date. Enbridge shall attach a log of all comments and complaints to the interim and final monitoring reports. The log shall record the times of all comments and complaints received, the substance of each comment and complaint, the actions taken in response, and the reasons underlying such actions.
- 4.2 The interim monitoring report shall confirm Enbridge's adherence to Condition 1.1 and shall include a description of the impacts noted during construction and the actions taken or to be taken to prevent or mitigate the long-term effects of the impacts of construction. This report shall describe any outstanding concerns identified during construction.
- 4.3 The final monitoring report shall describe the condition of the rehabilitated land and the effectiveness of the mitigation measures undertaken. The results of the

monitoring programs and analysis shall be included and recommendations made as appropriate. Any deficiency in compliance with any of the Conditions of Approval shall be explained.

5 Other Requirements

5.1 For the purposes of these conditions conformity of the Applicant with CSA 341.1-02 shall be to the satisfaction of the Ministry of Natural Resources.

5.2 Enbridge shall designate one of its employees as project manager who will be responsible for the fulfilment of these conditions, and shall provide the employee's name to the Ministry of Natural Resources, the Board and to all appropriate landowners.

5.3 The Board's designated representative for the purpose of these Conditions of Approval shall be the Manager, Facilities.