



EB-2014-0306

IN THE MATTER OF the Ontario Energy Board Act, 1998,
S.O. 1998, c.15, Schedule B;

AND IN THE MATTER OF an application by Union Gas Limited for an order varying the conditions of approval in EB-2008-0038 and EB-2009-0144 relating to the allowable pressure gradient in each of Enniskillen 28, Oil City and Oil Springs East natural gas storage pools in the Townships of Enniskillen and St. Clair, in the County of Lambton.

BEFORE: Cathy Spoel
Presiding Member

Emad Elsayed
Member

DECISION AND ORDER

February 12, 2015

APPLICATION

Union Gas Limited (Union) filed an application on October 1, 2014 under 38(1) and 40(1) of the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15, Schedule B (the Act) for leave to operate its Oil City, Oil Springs East and Enniskillen 28 natural gas storage pools (Pools) at a maximum pressure gradient of 17.2 kPa/m (0.76 psi per foot) as permitted under the CSA Standard Z341.1-14 "*Storage of hydrocarbons in underground formations*" (CSA Z341).

In its application, Union requests that the Board vary Decision EB-2008-0038 dated July 10, 2008 and Decision EB-2009-0144 dated July 31, 2009 which contain the following condition of approval:

“Union Gas Limited shall not operate the storage pool above a pressure representing a pressure gradient of 0.73 psi per foot of depth without leave of the Board. Union Gas Limited shall file an engineering study and a geological study in support of any leave application.”

Union requests that the above wording in the condition be varied for certain storage pools to increase the operating pressure gradient from 0.73 psi per foot to 0.76 psi per foot. The EB-2008-0038 application by Union Gas Limited dealt with increasing operating pressures at Enniskillen 28 (EBRM 95), Oil Springs East (EBRM 167), Payne (EBRM 98) and Dow A (EBO 172) storage pools. The EB-2009-0144 application by Union Gas Limited dealt with increasing operating pressures at Bentpath East (EBO 206), Oil City and Bluewater (RP-1999-0047) storage pools. The current application deals with three of these storage pools; namely the Enniskillen 28, Oil City and Oil Springs East (the Pools).

The Pools are located in the Townships of St. Clair and Enniskillen, Lambton County. The evidence provided by Union indicates that the increase in operating pressure will also increase the storage capacity of the Pools. Subject to obtaining the Board's approval, Union plans to start operating the Pools at the increased operating pressure in the summer of 2015.

PROCEEDING

The Board issued a Notice of Application on October 31, 2014. Enbridge Gas Distribution Inc. requested and was granted intervenor status in the proceeding.

The Board proceeded by way of written hearing.

EVIDENCE

Union provided the following engineering and geological technical information to the Petroleum Resources Section of the Ministry of Natural Resources and Forestry (MNRF) for their review:

- Engineering studies completed by Geofirma Engineering Ltd. confirming that the maximum safe operating pressure exceeds 0.76 psi per foot (17.2 kPa/m) for each of the Pools. Union noted that the approach used by Geofirma is consistent with previous studies completed for other storage pools (e.g.

Bentpath, Rosedale, Dawn 167 and Dawn 47-49) currently operated at the elevated pressure gradient of 0.76 psi per foot (17.2 kPa/m).

- review of each of the Pools as prescribed by CSA Z341 Clause 7.2 assessing: a) wells within 1 kilometre; b) operations within 5 kilometres and; c) the integrity of all wells penetrating the storage zone.
- An analysis of hazards and operability issues for each of the Pools.

By way of written submissions, Board staff requested that Union provide a copy of the correspondence from the MNRF that confirms that the required technical information regarding compliance with applicable CSA Z341 standards related to maximum operating pressure has been received by the MNRF and that it is to the satisfaction of the MNRF. By way of an e-mail to Union dated January 15, 2015 the MNRF confirmed that the information provided by Union was reviewed by the MNRF engineering and geological staff and that the “MNRF is satisfied that the applicant, Union Gas Limited, provided the technical evidence to increase delta pressure to 0.76 psi per foot. This increase is within the requirements of CSA Z341 Standard - Storage of Hydrocarbons in Underground Formations.”

Union noted that, in accordance with CSA Z341, emergency shut-down valves that isolate the storage facility from the transmission pipeline are currently in place at each pool station with remote operation from the Dawn Operations Centre.

Union confirmed that the Pools will continue to be operated in compliance with all required codes and regulations.

Union further provided evidence that it had contacted all directly affected landowners in the Pools to inform them about the application and that no concerns were raised related to increasing the maximum operating pressure gradient. Further, Union noted that there are no environmental impacts as a result of the proposed changes in operating pressure.

FINDINGS

The Board hereby grants the request to increase the maximum operating pressure gradient in the Pools above that which was set in the Board's original conditions of approval.

The Board finds that the evidence on the record demonstrates that the increase in the maximum operating pressure gradient of the Pools is in accordance with the requirements of the CSA Z341. The Board is further satisfied that the requirements of CSA Z341 have been met as confirmed by the Ministry of Natural Resources and Forestry.

IT IS ORDERED THAT:

1. The following condition shall supersede any other conditions with respect to maximum operating pressure set out in Ontario Energy Board Decision EB-2008-0038 and Ontario Energy Board Decision EB-2009-0144 for the Enniskillen 28, Oil City and Oil Spring East storage pools:

Union Gas Limited shall not operate the storage pool above a pressure representing a pressure gradient of 17.2 kPa/m (0.76 psi per foot) of depth without leave of the Board. Union Gas Limited shall file an engineering study and geological study in support of any leave application.

2. Union Gas Limited shall pay the Board's costs incidental to this proceeding upon receipt of the Board's invoice.

ISSUED at Toronto, February 12, 2015

ONTARIO ENERGY BOARD

Original Signed By

Kirsten Walli
Board Secretary