



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.

BEFORE: Pamela Nowina
Presiding Member and Vice-
Chair

Cathy Spoel
Member

DECISION WITH REASONS

June 2, 2008

Application

By letter, dated April 2, 2008, the Ministry of Natural Resources, Petroleum Resources Centre (“MNR”), has referred to the Ontario Energy Board (the “Board”), pursuant to section 40 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15 (Schedule B), an application by Enbridge Gas Distribution Inc. (the “Applicant” or “Enbridge”) for a licence to drill a total of five wells in three storage pool; two wells in the Kimball-Colinville Pool, two wells in the Wilkesport Pool and one well in Coveny Pool (the “Application” or “Storage Infill Drilling Project”). The Board has assigned File No. EB-2007-0891 to this Application.

The proposed wells; TKC#61 (Horz. #1) and TKC#62 (Horz. #1) in the Kimball-Colinville Pool, TW#13 (Horz. #1) and TW#14 (Horz. #1) in the Wilkesport Pool and TC#6 (Horz. #1) in the Coveny Pool are within existing Enbridge Designated Storage Area’s (“DSA”) in the Township of Moore, County of Lambton.

Enbridge proposed to commence the drilling of the proposed wells in June, 2008 and to have the wells operational by August, 2008. 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 pressures.

Proceeding

The Board issued a Notice of Application (the “Notice”) on April 18, 2008. The applicant served the Notice to all the landowners within the DSA, as directed by the Board.

Union Gas Limited (“Union”) requested intervenor status the Ministry of Natural Resources (“MNR”) requested to be an observer. Both requests were granted by the Board.

On May 22, 2008 the Board received a letter from Union stating that it did not intend to submit interrogatories on Enbridge’s pre-filed evidence. On May 23, 2008 Board Staff filed a submission supporting the application and requested that the applicant comment on the proposed 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.

Evidence

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 Kimball-Colinville DSA comprises approximately 1,780 hectares in area and was approved in November, 1963 under Board File No. EBO 5. Currently the Kimball-Colinville Pool contains 43 injection/withdrawal wells and 7 observation wells and has a total capacity of 1,340.3 10^6m^3 and a working capacity of 950.8 10^6m^3 .

The Wilkesport DSA comprises approximately 292 hectares in area and was approved in April, 1978 under Board file No. EBO 89. Currently the Wilkesport Pool contains 9 injection/withdrawal wells and 1 observation well and has a total capacity of 305.1 10^6m^3 and a working capacity of 222.9 10^6m^3 .

The Coveny DSA comprises approximately 300 hectares in area and was approved in June, 1997 under Board file Nos. EBO 196/197/198. Currently the Coveny Pool contains 5 injection/withdrawal wells and 2 observation wells. It has a total capacity of 135.9 10^6m^3 and a working capacity of 99.1 10^6m^3 .

The Storage Infill Drilling Project is part of the Tecumseh Storage Enhancement Project which 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 a result of the Board's decision in EB-2005-0551 Natural Gas Electricity Interface Review ("NGEIR"), which recognized a market need for high deliverability services. Enbridge plans was to commence drilling in June, 2008 and to complete it in August, 2008.

The drilling construction will utilize a combination of rotary and cable tool drilling methods. The Drilling Procedure, a Casing Program and well head design specifications were 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).

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 mitigative and protective measures are implemented. Enbridge stated that it will 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.

In the pre-filed evidence Enbridge stated that of the five proposed wells, Enbridge owns the land in fee simple for three of the proposed wells. Enbridge has been in contact with the owners of the land and the surface rights for the two remaining wells and has indicated that it will remain in contact with each throughout the project and that no new agreements are required as a result of the proposed activities. 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.

Findings

The Notice of Application indicated that the Board would consider the Application in a written hearing unless a party was able to provide reasons supporting an oral proceeding. No such submissions were made, and accordingly, the Board proceeded by way of a written hearing.

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

Having reviewed the evidence filed the Board has prepared a favourable report to the Minister of Natural Resources. The Board’s Report, attached as Appendix “A” to this Decision, recommends the approval of the application to drill the proposed wells; TKC#61 (Horz. #1) and TKC#62 (Horz. #1) in the Kimball-Colinville Pool, TW#13 (Horz. #1) and TW#14 (Horz. #1) in the Wilkesport Pool and TC#6 (Horz. #1) in the Coveny Pool subject to the conditions of approval set out in the Report. The Board finds that the Applicant is technically competent to undertake the planned drilling program and the

proposed well completion activities. The Board's conditions of approval address potential adverse impacts of the subject drilling project.

DATED at Toronto, June 2, 2008

ONTARIO ENERGY BOARD

Original Signed By

Pamela Nowina,
Presiding Member and Vice-chair

Original Signed By

Cathy Spoel,
Member

APPENDIX "A"

TO

**DECISION WITH REASONS
Enbridge Gas Distribution Inc.**

**Report of the Board
With Conditions
Well Drilling Licence Application**



EB-2007-0891

IN THE MATTER OF the Ontario Energy Board
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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.

REPORT OF THE BOARD

June 2, 2007

Application

By letter, dated April 2, 2008, the Ministry of Natural Resources, Petroleum Resources Centre (“MNR”), has referred to the Ontario Energy Board (the “Board”), pursuant to section 40 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15 (Schedule B), an application by Enbridge Gas Distribution Inc. (the “Applicant” or “Enbridge”) for a licence to drill a total of five wells in three storage pool; two wells in the Kimball-Colinville Pool, two wells in the Wilkesport Pool and one well in Coveny Pool (the “Application”).

Enbridge is seeking a licence to drill the following gas storage wells:

- TCK#61 (Horz.#1), Moore Township, Tract 7, Lot 17, Concession VIII.
- TKC#62 (Horz.#1), Moore Township, Tract 7, Lot 18, Concession VII.
- TC #6 (Horz.#1), Moore Township, Tract 3, Lot 15, Concession XI.
- TW #13 (Horz.#1), Moore Township, Tract 3, Lot 15, Concession XIII.
- TW #14 (Horz.#1), Moore Township, Tract 1, Lot 14, Concession XIII.

The Board has assigned this application Board File No. EB-2007-0891.

The Kimball-Colinville DSA comprises approximately 1,780 hectares in area and was approved in November, 1963 under EBO 5. Currently the Kimball-Colinville Pool contains 43 injection/withdrawal wells and 7 observation wells and has a total capacity of 1,340.3 10^6m^3 and a working capacity of 950.8 10^6m^3 .

The Wilkesport DSA comprises approximately 292 hectares in area and was approved in April, 1978 under EBO 89. Currently the Wilkesport Pool contains 9 injection/withdrawal wells and 1 observation well and has a total capacity of 305.1 10^6m^3 and a working capacity of 222.9 10^6m^3 .

The Coveny DSA comprises approximately 300 hectares in area and was approved in June, 1997 under EBO 196/197/198. Currently the Coveny Pool contains 5 injection/withdrawal wells and 2 observation wells. It has a total capacity of 135.9 10^6m^3 and a working capacity of 99.1 10^6m^3 .

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.

Board’s Review

The approval of an application for a licence to drill a gas well in a designated storage area in Ontario is considered pursuant to section 40 of the Act. The administration is such that an applicant files the drilling licence application with the MNR and the MNR refers the application to the Board for a review. 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 part of the Tecumseh Storage Enhancement Project which 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 result from the Board's decision in EB-2005-0551 Natural Gas Electricity Interface Review ("NGEIR"), 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 mitigative 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.

Landowner Matters

In the pre-filed evidence Enbridge stated that of the five proposed wells, Enbridge owns the land in fee simple for three 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 Application for the drilling licence, subject to the conditions of approval attached in Schedule “1” to this Report.

ISSUED at Toronto, June 2, 2007

ONTARIO ENERGY BOARD

On Behalf of the Panel

Original Signed By

Pamela Nowina,
Presiding Member

Schedule 1
to
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 Applications.