

EB-2008-0387

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 2 wells in the Wilkesport 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.

BEFORE: Pamela Nowina
Presiding Member and Vice-Chair

Cathy Spoel
Member

DECISION WITH REASONS

January 23, 2009

Application

By letter, dated December 5, 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 two revised well drilling applications, by Enbridge Gas Distribution Inc. (the "Applicant" or "Enbridge") to the Ontario Energy Board (the "Board"). The revisions relate to new locations for the two wells. The Board has assigned File No. EB-2008-0387 to this application.

The proposed wells; TW#13 (Horz. #1) and TW#14 (Horz. #1) in the Wilkesport Pool are within existing Enbridge Designated Storage Area's ("DSA") in the Township of Moore, County of Lambton. Enbridge has proposed to commence the drilling of the proposed wells in February, 2009 and to have the wells operational by March, 2009.

Proceeding

Enbridge has filed an application with the Board requesting a decision and order, to give effect to new well locations. This application is one component of the Storage Infill Drilling Project which is one part of the Tecumseh Storage Enhancement Project (the "Tecumseh Project"). The purpose of the Tecumseh Project is to increase the deliverability of the Kimball Colville Pool, the Wilkesport Pool and the Coveny Pool. A total of five wells, all within the existing Kimball Colville Pool, Wilkesport Pool and Coveny Pool Designated Storage Areas are planned.

On June 2, 2008 the Board issued its Decision with Reasons complete with a favourable report to the MNR in respect of Enbridge's application to drill the above noted five wells as part of the Storage Infill Drilling Program proceeding (EB-2007-0891). On July 7, 2008, Enbridge applied to the MNR to relocate one well, TKC#61H. On July 29, 2008, the Board issued an Amended Report of the Board in respect of Enbridge's amended application.

By letter dated November 24, 2008, Enbridge submitted an application to the MNR for amendments to the well drilling licenses 11866 (TW#13H) and 11867 (TW#14H).

Enbridge indicated that a total of approximately 475 meters of NPS 8 pipeline will be used to tie in all of the wells to existing gathering lines within the Kimball Colville Pool and Wilkesport Pool. This includes the addition of approximately 75 metres of pipeline as a result of the proposed altered locations of wells TW#13H and TW#14H.

Enbridge stated that based upon recommendations from its third party consultants, it conducted additional seismic testing on the Wilkesport Pool, which resulted in this application for a change in well locations.

In order to meet its storage withdrawal schedule, Enbridge has requested that the Board proceed without a hearing pursuant to section 21(4)(b) of the Act. Section 21(4)(b) of the Act provides that the Board may dispose of a proceeding without a hearing if it determines that *“no person, other than the applicant, appellant or licence holder will be adversely affected in a material way by the outcome of the proceeding and the applicant, appellant or licence holder has consented to disposing of a proceeding without a hearing.”*

Evidence

The Storage Infill Drilling Project is one part of the Tecumseh 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 $1,340.3 \times 10^6 \text{m}^3$ and a working capacity of $950.8 \times 10^6 \text{m}^3$.

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 $305.1 \times 10^6 \text{m}^3$ and a working capacity of $222.9 \times 10^6 \text{m}^3$.

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 $135.9 \times 10^6 \text{m}^3$ and a working capacity of $99.1 \times 10^6 \text{m}^3$.

The Storage Infill Drilling Project is part of the Tecumseh Project and is required to meet a demand for high deliverability storage services in Ontario. The storage services 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's plan was to originally start drilling in June, 2008 and to complete it in August, 2008. Enbridge has further revised its schedule and plan to begin drilling in February, 2009 and to complete it by March, 2009.

Enbridge stated 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 letter from Stantec dated November 28, 2009 confirmed the proposed changes in well locations for TW#13H and TW#14H will not have any significant environmental impact.

Enbridge owns the land in fee simple for the two new proposed well locations.

Findings

As the application filed by Enbridge is minimally different from the original application approved by the Board in EB-2007-0891 and only impacts land owned by Enbridge, the Board decided to proceed without a hearing pursuant to section 21(4)(b) of the OEB Act.

The Board's review was focused primarily on the technical expertise and capability of Enbridge 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 finds that the Applicant is technically competent to undertake the planned drilling program and the proposed well completion activities. 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; TW#13 (Horz. #1) and TW#14 (Horz. #1) in the Wilkesport Pool, subject to the conditions of approval set out in the Report. The Board's conditions of approval address potential adverse impacts of the subject drilling project.

DATED at Toronto, January 23, 2009

ONTARIO ENERGY BOARD

Original signed by

Pamela Nowina,
Presiding Member and Vice-chair

Original signed by

Cathy Spoel,
Member

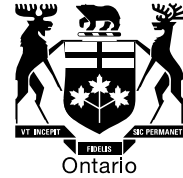
APPENDIX "A"

TO DECISION WITH REASONS

BOARD FILE NO. EB-2008-0387

DATED: January 23, 2009

REPORT OF THE BOARD



EB-2008-0387

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 2 wells in the
Wilkesport 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.

REPORT OF THE BOARD

January 23, 2009

By letter, dated December 5, 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”), revised applications based on new locations, by Enbridge Gas Distribution Inc. (the “Applicant” or “Enbridge”). The Applicant is seeking a licence to drill within a Designated Storage Area as follows:

- TW #13 (Horz.#1), Moore Township, Tract 3, Lot 15, Concession XIII.
- TW #14 (Horiz.#1), Moore Township, Tract 3, Lot 15, Concession XIII.

The Board has assigned this file application Board File No. EB-2008-0387.

The Proceeding

Enbridge has filed an application with the Board requesting a decision and order, to give effect to new well locations. This application is one component of the Storage Infill Drilling Project which is one part of the Tecumseh Storage Enhancement Project. The purpose of the Tecumseh Storage Enhancement Project is to increase the deliverability of the Kimball Colinville Pool, the Wilkesport Pool and the Coveny Pool. A total of five wells, all within the existing Kimball Colinville Pool, Wilkesport Pool and Coveny Pool Designated Storage Areas are planned.

On June 2, 2008 the Board issued its Decision with Reasons complete with a favourable report to the MNR in respect of Enbridge’s application to drill five wells as part of the Storage Infill Drilling Program proceeding (EB-2007-0891). On July 7, 2008, Enbridge applied to the MNR to relocate one well, TKC#61H, as the result of a disagreement with a landowner. On July 29, 2008, the Board issued an Amended Report of the Board in respect of Enbridge’s amended application.

By letter dated November 24, 2008, Enbridge submitted an application to the MNR for amendments to the licenses 11866 (TW#13H) and 11867 (TW#14H).

Enbridge notes that a total of approximately 475 meters of NPS8 pipeline will be used to tie in all of the wells to existing gathering lines within the Kimball Colinville Pool and Wilkesport Pool. This includes the addition of approximately 75 metres of pipeline as a result of the proposed altered locations of wells TW#13H and TW#14H.

Enbridge stated that based upon recommendations from its third party consultants, it conducted additional seismic testing on the Wilkesport Pool, which resulted in the proposed application for a change in well locations.

Enbridge has requested that the Board proceed without a hearing pursuant to section 21(4)(b) of the OEB Act. Section 21(4)(b) of the Act states that the Board may dispose of a proceeding without a hearing if the Board determines that *“no person, other than the applicant, appellant or licence holder will be adversely affected in a material way by the outcome of the proceeding and the applicant, appellant or licence holder has consented to disposing of a proceeding without a hearing.”*

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 February, 2009 and to complete it in March, 2009.

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 stated that it agrees to abide by the recommendations contained in the EA Report. A letter from Stantec dated November 28, 2009 confirmed the proposed well locations will not have any significant environmental impact.

Landowner Matters

Enbridge stated that it owns the land in fee simple for 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 licences, TW #13 (Horz.#1), Moore Township, Tract 3, Lot 15, Concession XIII and TW #14 (Horiz.#1), Moore Township, Tract 3, Lot 15, Concession XIII subject to the conditions of approval attached in Schedule “1” to this Report.

ISSUED at Toronto, January 23, 2009

ONTARIO ENERGY BOARD

On Behalf of the Panel

Original signed by

Pamela Nowina,
Presiding Member and Vice-chair

Schedule 1
to
Report of the Board
EB-2008-0387
Well Drilling Licence Application
Conditions of Approval

EB-2008-0387

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, as well as those found in the related proceeding (EB-2007-0891) 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 found under Board File No. EB-2007-0891.

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.