



**EB-2008-0002**

**IN THE MATTER OF** the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15, Schedule B; and in particular sections 36.1(1), 38(1), 40(1), 90(1), thereof;

**AND IN THE MATTER OF** an application by Market Hub Partners Management Inc. and AltaGas Ltd. for an Order designating the area known as the Sarnia Airport Gas Storage Pool, in the Geographic City of Sarnia in the County of Lambton, as a gas storage area;

**AND IN THE MATTER OF** an application by Market Hub Partners Management Inc. and AltaGas Ltd. for authority to inject gas into, store gas in and remove gas from the areas designated as the Sarnia Airport Gas Storage Pool, and to enter into and upon the lands in the said areas and use the said lands for such purposes;

**AND IN THE MATTER OF** an application by Market Hub Partners Management Inc. and AltaGas Ltd. to the Ministry of Natural Resources for a license to drill wells in the said areas;

**AND IN THE MATTER OF** an application by Market Hub Partners Management Inc. and AltaGas Ltd. for an Order granting leave to construct natural gas pipelines in the City of Sarnia in the County of Lambton.

**BEFORE:** Paul Vlahos  
Presiding Member

Paul Sommerville  
Member

Cathy Spoel  
Member

**AMENDING ORDER**

December 24, 2008

## Introduction

On July 28, 2007 the Board issued a Decision with Reasons (EB-2008-0002) (the “Decision”) granting approvals required for designation and operation of Sarnia Airport Gas Storage Pool in the City of Sarnia, County of Lambton, Ontario (“EB-2008-0002 Decision”). The approvals were applied for in a joint application by Market Hub Partners Management Inc. (“MHP”) and AltaGas Ltd. (“AltaGas”). MHP and AltaGas (“applicants”) requested and were granted the following approvals with certain conditions attached:

- An Order designating a gas storage area pursuant to section 36.1(1) of the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15, Schedule “B” (“OEB Act”);
- Authority to inject gas into, store gas in, and remove gas from the Sarnia Airport Pool, pursuant to subsection 38(1) of the OEB Act;
- A favourable report of the Board under subsection 40(1) of the OEB Act to the Minister of Natural Resources to whom the Applicants have applied for licences to drill three (3) injection/withdrawal (I/W) wells and to re-enter and complete one (1) existing well within the proposed Sarnia Airport Pool (the “Report to the MNR”);
- Leave to construct transmission and gathering pipelines within the proposed Sarnia Airport Pool, pursuant to subsection 90(1) of the OEB Act.

The applicants also sought to transfer such authorizations to Sarnia Airport Storage Pool Limited Partnership (“SASP LP”) when it has been duly formed.

This Amending Order grants the approvals for the two following requests:

- Transfer to SASP LP of the orders and authorizations granted by the Decision to MHP and AltaGas; and
- Leave to delta pressure (i.e. operate above the discovery pressure) the Sarnia Airport Pool as set out in condition 1.6 of the Board’s Order granting the Authority to inject gas into, store gas in, and remove gas from the Sarnia Airport Pool.

## **Transfer of Authority**

In the Decision the Board found that the orders and authorizations applied for would be granted to the applicants, MHP and AltaGas, until such time as SASP LP had been formalized and the appropriate documentation had been filed with the Board.

By a letter dated November 21, 2008 the applicants informed the Board that SASP LP was formed on October 22, 2008, and submitted a declaration (Form 3) filed with the Ontario Ministry of Government Services. In the same letter the applicants asked that the Board transfer to SASP LP the orders and other authorizations granted to MHP and Altagas.

## **Board Findings**

As the appropriate documentation has been filed the Board finds that all the orders and authorizations granted in the Decision, including the Report to the MNR, shall be transferred to SASP LP without any further process.

## **Leave to Delta Pressure**

On July 31, 2008 the applicants requested leave of the Board to delta pressure the Sarnia Airport Storage Pool to a pressure gradient of 15.8 kPa/m and above the pool discovery pressure. Granting the request would satisfy Condition 1.6 of the Board's Authorization to Inject, Store and Remove Gas, from Sarnia Airport Storage Pool Board (EB-2008-0002). The Condition 1.6 reads:

MHP and AltaGas shall not operate the Sarnia Airport Storage Pool above a maximum allowed operating pressure representing a pressure gradient of 15.8 kPa/m of depth to the top of the reservoir and shall not operate the Sarnia Airport Storage Pool at a pressure greater than the discovery pressure of 4,014 kPa until leave of the Board is obtained.

The applicants submitted that the evidence provided during the EB-2008-0002 proceeding demonstrated that the requirements of Sections 5.2.3, 7.6.2 and 7.2 of Standard CAN/CSA Z341.1-06 ("Standard") have been satisfied and that this represented the basis for granting the leave by the Board. Sections 5.2.3, 7.6.2 and 7.2 of the Standard set the methods for determining the maximum operating pressure for safe operation of the storage pool and for protection of the integrity of the pool during the operation.

With respect to the safety, technical and operational aspects of operation of a storage pool the authority lies with the Ministry of Natural Resources (“MNR”) under the *Oil, Salt and Gas Resources Act*, R.S.O. 1990, Chapter P.12. The MNR’s authority includes the requirements of CAN/CSA Z341.1-06. All the evidence regarding the CAN/CSA Z341.1-06 has been also filed and reviewed by the MNR. The MNR has not indicated any disapproval of how the applicants fulfilled the relevant requirements of the Standard.

The applicants proposed maximum operating pressure of 10,685 kPaa. The evidence shows that the maximum safe operating pressures calculated by the test methods set in Sections 5.2 (caprock core testing) and 7.6.2 (micro-fracture testing) of the Standard are 18,000 kPa and 13,156 kPa, respectively. In accordance with the core testing methods set in Section 5.2 of the Standard, the applicants tested threshold pressure caprock core of two samples. The results demonstrated that natural gas could not penetrate the caprock at pressures above 18,000 kPa. In addition, the results of micro-fracture testing, completed on one well, in accordance with Section 7.6.2, indicate that the safe maximum operating pressure may be up to 13,165 kPa.

With respect to the protection of storage pool integrity, the requirements set in Section 7.2 of the Standard have also been satisfied and on the record. This is contained in “Assessment of Neighbouring Activities – Sarnia Airport Pool Development” which was filed with the MNR in October 2007.

The applicants submitted that this constitutes the fulfillment of the condition 1.6 and therefore leave of the Board can be granted.

### **Board Findings**

The Board is satisfied that in fulfilling the requirements of the CAN/CSA standards that the Sarnia Airport Storage pool can be delta pressured to limits established in condition 1.6 of the Board’s Order in EB-2008-0002 and will grant the request for leave of the Board to delta pressure Sarnia Airport Storage Pool.

**THE BOARD ORDERS THAT:**

1. All the orders set out in the Decision with Reasons EB-2008-0002 dated July 28, 2008, granted in the name of Market Hub Partners Management Inc. and AltaGas Ltd., including the report under section 40(1) of the *Ontario Energy Board Act*, 1998, are transferred to Sarnia Airport Storage Pool Limited Partnership.
2. The Sarnia Airport Storage Pool can be delta pressured to limits established in condition 1.6 of the Board's Order in EB-2008-0002 and the request for leave of the Board to delta pressure Sarnia Airport Storage Pool to 10,685 kPa is granted.

**DATED** at Toronto, December 24, 2008

**ONTARIO ENERGY BOARD**

*Original Signed By*

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Paul Vlahos, Presiding Member

*Original Signed By*

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Paul Sommerville, Member

*Original Signed By*

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Cathy Spoel, Member