

RISK ASSESSMENT

1. Risks related to the Project and associated mitigations are set out below.

Risk to Project Scope

2. The risk to project scope is interrelated with scheduling and cost risks. Specifically, there may not be sufficient time to complete the project scope – drilling 4 wells – if the drilling does not commence in January 2019. Risks to the project scope and timing have been mitigated through reservoir modelling to pick the most suitable well locations which look for characteristics of permeability and porosity.
3. In addition, a ‘drilling window’ has been provided by Enbridge Gas Storage Operations during which time there will be no withdrawal or injection activities into the Dow Moore Pool. This will allow the pressure in the reef to remain constant and provide a suitable and safe environment for drilling operations. The Dow Moore Pool must be returned to Enbridge Gas Storage Operations by the mid-June, to ensure that there is no disruption to services for storage injections. If the Company is not able to drill during this allotted window, the project will need to be deferred to the following year, with the resulting impact being a drop in deliverability at the pool for regulated customers.
4. The drop in deliverability in the Dow Moore Pool may require Enbridge to increase its winter purchase requirement to make up for the reduction in gas available from regulated storage. In the event of high gas demand or in the extreme, peak day conditions, there is a risk that gas may not be available for purchase or that the gas purchased will be at a higher cost.

Risk to Schedule

5. The drilling must take place between January and June 2019 to ensure that there will be no disruption to service from the Dow Moore Pool and to ensure that the pressure will be suitable to safely complete the drilling of the wells. The pressure in the well must remain low and static, so that any gas encountered in the well can be effectively controlled in compliance with the Oil, Gas & Salt Resources legislation and the CSA Z341 Standard. This is one of the mitigation measures employed for well control. If the wells cannot be drilled in this time frame, the work will have to be deferred until 2020 when withdrawal operations are completed.

Risk to Project Cost

6. This risk is interrelated with scheduling risk. If scheduling issues occur there is a risk that project costs could increase. Enbridge will bring in one rig from Western Canada in January to complete the drilling work. Enbridge is currently in discussions with other Local Operators to use the rig when the proposed drilling work is completed in June. These talks are based on the proposed Enbridge drilling schedule from January to June.
7. A drilling rig is being brought to Ontario to drill the four wells. If the drilling is delayed to 2020, the rig would need to be brought back from Western Canada at an incremental cost. There is a possibility that equipment, material and labour costs will increase over the course of a drilling delay.

Risk to Land Use Requirements

8. Enbridge will be building all-weather laneways and drill pads, so once the pads are in place access should not be an issue. The 2 horizontal wells and Guelph observation well will be drilled on lands owned by Enbridge and if the drilling does not occur in 2019, the pads will remain until 2020 and the Tenant Farmer will be compensated for any crop loss associated with the pads. The A1 observation well

will be drilled on lands owned by Pembina and the pad would also remain until 2020 if the drilling cannot occur in 2019 and the Landowner will be compensated for use of the lands and any crop loss.

Risks to the Environment

9. Risks and mitigants related to the environment are set out in the C series of Exhibits at Exhibit C, Tab 1, Schedule 1 and Exhibit C, Tab 1, Schedule 2.

Risk to Consultations

10. During consultations Enbridge has stated that the drilling is proposed to occur in the January to June timeframe of 2019 and Enbridge would like to honour this commitment.