

RISK ASSESSMENT

1. Risks and mitigations related to the drilling of the stratigraphic test well, TL9 (the "Project"), in the Ladysmith Storage Pool ("LSSP") are set out below.

Risk to Project Scope

2. The risk to project scope is interrelated with scheduling and cost risks. Specifically, risks to the project scope and timing have been mitigated through reservoir modelling to pick the most suitable well location, which looks for characteristics of permeability and porosity.
3. In addition, a 'drilling window' has been provided by Enbridge Gas Storage Operations during which time the reservoir will be below 4,800kpa. This will allow the pressure in the reef to remain constant and provide a suitable and safe environment for drilling operations. The LSSP must be returned to Enbridge Gas Storage Operations by late-September 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.

Risk to Schedule

4. The drilling must take place between August and September 2019 to ensure that there will be no disruption to service from the LSSP and to ensure that the pressure will be suitable to safely complete the drilling of the well. The pressure in the reef 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

5. This risk is interrelated with scheduling risk. If scheduling issues occur there is a risk that project costs could increase. Enbridge Gas Inc. (“Enbridge Gas”) wishes to take advantage of the presence of a Western Canadian drilling rig that will be in the Sarnia area for another Enbridge Gas project (the Dow Moore Storage Pool Well Drilling Project¹). There are no drilling rigs in Ontario that meet the necessary requirements for drilling the Project. Being able to utilize the Western Canadian rig would help to reduce costs, as the mobilization and demobilization could be shared between all Enbridge Gas projects. Enbridge Gas is also in discussions with other local operators to use the rig when the proposed drilling work is completed.
6. 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

7. Enbridge Gas will be building an all-weather laneway and drill pad, so once the pad is in place, access should not be an issue. The stratigraphic test well will be drilled on lands owned by Kimcor Farms Ltd. (“Tenant Farmer”) A drilling pad will be installed on Kimcor’s lands and the pad will remain throughout the drilling of the stratigraphic test well (2019), testing (2020) and the recompletion of the well as a horizontal injection and withdrawal well, TL9H (2021). If the drilling does not occur

¹ The Ontario Energy Board recently issued a favourable report to the Minister of Natural Resources and Forestry on February 21, 2019 under file number EB-2017-0354.

in 2019, the pads will remain until 2023. The Tenant Farmer will be compensated for use of the lands and any crop loss associated with the operations.

Risks to the Environment

8. 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

9. During consultations Enbridge Gas has stated that the drilling of the Project is proposed to occur in the August to September timeframe of 2019 and Enbridge Gas would like to honour this commitment.