

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Joseph T. Kelliher, Chairman;
Sudeen G. Kelly, Marc Spitzer,
Philip D. Moeller, and Jon Wellinghoff.

Starks Gas Storage L.L.C.

Docket No. CP07-49-000

ORDER GRANTING EXEMPTION
FOR TEMPORARY ACTS AND OPERATIONS

(Issued February 6, 2007)

1. On December 22, 2006, Starks Gas Storage L.L.C. (Starks) filed a petition pursuant to Rule 207(a)(5) of the Commission's Rules of Practice and Procedure.¹ Starks requests an exemption, as provided in section 7(c)(1)(B) of the Natural Gas Act (NGA),² from the certificate requirements of NGA section 7(c) to drill test wells and perform other activities to obtain further technical information regarding the Starks Gas Storage Project in Calcasieu and Beauregard Parishes, Louisiana.³
2. We find it is in the public interest to grant Starks' requested exemption for the proposed activities, subject to the conditions herein, to facilitate the development of storage facilities.

Proposed Activities

3. Starks seeks an exemption from NGA section 7(c) certificate requirements to obtain further technical information regarding its certificated Starks Gas Storage Project, an underground natural gas storage facility in Calcasieu and Beauregard Parishes, Louisiana. Starks states that it is a limited liability company organized under the laws of

¹ 18 C.F.R. § 385.207 (2005).

² 15 U.S.C. § 717 (c)(1)(b).

³ Section 7(c)(1)(B) of the NGA permits the Commission to exempt "temporary acts or operations for which the issuance of a certificate will not be required in the public interest."

the State of Delaware, with its principal place of business in Calgary, Alberta, Canada. Starks is a natural gas company within the meaning of section 2(6) of the NGA and holds a certificate of public convenience and necessity under section 7(c) of the NGA.⁴

4. Starks requests an exemption from NGA section 7(c) certificate requirements in order to re-enter and test the existing PPG-8 well on the Starks Salt Dome.⁵ The PPG-8 well was originally drilled as a brine production well by its owners, PPG Industries, Inc. (PPG). PPG plugged and abandoned the PPG-8 well in 1990. Cavern PPG-8 is not one of the storage caverns approved for natural gas storage service as part of the Starks Gas Storage Project, but is in the immediate vicinity of certificated caverns PPG-9 and PPG-10 and would provide an inexpensive and convenient source of technical information for the Starks Gas Storage Project.

5. Starks will conduct numerous tests with the PPG-8 well including, but not limited to: (a) positioning surveys to determine the exact location of the casing shoe; (b) sonar surveys to determine the current size and shape of the cavern; and (c) a gamma-density log run in the salt borehole above the cavern and into the last cemented casing to gain further geological data. Starks states that it will not proceed with any of the testing activities until it has received any and all necessary approvals from the State of Louisiana.

6. Starks states that the testing will be temporary in nature and will not affect shippers, service, or the public as a whole. Specifically, Starks intends to conduct the proposed tests in compliance with the requirements of the State of Louisiana and any applicable requirements under section 157.206(b) of the Commission's environmental regulations, as modified by Order No. 603.

⁴ 112 FERC ¶ 61,109 (2005). The Commission authorized Starks to construct and operate the Starks Gas Storage Project and provide Part 284 open access service at market-based rates. The Commission also issued Starks a blanket construction certificate under Part 157, Subpart F.

⁵ Starks states that it requests pre-granted authority to abandon Cavern PPG-8 if, after testing, it is determined to be infeasible for gas storage. Cavern PPG-8 is not one of the storage caverns certificated for natural gas storage service as part of the Starks Gas Storage Project. Further, this order only authorizes the proposed testing and is not certificating Cavern PPG-8 for service. Thus, the pre-granted abandonment authority requested by Starks is not necessary.

Notice and Intervention

7. Notice of Starks' application was published in the *Federal Register* on January 8, 2007 (71 Fed. Reg. 772). No protests, comments, or petitions to intervene in opposition were filed.

Discussion

8. Starks' proposed activities are a necessary preliminary phase in the development and construction of the Starks Gas Storage Project. In addition, depending on the outcome of tests, additional salt caverns may or may not be developed. We therefore consider the proposed activities as a necessary phase in the construction of a jurisdictional storage facility, and as such, the proposed activities are subject to the certificate requirements of NGA section 7(c).

9. Pursuant to NGA section 7(c)(1)(B), if we find it in the public interest, we may exempt certain temporary acts or operations from the certificate requirement that would otherwise apply. Previously, we have granted exemptions to allow operations of a temporary nature that have no effects on the ratepayer, on the quality of service provided by a pipeline, or on the public as a whole.⁶

10. Stark emphasizes that its proposed testing activities are temporary and will be conducted in order to determine the feasibility of developing a salt cavern storage complex. No jurisdictional service will be rendered from the well without Commission authorization. The certificate authorization exemption will be used solely for discrete exploratory activities to obtain geological and engineering data.

11. As proposed by Starks in its application, its authorization will be conditioned on its performing all activities in compliance with the same environmental conditions that apply to natural gas companies' activities under their Part 157 blanket certificates, as set forth in section 157.206(b) of the Commission's regulations.

12. Under the circumstances described in Starks' petition, we find that the proposed activities constitute temporary acts or operations within the meaning of the NGA section 7(c)(1)(B), and we find it in the public interest to exempt the proposed activities from the certificate requirements of NGA section 7(c). Given the limited availability of storage facilities in the vicinity of the potential storage site, we acknowledge the potential benefit

⁶ See, e.g., *Mississippi Hub, LLC*, 115 FERC ¶ 61,363 (2006); *Desert Crossing Gas Storage and Transportation System LLC*, 98 FERC ¶ 61,277 (2002); *Copper Eagle Gas Storage L.L.C.*, 97 FERC ¶ 62,193 (2001); and *Central New York Oil and Gas Company LLC*, 89 FERC ¶ 61,006 (1999).

a new storage facility could provide. Further, we find that without performing the proposed activities, Starks cannot make further informed engineering decisions regarding the development of the Starks Gas Storage Project, which would allow Starks to better serve the growing natural gas demands needs in the region.

13. In view of the above, we will exempt Starks from NGA section 7's certificate and abandonment requirements as to the activities specified herein, subject to the conditions set forth below. The certificate exemption granted herein is without prejudice to any decision the Commission may make regarding any application Starks may file for authorization for a storage project at the site or related pipeline construction.

The Commission orders:

(A) Upon the terms and conditions of this order pursuant to section 7(c)(1)(B) of the NGA, Starks is granted an exemption from the certificate and abandonment requirements of section 7 of the NGA to undertake the activities specified in this order and in Starks' petition. This exemption is effective upon issuance of this order. The authorized drilling and testing activities shall be completed within one year of the date of this order.

(B) Starks shall notify the Commission within 10 days after commencing activities within the exemption granted in Ordering Paragraph (A). Starks shall allow inspection by Commission staff at any time.

(C) Starks shall comply with the environmental requirements of section 157.206(b) of the Commission's regulations in implementing the drilling and testing activities.

(D) The exemption granted in Ordering Paragraph (A) may be revoked if the actions are determined to be inconsistent with this order or with state or federal law and regulations. The Commission may halt work authorized under this exemption until any required consistency determination is completed.

By the Commission.

(S E A L)

Magalie R. Salas,
Secretary