

131 FERC ¶ 61,233  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Jon Wellinohoff, Chairman;  
Marc Spitzer, Philip D. Moeller,  
and John R. Norris.

Henry Gas Storage LLC

Docket No. CP10-125-000

ORDER GRANTING EXEMPTION  
FOR TEMPORARY ACTS AND OPERATIONS

(Issued June 14, 2010)

1. On April 5, 2010, Henry Gas Storage LLC (Henry) filed a petition under section 7(c)(1)(B) of the Natural Gas Act (NGA)<sup>1</sup> and Rule 207(a)(5) of the Commission's Rules of Practice and Procedure<sup>2</sup> for an exemption from certificate requirements to drill one stratigraphic test well to determine salt characteristics and the feasibility of developing the Cote Blanche Island salt dome for natural gas storage in St. Mary Parish, Louisiana. Subject to the conditions discussed below, we find it is in the public interest to grant the requested exemption.

**I. Background and Proposal**

2. Henry is a limited liability company organized under the laws of Delaware. Henry is not a "natural gas company" within the meaning of NGA section 2(6)<sup>3</sup> and holds no NGA section 7 certificates.

3. Henry requests an exemption from the NGA section 7(c) certificate requirements for the temporary and limited purpose of undertaking stratigraphic test well drilling at one well site on property it owns in St. Mary Parish, Louisiana. Henry states that the test

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<sup>1</sup> 15 U.S.C. § 717f(c)(1)(b) (2006). This section authorizes the Commission to exempt by regulation the requirements of NGA section 7(c) for "temporary acts or operations for which the issuance of a certificate will not be required in the public interest."

<sup>2</sup> 18 C.F.R. § 385.207(a)(5) (2009).

<sup>3</sup> 15 U.S.C. § 717(a)(6) (2006).

well drilling is necessary to determine the feasibility of developing the underlying salt dome formation for natural gas storage. Specifically, Henry states that drilling the well and analyzing the data is necessary to determine the salt characteristics of the underlying formation. Henry contends it intends to develop a natural gas storage facility, which eventually would be subject to the Commission's jurisdiction under the NGA.

4. Henry asserts that it will comply with all applicable federal, state, and local permitting and environmental requirements, and that the proposed activity will not adversely impact the public. Henry states that it will have operational control over both the surface and subsurface mineral rights for the properties on which the planned stratigraphic test well will be drilled.

5. Henry states that it will bear the full costs of the subject activities and the construction and testing will be temporary in nature. Henry asserts that it will not perform any jurisdictional service using the planned test well.

6. If the outcome of the test well drilling shows that the proposed well location is not desirable for further development, Henry asserts that it will conform with all applicable Louisiana requirements, and will plug and abandon the test well and restore the areas disturbed by well drilling activities to their pre-existing condition.

## **II. Notice and Interventions**

7. Notice of Henry's petition was published in the *Federal Register* on April 23, 2010 (75 Fed. Reg. 21,288). No motions to intervene, protests, or comments were filed.

## **III. Discussion**

8. We find Henry's proposed activities are a necessary preliminary phase in the development and construction of a jurisdictional natural gas storage facility. Therefore, the proposed activities are subject to the certificate requirements of NGA section 7(c). However, pursuant to NGA section 7(c)(1)(B), we may exempt certain temporary acts or operations from the certificate requirements that would otherwise apply, if we find that such an exemption is in the public interest. Previously, we have granted such exemptions to allow operations of a temporary nature that have no effects on the ratepayer, on the quality of service provided by a natural gas company, or on the public as a whole.<sup>4</sup>

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<sup>4</sup> See e.g., *Cadeville Gas Storage LLC*, 128 FERC ¶ 61,141 (2009) (*Cadeville*); *Arlington Storage Co., LLC*, 122 FERC ¶ 61,152 (2008) (*Arlington*); *Chestnut Ridge Storage LLC*, 121 FERC ¶ 61,022 (2007); *Leaf River Energy Center LLC*, 120 FERC ¶ 61,168 (2007) (*Leaf River*).

9. Henry's proposed exploratory activities are temporary and will be conducted to determine the feasibility of developing a natural gas storage facility in St. Mary Parish, Louisiana. The certificate authorization exemption will be used solely for discrete exploratory activities to obtain stratigraphic data. No jurisdictional service will be rendered from the well without Commission authorization. There will be no effects on ratepayers, quality of service, or the public. Further, the proposed activities are necessary for Henry to make informed business and engineering decisions regarding the feasibility of constructing a storage facility which would allow Henry to serve the growing gas demand in the region.

10. Under the circumstances described in Henry's petition, we find that the proposed activities constitute temporary acts or operations within the meaning of 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). The certificate exemption granted here is without prejudice to any decision the Commission may make regarding an application Henry may file for authorization for a storage project at the site or related pipeline construction.

11. As proposed by Henry in its petition and consistent with Commission practice,<sup>5</sup> our authorization will be conditioned upon Henry's performing all activities in compliance with the same environmental conditions that apply to the activities of natural gas companies under their Part 157 blanket certificates, as set forth in the Commission's regulations.<sup>6</sup> Henry's proposed testing activities are similar to activities permitted under a Part 157 blanket certificate and section 157.206(b) of the regulations that sets forth standard conditions to protect the environment when activities are undertaken under a Part 157 blanket certificate. Requiring Henry to comply with the provisions of section 157.206(b) will ensure the same level of protection in this case.

The Commission orders:

(A) Upon the terms and conditions of this order pursuant to NGA section 7(c)(1)(B), Henry 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 Henry's 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.

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<sup>5</sup> See e.g. *Cadeville*, 128 FERC ¶ 61,141 at Ordering Paragraph (C); *Arlington*, 122 FERC ¶ 61,152 at Ordering Paragraph (C); *Leaf River*, 120 FERC ¶ 61,168 at Ordering Paragraph (C).

<sup>6</sup> 18 C.F.R. § 157.26(b) (2009).

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

(C) Henry 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 by Henry 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)

Kimberly D. Bose,  
Secretary.