

133 FERC ¶ 61,056
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Jon Wellinghoff, Chairman;
Marc Spitzer, Philip D. Moeller,
John R. Norris, and Cheryl A. LaFleur.

Ryckman Creek Resources, LLC

Docket No. CP10-498-000

ORDER GRANTING EXEMPTION
FOR TEMPORARY ACTS AND OPERATIONS

(Issued October 21, 2010)

1. On September 3, 2010, Ryckman Creek Resources, LLC (Ryckman) filed a petition under section 7(c)(1)(B) of the Natural Gas Act (NGA)¹ and Rule 207(a)(5) of the Commission's Rules of Practice and Procedure² for an exemption to perform specific temporary activities related to drill site preparation and the drilling of a stratigraphic test well to verify certain characteristics of a depleted oil reservoir located in Uinta County, Wyoming to determine the feasibility of developing an underground natural gas storage facility. Subject to the conditions discussed below, we find it is in the public interest to grant the requested exemption.

I. Background and Proposal

2. Ryckman is a limited liability company organized under the laws of Delaware. Ryckman is not currently a natural gas company within the meaning of NGA section 2(6)³ and holds no section 7 certificates. Ryckman, a subsidiary of Peregrine Midstream Partners LLC, was established for the purpose of developing, constructing, and operating a natural gas storage facility in Wyoming.

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

² 18 C.F.R. § 385.207(a)(5) (2010).

³ 15 U.S.C § 717(a)(6) (2006).

3. Ryckman requests an exemption from NGA section 7(c) certificate requirements for the temporary and limited purpose of undertaking stratigraphic test well drilling at a well site at a depleted oil field in Uinta County, Wyoming. It proposes to drill the 9-H Test Well to obtain cores in the Gypsum Springs member of the Twin Creek cap rock and the upper Nugget formations of the proposed reservoir to verify certain characteristics of these formations to determine the feasibility of converting an existing partially depleted oil field into an interstate natural gas storage facility. Ryckman states that it intends to develop a natural gas storage facility, which eventually would be subject to the Commission's jurisdiction under the NGA, and that this test well is necessary to determine the technical, environmental, and economic feasibility of developing this facility.

4. Ryckman states that it will comply with all applicable federal, state, and local permitting and environmental requirements, and that the proposed activity will not adversely affect the public. It asserts that drilling the test well would be in the public interest because it is a necessary first step toward the development of the proposed storage facility. Ryckman states that it will bear the full costs of the subject activities, that the construction and testing will be temporary in nature, and that it will not perform any jurisdictional service using the planned test well.

5. If the outcome of the test well drilling shows that the proposed location is not desirable for further development, Ryckman asserts that it will conform with all applicable federal, state, and local 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

6. Notice of Ryckman's petition was published in the *Federal Register* on September 22, 2010 (75 Fed. Reg. 57,766). No motions to intervene, protests, or comments were filed.

III. Discussion

7. We find Ryckman'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 ratepayers, on the quality of service provided by a natural gas company, or on the public as a whole.⁴

8. Ryckman's proposed exploratory activities are temporary and will be conducted to determine the feasibility of developing a natural gas storage facility in Uinta County, Wyoming, to serve the growing storage demand in the region. The certificate authorization exemption will be used solely for discrete exploratory activities to obtain stratigraphic data. No jurisdictional service will be rendered from the wells without Commission authorization. There will be no effects on ratepayers, quality of service, or the public.

9. Under the circumstances described in Ryckman'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 Ryckman may file for authorization for a storage project at this site or related pipeline construction.

10. As proposed by Ryckman in its petition and consistent with Commission practice,⁵ our authorization will be conditioned upon Ryckman'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.⁶ The 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 Ryckman to comply with the provisions of section 157.206(b) will ensure the same level of protection in this case.

11. At a hearing held on October 21, 2010, the Commission on its own motion received and made a part of the record in this proceeding all evidence, including the

⁴ See, e.g., *Tallulah Gas Storage, LLC*, 132 FERC ¶ 61,063 (2010) (*Tallulah*); *Henry Gas Storage LLC*, 131 FERC ¶ 61,233 (2010) (*Henry*); *Perryville Gas Storage LLC*, 129 FERC ¶ 61,108 (2009) (*Perryville*); *BCR Holdings, Inc.*, 129 FERC ¶ 61,030 (2009).

⁵ See, e.g., *Tallulah*, 132 FERC ¶ 61,063 at Ordering Paragraph (C); *Henry*, 131 FERC ¶ 61,233 at Ordering Paragraph (C); *Perryville*, 129 FERC ¶ 61,108 at Ordering Paragraph (C).

⁶ 18 C.F.R. § 157.26(b) (2010).

application and exhibits thereto, submitted in support of the authorization sought herein, and upon consideration of the record,

The Commission orders:

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

(B) Ryckman 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) Ryckman 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 Ryckman 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.