

122 FERC ¶ 61,209  
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.

Egan Hub Storage, LLC

Docket No. CP07-88-001

ORDER GRANTING REHEARING AND CLARIFICATION

(Issued March 7, 2008)

1. On November 9, 2007, Egan Hub Storage, LLC (Egan Hub) filed a request for clarification or, in the alternative, rehearing of the Commission's October 18, 2007 order in this proceeding.<sup>1</sup> The October 18 Order authorized Egan Hub to expand its Acadia Parish, Louisiana storage facility by adding a fourth salt dome cavern and appurtenant facilities. For the reasons discussed below, we will grant Egan Hub's request for rehearing and clarification.

**Background**

2. In 1996 the Commission authorized Egan Hub to provide open-access jurisdictional natural gas storage and hub services at market-based rates and to expand its existing salt dome storage facilities.<sup>2</sup> Since then, the Commission has authorized a number of expansions of Egan Hub's storage facilities.<sup>3</sup> The October 18 Order authorized a further expansion of the facilities consisting of the construction of: a fourth salt dome cavern with a working gas capacity of 8.0 Bcf and a total capacity of 10.5 Bcf; a 16.5-mile loop of its Line 73 header; a new meter and regulating (M&R) station; an upgrade to another M&R station; and appurtenant facilities. The addition of the fourth

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<sup>1</sup> *Egan Hub Storage, LLC*, 121 FERC ¶ 61,053 (2007).

<sup>2</sup> *Egan Hub Partners, LP*, 77 FERC ¶ 61,016 (1996).

<sup>3</sup> See *Egan Hub Partners, LP*, 81 FERC ¶ 61,017 (1997); 95 FERC ¶ 61,395 (2001); 99 FERC ¶ 61,269 (2002); and 103 FERC ¶ 61,014 (2003).

cavern will increase the overall capacity of Egan Hub's facilities to 42 Bcf and increase its maximum withdrawal rate to 2,700 MMcf per day.

3. As relevant here, the October 18 Order requires Egan Hub: to file the final capacity and pressure of each cavern (Engineering Condition 2); to conduct sonar surveys of its caverns every five years (Engineering Condition 5); and to file an annual inventory verification for each cavern (Engineering Condition 6). Ordering Paragraph (C) requires Egan Hub to construct and place the authorized facilities into service within one year of the date of the final order in this proceeding. Finally, paragraph 25 of the order states that the environmental assessment (EA) for Egan Hub's proposal "discusses Egan Hub's commitment to construct during the non-nesting season" of colonial wading birds. Egan Hub requests clarification or rehearing of these requirements and statements.

### **Discussion**

#### **Clarification of Engineering Conditions 2, 5, and 6**

4. Egan Hub requests that Engineering Conditions 2, 5, and 6 in Appendix B of the October 18 Order be applied only to the fourth cavern project. We clarify that these engineering conditions apply only to the fourth cavern project. Any necessary engineering conditions relating to the other caverns were imposed in the orders approving them.<sup>4</sup>

#### **Rehearing of Engineering Condition 5**

5. Egan Hub requests rehearing of the requirement in Engineering Condition 5 that it conduct sonar surveys of Cavern 4 every five years. It states that because of its cavern and casing size, the safety and logistical concerns associated with conducting a sonar survey are greater than those present at other storage fields where the Commission has required a sonar survey<sup>5</sup> and would undermine the Commission's and Egan Hub's goal of protecting cavern integrity. Egan Hub states that it agrees with the Commission's focus on storage cavern integrity and that it has allotted significant time and resources to cavern design and construction, as well as to monitoring programs to assure cavern integrity.

6. Instead of monitoring its cavern using sonar surveys, Egan Hub proposes to maintain a monitoring program that includes: (1) a mechanical integrity test at least every five years; (2) continuous monitoring of the casing annulus pressure between the production casing and the first outer casing; (3) continuous monitoring gas of activity into and out of the cavern; (4) continuous monitoring of key wellhead parameters,

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<sup>4</sup> See cases cited *supra* n.3.

<sup>5</sup> See, e.g., *Petal Gas Storage*, 120 FERC ¶ 61,226, at P 26 (2007).

including pressure and temperature; and (5) conducting annual inventory verification studies.

7. Egan Hub plans to install new equipment that will enable it to monitor cavern size and gas inventory on a real-time basis. Egan Hub states that the proposed real-time monitoring and annual inventory studies will allow it to monitor cavern size and salt creep and respond to anomalies in the cavern in a more timely fashion than periodic sonar surveys.

8. The Commission generally requires sonar surveys to monitor cavern integrity, as opposed to other technologies, because it is widely used, effective, and does not require special instrumentation to be permanently installed in the storage caverns. The Commission has previously stated that “the purpose of the sonar survey is to monitor the cavern’s size to ensure that salt creep does not damage the integrity of the cavern. Cavern integrity is necessary to ensure the safety and reliability of the facility and to avoid the loss of gas and reductions in storage capacity.”<sup>6</sup> The Commission finds that Egan Hub’s proposed mechanical testing methodology is consistent with the intent behind the sonar testing requirement and will effectively monitor the cavern’s integrity to ensure the safe and reliable operation of the facility.

9. Further, because of Egan Hub’s cavern design, salt creep may well have a lesser impact on the cavern capacity as compared to other caverns. Egan Hub has experienced a salt creep rate of less than 0.5 percent per year (approximately 2.5 percent over five years) in its existing caverns. The margin of error in sonar surveys is typically five to seven percent for brine filled caverns and two to three percent for gas filled caverns. Egan Hub’s proposed real-time monitoring has a margin of error of less than one percent, making the results more accurate than sonar surveys and more effective at monitoring salt creep.

10. For these reasons, we grant Egan Hub’s request that it not be required to conduct sonar surveys every five years.<sup>7</sup> Instead, Egan Hub shall follow the monitoring program described above and in its request for clarification. Should Egan Hub discover any integrity issues in its real-time monitoring, Egan Hub shall file those results with the Commission along with its proposed solution. Egan Hub shall comply with all other engineering conditions in the October 18 Order, as clarified herein, including the annual inventory study.

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<sup>6</sup>*Petal Gas Storage, L.L.C.*, 120 FERC ¶ 61,226, at P 26 (2007).

<sup>7</sup> The Commission recently approved a similar request to use mechanical integrity testing for salt caverns rather than sonar testing. *See Saltville Gas Storage Co.* 122 FERC ¶ 61,151 (2008).

### **Clarification of Ordering Paragraph (C)**

11. Egan Hub requests clarification or rehearing of the requirement in Ordering Paragraph (C) that the authorized facilities be constructed and placed in service within one year of the date of the final order in this proceeding. Egan Hub's proposed timeline is to construct the pipeline, M&R stations, and associated facilities between December 2007 and August 2009 with about 5 to 6 Bcf of gas storage in service by August 2009, and full capacity in service by 2012. The EA acknowledges Egan Hub's proposed timeline which is comparable to the construction schedule of other storage projects.<sup>8</sup> Our intent was to authorize the proposed construction time frame for making the facility available for service. Therefore, we will require Egan Hub to construct and place the authorized facilities into service by December 31, 2012, to more accurately reflect the anticipated construction timeline.

### **Clarification of Paragraph 25**

12. We will grant Egan Hub's request for clarification that the October 18 Order does not limit construction to the non-nesting season of colonial wading birds. The order states that the U.S. Fish and Wildlife Service (USFWS) suggested in its comments to the Notice of Intent to Prepare an Environmental Assessment for this project that Egan Hub should avoid construction during colonial wading birds' nesting season. We clarify that the USFWS stated that the restriction should apply if a qualified biologist found nesting colonies of wading birds, anhingas, and/or cormorants during the nesting season.<sup>9</sup> Egan Hub conducted field surveys of the area and found no rookeries or colonies of the birds.<sup>10</sup> After receiving this information, the USFWS found that the project is not likely to adversely affect these birds.<sup>11</sup> Environmental Condition 7 of the order requires Egan Hub to file documentation of updated endangered species consultation with the USFWS prior to initiating pipeline construction. As explained in the EA, Egan Hub would conduct a colonial wading bird survey prior to beginning construction and would consult with the USFWS if it finds any rookeries. As Egan Hub states in its request for clarification, it must comply with any survey requirements and potential subsequent consultation requirements at that time.

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<sup>8</sup> See the July 12, 2007 Environmental Assessment at 4-5 and 13-14.

<sup>9</sup> USFWS May 15, 2007 Comments at 2.

<sup>10</sup> See Egan Hub's August 14, 2007 Comments to the EA.

<sup>11</sup> *Id.* at Attachment A.

The Commission orders:

(A) Egan Hub's requests for rehearing and clarification are granted, as discussed in the body of this order.

(B) Egan Hub shall maintain a cavern integrity program that includes: (1) conducting a Mechanical Integrity Test at least every five years; (2) monitoring the casing annulus pressure between the production casing and the first outer casing; (3) monitoring gas activity into and out of the cavern; (4) monitoring key wellhead parameters, including pressure and temperature; and (5) conducting annual inventory verification studies.

(C) The facilities authorized in the October 18, 2007 Order in this proceeding must be constructed and placed in service by December 31, 2012.

By the Commission.

( S E A L )

Kimberly D. Bose,  
Secretary.