

128 FERC ¶ 61,141  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

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

Cadeville Gas Storage LLC

Docket No. CP09-421-000

ORDER GRANTING EXEMPTION  
FOR TEMPORARY ACTS AND OPERATIONS

(Issued August 6, 2009)

1. On May 27, 2009 Cadeville Gas Storage LLC (Cadeville) filed a petition pursuant to 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 the Commission's certificate requirements to drill one test well to determine the feasibility of developing an underground natural gas storage facility in Ouachita Parish, Louisiana. Subject to the conditions discussed below, we find that it is in the public interest to grant the requested exemption.

**Background and Proposal**

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

3. Cadeville seeks an exemption from NGA section 7(c) certificate requirements to perform specific temporary activities related to drill site preparation and the drilling of a reservoir test well. Cadeville states that it is currently exploring the feasibility of developing a natural gas storage facility in a depleted reservoir using land rights it

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<sup>1</sup> 15 U.S.C. § 717(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."

<sup>2</sup> 18 C.F.R. § 385.207(a)(5) (2008).

<sup>3</sup> 15 U.S.C. § 717(a)(6) (2000).

acquired in Ouachita Parish, Louisiana. Its intention is to develop a storage facility at that site, which eventually would be subject to the Commission's jurisdiction under the NGA.

4. Cadeville states that it will not perform any service using the planned test well and will bear the full costs of the proposed activities, and the construction and testing will be temporary in nature. It states that it holds sufficient land rights in Louisiana to begin development of a natural gas storage facility. Cadeville asserts that its current information indicates that this land is suitable for storage development, but that it must gather additional data through test drilling to confirm the feasibility of developing the depleted reservoir for natural gas storage. It states that it is seeking permits from Louisiana that will allow drilling under applicable state law. Cadeville asserts that it will comply with all federal, state and local permitting and environmental requirements and that the proposed activity will not adversely impact the public. It states that it will file copies of all environmental clearances with the Commission once they have been obtained.

5. Cadeville maintains that its proposed activities are necessary to determine the technical, environmental, and economic feasibility of developing an underground natural gas storage facility on the land which it controls in Louisiana. These activities include the drilling of one reservoir test well to determine reservoir characteristics and the feasibility of developing the reservoir for natural gas storage. Cadeville notes that knowledge gained from a test well will confirm the area of influence, the volumetric distribution of the reservoir sands, and the number of wells and well pads that will be required to develop the storage reservoir most efficiently.

6. Cadeville states that it would like to move forward in an expedited manner to retain a drilling rig, obtain necessary state permits, and commence testing operations as soon as possible. Cadeville believes that a test well will confirm the storage limits for all concerned landowners, determine for Louisiana that the reservoir is fully depleted as it relates to required state filings, and confirm design requirements for the surface facilities to be included in the resource reports required for the NGA Section 7(c) application.

7. If the outcome of the test well drilling shows that the proposed locations are not desirable for further development, Cadeville 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.

### **Notice and Interventions**

8. Notice of Cadeville's petition was published in the *Federal Register* on June 4, 2009 (74 Fed. Reg. 27781). No motions to intervene, protests, or comments were filed.

## Discussion

9. We find that Cadeville'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), the Commission may exempt certain temporary acts or operations from the certificate requirement that would otherwise apply, if 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.<sup>4</sup> As stated above, Cadeville's proposed activities will be conducted to gather additional data through test drilling to confirm the feasibility of development of the depleted reservoir for use as a natural gas storage facility. No jurisdictional service will be rendered from the well without Commission authorization. Since Cadeville provides no jurisdictional services, there will be no effects on ratepayers, quality of service, or the public.<sup>5</sup>

10. Under the circumstances described above and in Cadeville'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) subject to the conditions set forth below. Further, the proposed activities are necessary for Cadeville to make an informed business and engineering decision regarding the feasibility of developing a storage facility which would allow it to better serve the growing gas demand needs in the region. The certificate exemption granted here is without prejudice to any decision the Commission may make regarding an application Cadeville may file for authorization for a storage project at the site or related pipeline construction.

11. As proposed by Cadeville in its petition and consistent with Commission practice,<sup>6</sup> this authorization will be conditioned on Cadeville performing all activities in compliance with the same environmental conditions that apply to natural gas companies'

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<sup>4</sup> See, e.g., *Arlington Storage*, 122 FERC ¶ 61,152 (2008) (*Arlington*); *Chestnut Ridge*, 121 FERC ¶ 61,022 (2007); *Leaf River*, 120 FERC ¶ 61,168 (2007) (*Leaf River*).

<sup>5</sup> The pre-granted abandonment authority requested by Cadeville is not necessary since no jurisdictional facility or service requiring abandonment will be constructed or provided pursuant to this order.

<sup>6</sup> See, e.g., *Arlington*, 122 FERC ¶ 61,152 at Ordering Paragraph (C); *Leaf River*, 120 FERC ¶ 61,168 at Ordering Paragraph (C).

activities under Part 157 blanket certificates, as set forth in the Commission's regulations.<sup>7</sup> Cadeville's proposed testing activities are similar to activities permitted under a Part 157 blanket certificate, and section 157.206(b) of the regulations sets forth standard conditions to protect the environment when activities are undertaken under a Part 157 blanket certificate. Requiring Cadeville 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), Cadeville 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 Cadeville'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) Cadeville shall notify the Commission within 10 days of commencing activities under the exemption granted in Ordering Paragraph (A). It shall allow inspection by Commission staff at any time.

(C) Cadeville shall comply with the environmental requirements of section 157.206(b) of the Commission's Regulations in implementing the drilling and testing activities, and with applicable local, state, and federal environmental and permitting requirements.

(D) The exemption granted in Ordering Paragraph (A) may be revoked if actions by Cadeville 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)

Nathaniel J. Davis, Sr.,  
Deputy Secretary.

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<sup>7</sup> 18 C.F.R. § 157.206(b) (2008).