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FEDERAL ENERGY COMMISSION MEETING

MAGNUM GAS STORAGE PROJECT

Public Scoping Meeting

Docket No. PF09-3-000

July 8, 2009 \* 6:00 p.m.

Location: Millard County School District

285 E. 400 N.

Delta, Utah

Reporter: Heidi Hunter, RPR

Certified Court Reporter for the State of Utah

## P R O C E E D I N G S

1  
2  
3 MS. JACAMAN: Good evening. On behalf of the  
4 Federal Energy Regulatory Commission, referred to as  
5 FERC or the commission, I would like to welcome all of  
6 you here tonight.

7 This is the environmental scoping meeting  
8 for the Magnum Gas Storage Proposed Project,  
9 referred to as the MGS project. Let the record show  
10 that the public scoping meeting began at 6:10 p.m.  
11 on July 7, 2009 in Delta, Utah. My name is  
12 Kandilarya Jacaman, and I'm the environmental  
13 project manager. With me in the audience is Doug  
14 Sipe, also with the FERC. He is the outreach  
15 manager for FERC.

16 Also here with us to my left is Ms. Micki  
17 Bailey with the Bureau of Land Management referred  
18 to as the BLM. The BLM has agreed to be a  
19 cooperating agency. In a few moments Micki will  
20 present a brief overview of their agency's role and  
21 their involvement with this process and the FERC  
22 process.

23 The Forest Service and the School and  
24 Institutional Trust Land Administration have also  
25 agreed to be cooperating agencies and assist FERC in

1 the preparation of our environmental assessment, EA.

2 There are two sign-in sheets at the table  
3 by the entrance, one is for you to sign in if you  
4 would like to be on the mailing list, and the other  
5 one is for you to sign in if you would like to speak  
6 tonight and address any questions about the process  
7 and/or state specific environmental concerns  
8 regarding the project.

9 If you prefer to send written comments,  
10 please pick up one of the handouts from the sign-in  
11 table which provide instructions on how to make it  
12 easy for you to send written scoping comments to us.  
13 The FERC is an independent agency that regulates the  
14 interstate transmission of electricity, natural gas  
15 and oil. FERC reviews proposals and authorizes  
16 construction of interstate natural gas pipelines,  
17 storage facilities, and liquefied natural gas, L and  
18 G terminals, as well as the licensing and inspection  
19 of hydroelectric projects.

20 The purpose of the commission is to  
21 protect the public and energy customers ensuring  
22 that regulated energy companies are acting within  
23 the law. We are located in Washington D.C. just  
24 north of the United States capitol. FERC has up to  
25 five commissioners who are appointed by the

1 president of United States with the advice and  
2 consent of the Senate. Commissioners serve five  
3 year terms and have an equal vote on regulatory  
4 matters. One member of the commission is designated  
5 by the president to serve as its chair and FERC's  
6 administrative head. The current chairman is Jon  
7 Wellinghoff. There are three commissioners, Marc  
8 Spitzer, Suedeen Kelly and Philip Moeller.

9 FERC has approximately 1200 staff  
10 employees including myself. The FERC is the leading  
11 federal agency responsible for the National  
12 Environmental Policy Act of 1969, NEPA, review of  
13 the MGS project, and the lead agency for the  
14 preparation of the EA. NEPA requires FERC to  
15 analyze the potential environmental impacts  
16 resulting from construction and operations of the  
17 proposed project, identify and consider alternatives  
18 and possible mitigation measures if appropriate.

19 This meeting is a public NEPA scoping  
20 meeting. The purpose of tonight's meeting is to  
21 provide each of you with the opportunity to give us  
22 your comments on the proposed project. We are here  
23 tonight to hear and learn from you. It will help us  
24 the most if your comments are as specific as  
25 possible regarding the potential environmental

1 impacts and reasonable alternatives of the proposed  
2 project.

3 Your comments will be used to determine  
4 what issues we need to cover in the EA. In this  
5 case the EA will also be used by the BLM in its  
6 permitting process because of a portion of the  
7 proposed pipeline would cross BLM land.

8 Because this evening's meeting is a formal  
9 scoping meeting held to gather the project scoping  
10 requirements of NEPA, the main purpose is solicit  
11 input from the public on issues you feel should be  
12 addressed in the environmental analysis that the  
13 FERC concludes and EA that we will prepare.

14 These issues generally focus on the  
15 potential for environmental effects, including  
16 economic impacts, but may also address construction  
17 issues, mitigation, the environmental review process  
18 and the need for the project. Doug Sipe, FERC's  
19 outreach manager, will answer any questions you may  
20 have about the review process or FERC's role in the  
21 approval process. I have asked Magnum to keep its  
22 maps out and available after the close of the formal  
23 meeting to give the opportunity to review the maps  
24 and ask any questions you would like after the  
25 meeting is over.

1                   Magnum entered into the prefiling process  
2                   on December 22nd, 2008, through which began our  
3                   review of the proposed project. On June 18th, 2009,  
4                   FERC issued a notice of intent, NOI, to prepare an  
5                   EA for this project which was published in the  
6                   Federal Register on June 25th, 2009. The issuance  
7                   of the NOI opens the comment -- the formal comment  
8                   period.

9                   It is during this period that we accept  
10                  comments on the project. If you're an affected  
11                  landowner you should have received an NOI by now.  
12                  However, if you did not receive the notice we have  
13                  extra copies with us.

14                 The comment period will end on July 27,  
15                 2009. However, we encourage you to submit your  
16                 comments as soon as possible in order to give us  
17                 time to analyze and research the issues. I would  
18                 like to add that the FERC strongly encourages  
19                 electronic filings of all comments. The  
20                 instructions for this can be located on our website  
21                 at [www.ferc.gov](http://www.ferc.gov) under the e-filing link.

22                 The handouts at the sign-in table provide  
23                 additional information about electronic filing of  
24                 comments. As I mentioned a minute ago, we began our  
25                 NEPA prefiling environmental review of this project.

1 The purpose of the NEPA prefiling process is to  
2 encourage involvement by the public environmental  
3 entities and other entered stakeholders in a matter  
4 that allows for early identification and resolution  
5 of environmental issues.

6 A formal application has not been filed  
7 with the FERC yet. However, the FERC and  
8 cooperating agency staff have already started our  
9 NEPA review. We have a handout at the sign-in table  
10 that explains the environmental review process in  
11 more detail and illustrates the various public input  
12 opportunities.

13 During our review of the project, we would  
14 assemble information from a variety of sources,  
15 including Magnum, you, the public, other state,  
16 local, and federal agencies, and our own independent  
17 analysis and site reviews.

18 We will analyze this information and  
19 prepare an EA that will be distributed to the public  
20 for comment. If you want a copy of the EA, either  
21 paper copy or in a CD form, there are three ways to  
22 let us know. You can send a written comment to the  
23 FERC, or you can sign up at the sign-in table  
24 tonight, or you can return the mailing list  
25 retention form that was included in the notice of

1 intent we mailed out. You must do one of those  
2 things to ensure that you stay on the mailing list.

3 It is very important that any comments you  
4 send include our internal docket number for the  
5 project. The docket number is in the NOI and is  
6 included on the handout at the sign-in table. But  
7 let me give it to you so you can write it down. If  
8 you decide to send us a comment letter, please put  
9 that number on it. That will ensure that, I or  
10 members of the staff evaluating the project, will  
11 get to your comment.

12 The docket number for the Magnum Gas  
13 Storage Project is PFO9-3. After the EA's issued,  
14 you will have at least 30 days to review and comment  
15 on it. Let me point out that the 30 day is an NEPA  
16 requirement. We will continue to take comments  
17 until the order is issued. After the EA is issued,  
18 your comments will be incorporated into the order.  
19 The EA is not a decision document. It is being  
20 prepared to apprise the commission and disclosed to  
21 the public the environmental impacts of constructing  
22 and operating the proposed project.

23 When it's completed, the commission will  
24 consider the environmental information from the EA,  
25 along with nonenvironmental issues, such as

1        engineering, markets, and rates in making its  
2        decision to approve or deny a certificate, which  
3        would be the FERC's authorization for this project.

4                There is no review of the FERC's decision  
5        by the President or Congress, maintaining's FERC's  
6        independence as a regulatory agency and providing  
7        for fair and unbiased decisions. If the commission  
8        votes to approve the project and a certificate of  
9        public convenience and necessity is issued, Magnum  
10       will be required to meet certain conditions as  
11       outlined in the certificate.

12               Before we start taking comments from you,  
13       we've asked the BLM to provide a presentation of the  
14       BLM's process and their involvement with the FERC in  
15       preparing the EA. So now I'll turn it to you,  
16       Micki.

17               MS. BAILEY: Thanks Kandi. Can everyone hear  
18       me? As Kandi said, my name is Micki Bailey, and I'm the  
19       acting field manager for the Fillmore field office BLM.  
20       And what I plan to do is cover a couple of overview  
21       points as to how BLM is involved in this process. Kandi  
22       has mentioned a number of points and some of those I'll  
23       probably reiterate through the overview here. Number  
24       one, first -- FERC is the lead agency and BLM the  
25       cooperating agency, so we are following their lead and

1 assisting them in helping the preparation of the NEPA  
2 analysis.

3 The project involves both the Fillmore  
4 field office and the Salt Lake field office and, of  
5 course, we'll be working side by side, as I said,  
6 with FERC to prepare the environmental analysis.

7 We've initiated environmental analysis,  
8 but there's a possibility that environmental impact  
9 statement may be required if the impacts to the  
10 human environment are determined to be potentially  
11 significant. The BLM portion of this proposed  
12 action is to process a right-of-way application for  
13 61.5 miles of a right-of-way.

14 It's 100-foot wide corridor for gas  
15 pipeline 36 inches in diameter, and Magnum have the  
16 details of that later for you in the program. The  
17 first part of the proposed action is to look at the  
18 NEPA and that's the National Environmental Policy  
19 Act. There's two parts to this that we're partaking  
20 in, one is preparing the NEPA analysis as well as a  
21 BLM resource management plan amendment.

22 The NEPA requires us to look at the ground  
23 disturbing activity and potential impacts it may  
24 have on resources. We're also looking at potential  
25 mitigation and the possibility of being able to

1 eliminate impacts to the natural resources, the  
2 natural environment. We work as an  
3 interdisciplinary team back at the office, and  
4 that's composed of team specialists, staff  
5 specialists such as outdoor rec planners,  
6 geologists, archeologists.

7 What we're looking at is specific resource  
8 values that this project might have an impact to,  
9 and that could be air quality, water quality, water  
10 rights, wildlife habitat, cultural resources, so  
11 we're looking to try to maintain the integrity and  
12 protection of those resources.

13 The BLM resource management plan amendment  
14 is a second part of this, and that would require BLM  
15 to take a look at the resource management plan  
16 amendment. The Pony Express Resource Management  
17 plan in the Salt Lake field office does not  
18 currently allow for the major rights-of-way to be  
19 placed outside of a designated utility corridor.

20 And just to put this into proportion. The  
21 proposed action only effects two mile section of  
22 this proposed right-of-way that would be outside of  
23 a designated utility corridor.

24 So with that, we start the NEPA process.  
25 We're all here tonight and that's to kickoff with a

1       scoping meeting, and the public has an opportunity  
2       to bring issues and concerns to our attention for  
3       consideration and analysis.

4                You may have concerns that haven't already  
5       been considered or situations that we may not  
6       currently be aware of. Certainly the affected  
7       public should be providing comments to us to include  
8       in that analysis.

9                The environmental documentation is the  
10       environmental assessment, and it would become  
11       available for review for public comment, and that is  
12       a -- as Kandi had indicated, that's a 30-day public  
13       comment review and comment period.

14               So you'll have an opportunity to see what  
15       the proposed action is as well as the analysis and  
16       the impacts to the environment. And from that, BLM  
17       has a two-part decision. Number one would be the  
18       decision to issue the right-of-way grant for the  
19       right-of-way; and number two, would be to issue a  
20       decision for the plan amendment to allow this  
21       corridor to be constructed within a designated  
22       corridor. And that's all I have.

23               MS. JACAMAN: Thank you, Micki. We've also  
24       asked Magnum to provide a brief overview of their  
25       project, so I'll turn it to you, Dave.

1                   MR. BABCOCK: Thanks, Kandi. My name is David  
2 Babcock. I'm the Magnum environmental engineer on the  
3 project. I'm here to give you a little brief overview  
4 of the project that's proposed and as Micki and Kandi  
5 had indicated, the opportunity for questions afterwards.

6                   I wanted to cover a few things as part of  
7 this discussion. I just wanted to discuss what salt  
8 caverns are and what gas storage is. I wanted to go  
9 through why gas storage is important for or why it's  
10 needed. And then I'll talk a little bit about the  
11 right-of-way, and I'm just going to point to some of  
12 these posters while I'm going through this  
13 discussion. You'll have a chance to come up and  
14 look at these later on after the presentation and  
15 questions.

16                   If you can see here, the salt dome was  
17 located some years ago, and we've identified that  
18 it's going to be suitable for -- suitable for  
19 creation of salt caverns that you can store natural  
20 gas in. The salt is located approximately  
21 3,000 feet below the ground surface, and the caverns  
22 would be completed to a depth of over a mile  
23 underground.

24                   Each cavern would be something like a  
25 thousand feet tall and several hundred feet in

1 diameter. Natural gas would be brought in from the  
2 pipeline, would run up to Goshen, and I'll look at  
3 that in a minute, and it would be used and  
4 compressed into these caverns.

5 The caverns are created through a process  
6 of solution mining where you drill a normal size  
7 hole and you start circulating fresh water into that  
8 hole and brine is extracted. It dissolves the salt.  
9 And as it makes a taller and taller cavern, the pipe  
10 is drawn up making it taller and taller cavern until  
11 a desired shape is met. At that point natural gas  
12 is introduced into the cavern and the brine is  
13 displaced. It then becomes a storage -- it's then  
14 ready for storage.

15 At our particular site we'll have eight  
16 total storage caverns approximately a thousand feet  
17 tall, perhaps more, approximately 250 in diameter.  
18 We will also have water supply wells located on  
19 site, colocated with those caverns or cavern wells.  
20 We'll also have brine ponds here to manage the brine  
21 that's extracted from these caverns.

22 There will be a gas-fired power generation  
23 facility on site. We'll need that power to generate  
24 the leach -- or generate the electricity for the  
25 leach pumps, and we will also have a natural gas

1 compression facility, as I indicated, that will  
2 connect into this pipeline that will then be used to  
3 compress the natural gas into the caverns.

4 You might be wondering why is natural  
5 gases storage necessary, and one of the -- one of  
6 the key factors of that is that it's very important  
7 for the firming or the increasing of benefit of wind  
8 energy, solar energy, and other renewable energies.

9 The idea is that when the wind blows, you  
10 don't need to burn natural gas for a power plant,  
11 but when the wind stops blowing you still need  
12 electricity. Alternatively when the wind is  
13 blowing, you don't need to run your natural gas  
14 power plant. You need some place to put that  
15 natural gas. So it provides a shock absorber for  
16 the natural gas supply system.

17 Right now we're seeing a lot of coal fired  
18 power plants being converted over into natural gas,  
19 and fewer and fewer coal fired power plants being  
20 built. So there's an increased demand as well for  
21 natural gas.

22 These are in locations like California,  
23 like Utah, Nevada, Arizona, all along large  
24 populated areas where they're needing more and more  
25 electricity. Our site will generate approximately

1 500,000 cubic feet of natural gas into the natural  
2 gas distribution system every day.

3 It will also take out approximately  
4 300,000 cubic feet of natural gas every day. So on,  
5 say, a daily basis you might spend eight hours  
6 putting natural gas back into the system and 16  
7 hours taking natural gas out of the system, just  
8 acting as that shock absorber supplying gas when  
9 it's needed the most.

10 This will be one of the few salt cavern  
11 storage facilities located in the west. There are a  
12 few that are under construction that have been  
13 permitted, but currently are not in operation but  
14 the closest one is in Kansas. There are other  
15 storage facilities located in Utah, located in  
16 California, Colorado, Wyoming, Montana that have  
17 been operated for many, many years. Those are not  
18 salt storage caverns-type storage facilities.  
19 However, those are depleted aquifer or depleted  
20 reservoir or aquifer storage location where they're  
21 actually pumping into a porous rock medium and  
22 drawing it out.

23 We're working with a number of experts. I  
24 talked a little bit about salt caverns. It would be  
25 familiar to everybody if I said the strategic

1 petroleum reserve, which everyone has heard about.

2 The strategic petroleum reserve is  
3 constructed in salt caverns very similar to this  
4 that are engineered for liquids not for gas storage,  
5 and we're working with the same group of people that  
6 have engineered those caverns over the years.

7 We're also working with Black & Veatch,  
8 the designer of the IPP power plant, which everyone  
9 here in Delta is familiar with, and we're working  
10 with Tectra Tech, our environmental consultant,  
11 who's done many projects like this across the  
12 country.

13 We're working with Subsurface Engineers  
14 who do construction of these caverns throughout the  
15 gulf coast. We're also working with companies like  
16 Boart Longyear Drilling Company, Wells Fargo, and  
17 number of other companies, all of which have a great  
18 deal of experience working in the similar types of  
19 projects throughout the country.

20 On this drawing here and the one on the  
21 far end there's a line that shows where the pipeline  
22 is proposed to go. And it's 61 and a half miles of  
23 pipeline, and it runs from our storage site here  
24 just across the road from the power plant, up north  
25 of the Gilson Mountains, crossing into Dog Valley

1 and up into Goshen.

2 This section up to, I think, it's called  
3 Chapland Point here, in is within the west side  
4 energy corridor and our pipeline will be colocated  
5 with the UNEB liquid pipeline that you may have  
6 heard about.

7 Approximately 60 percent of the pipeline  
8 currently runs on BLM land. There's a schematic on  
9 the nearest board on the far side of the room here  
10 that shows what the construction would look like,  
11 and consists of clearing, trenching, welding,  
12 placing of the pipe, burying, and testing and then  
13 restoration of the right-of-way.

14 And there are some pictures down at the  
15 bottom that show those various periods, and it's  
16 also included in the handout that's at the table on  
17 the desk where you signed in. There will be  
18 100-foot right-of-way, as Micki indicated, 50 which  
19 will be a permanent right-of-way for the pipeline.  
20 The projects been moving for quite sometime already.

21 The partners that are working on the  
22 project have been working on this idea and last year  
23 they started buying land in July in the area and  
24 working on putting together some leases. In October  
25 they completed some seismic survey work out at the

1 project site and that was completed in November.

2 In December we received from FERC  
3 acceptance at the prefiling process and started  
4 working with FERC on this project. We completed a  
5 salt test well on some of the land that we purchased  
6 in February of this year, and we're working on  
7 obtaining water leases. We intend to have all of  
8 that in hand by the end of the month.

9 We're looking at filing our certificate  
10 request or application for public convenience and  
11 necessity with FERC in September of this year and  
12 receiving their acceptance of that application  
13 approximately six months later sometime in March of  
14 2010.

15 The construction would commence almost  
16 immediately afterwards, as soon as possible, really,  
17 and then it would commence for approximately two  
18 years.

19 The first six months of which would be  
20 above ground construction and the last year and a  
21 half would be underground cavern creation. That's  
22 pretty much all I have. I can pass it back to you,  
23 Kandi.

24 MS. JACAMAN: Thank you, David. I would like  
25 to point out to the audiences there are other Magnum

1 representatives as well, and they have brought detailed  
2 maps of the pipeline route. You can talk to them after  
3 the meeting and ask them any questions you have. We  
4 will now begin the important part of the meeting with  
5 your comments and questions. Do we have any speakers?

6 MR. SIPE: My name is Doug Sipe. I'm the  
7 outreach manager for FERC, and the goal here tonight is  
8 to solicit some comments and some concerns or questions  
9 you may have about the project. We have a speakers list  
10 back there and no one has signed up to speak, but  
11 Michelle has agreed to walk the microphone around to  
12 anybody that wants to ask any questions for us so you  
13 guys don't have to get in front of the podium, which is  
14 in a small room like this and a small audience it  
15 doesn't make somewhat sense, but we have to use the  
16 microphone because this is being court reported.

17 Does anybody have any questions or  
18 concerns they want on the record now? I'll note  
19 that Kandi noted we will stay afterwards and we will  
20 be here to answer any questions you may have about  
21 the FERC process and Magnum gas storage, the  
22 proponent for the project, they will be here along  
23 the BLM. So if does anybody have any questions,  
24 need to know anymore information about the project?  
25 Would like to have a court reporter keep typing away



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C E R T I F I C A T E

State of Utah )  
 ) ss.  
County of Iron )

This is to hereby certify that the meeting in the foregoing FERC Meeting, was taken by me, Heidi Hunter, a Registered Professional Reporter.

That the said testimony of said witnesses was by me reported in stenotype, and therefore caused to be transcribed into typewriting, and a full and correct transcription of said testimony was taken and transcribed is set forth in the forgoing pages numbered from 1 to 21, inclusive in the foregoing annexed meeting.

I further certify that I am not kin or otherwise associated to any of the parties to the said cause of action and I am not interested in the event thereof.

WITNESS MY HAND at Cedar City, Utah, this 23rd day of July, 2009.

\_\_\_\_\_  
Heidi Hunter, RPR