

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Joseph T. Kelliher, Chairman;
Nora Mead Brownell, and Suedeen G. Kelly.

Columbia Gas Transmission Corporation

Docket No. CP05-72-000

ORDER GRANTING ABANDONMENT AUTHORITY

(Issued August 2, 2005)

1. On February 16, 2005, Columbia Gas Transmission Corporation (Columbia) filed an application, under section 7(b) of the Natural Gas Act (NGA)¹ and Part 157 of the Commission's regulations,² requesting authorization to abandon four obsolete storage wells in Ohio. For the reasons discussed below, we will grant Columbia's request.

I. Background and Proposal

2. Columbia is a natural gas company engaged in the business of storing and transporting natural gas in interstate commerce. Columbia is a wholly-owned subsidiary of the Columbia Energy Group which is a wholly-owned subsidiary of NiSource, Inc. Columbia operates facilities located in the states of Delaware, Kentucky, Maryland, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Tennessee, Virginia, and West Virginia. Columbia's storage and transportation services are offered under rate schedules authorized by the Commission under Columbia's FERC Gas Tariff, Second Revised Volume No. 1. These services are offered on an open-access basis under the blanket certificate authority of Subpart G of Part 284 of the Commission's Regulations.³

¹ Natural Gas Act, 15 U.S.C.S. § 717f(b) (2005).

² 18 C.F.R. § 157.1 *et seq.* (2005).

³ 18 C.F.R. § 284.221-227 (2005).

3. Columbia proposes to abandon four storage wells and associated pipeline and appurtenant facilities located in Ashland, Guernsey, and Holmes Counties, Ohio, as described in detail below. All four storage wells will be permanently plugged and abandoned in compliance with the State of Ohio laws and regulations. Columbia does not propose any construction in connection with the abandonment. Columbia states that the wells are old and in physical disrepair and that remedial work is uneconomical since the wells no longer make a significant contribution to Columbia's storage fields.

4. Columbia states that abandonment of the subject storage wells will reduce the risk of further facility damage; reduce the risk of customer gas from escaping the reservoir; and eliminate the need for capital expenditures. Columbia asserts that abandonment would accomplish these goals without affecting Columbia's other storage facilities, operations, or service. No customers will be impacted by the proposed abandonment; however, Columbia states that it will abandon service to five mainline tap consumers under the automatic provisions of its Part 157 blanket certificate as a result of abandoning these wells.

II. Description of the Facilities to be Abandoned

5. Storage Well No. 4597, located in Columbia's Lucas Storage Field in Ashland County, Ohio was originally constructed as a production facility in 1927 and converted to storage in 1961. The proposed abandonment will include the well, approximately 0.01 mile of 3-inch pipeline designated as SLW-4597, and the associated appurtenances. Well Line SLW-4597 will be cut and capped and abandoned in place. Facilities that will be removed include: a 19-foot section of 3-inch Well Line SLW-4597, an ammonia tap/blowoff, and a 16-inch vertical drip. Other activities include the abandonment by removal of a farm tap. Well No. 4597 currently provides free gas to one consumer under the terms of a lease related to this well. However, under the terms of that lease, once the well is abandoned the consumer will no longer receive free gas from that farm tap. The consumer has been advised by Columbia that he may receive free gas from another well in the area provided that he lays the line at his own expense.

6. Storage Well No. 9888, also located in Columbia's Lucas Storage Field in Ashland County, Ohio was originally constructed as a production facility in 1952 and converted to storage in 1961. The proposed abandonment consists of the well, approximately 0.26 mile of 3-inch pipeline designated as SLW-9888, and the associated appurtenances. Approximately 1,372 feet of 3-inch Well Line SLW-9888 will be abandoned in place. Facilities to be removed include: two farm taps, an ammonia tap and riser, a 16-inch vertical drip, 6 feet of underground 3-inch pipe, and about 21 feet of above ground 3-inch pipe to a wellhead. The portion of the line to be abandoned in place will be cut and capped and a blind plate will be installed at the tie-in valve on Line SL-3136. Well No. 9888 provides free lease gas to one consumer and paid service to

another. After abandonment, the free gas consumer will no longer have rights to gas pursuant to his lease agreement. The consumer has been advised that propane service is available at his expense. Columbia has received no response from the pay gas customer regarding the well abandonment, because the property is in bankruptcy and foreclosure. Columbia states that it will convert the residence to propane at Columbia's expense.

7. Storage Well No. 7387, located in Columbia's Guernsey Storage Field in Guernsey County, Ohio was originally constructed as a production facility in 1943 and converted to storage in 1954. The proposed abandonment includes the well, approximately 0.4 mile of 3-inch pipeline designated as Line SOW-7387, and the associated appurtenances. About 2,112 feet of Well Line SOW-7387 will be abandoned in place. Facilities to be removed include: 130 feet of 3-inch well line, a 16-inch vertical drip, a methanol bottle, and one farm tap and regulator setting. The portion of the line to be abandoned in place will be cut and capped at the tie-in with Line SO-1451. One consumer receives free gas under a lease agreement from Well No. 7387. Pursuant to the lease agreement, once the well is abandoned the consumer will no longer receive gas from the farm tap.

8. Storage Well No. 4080, located in Columbia's Holmes Storage Field in Holmes County, Ohio was originally constructed as a production facility and converted to storage in 1961. The proposed abandonment consists of the well, approximately 0.01 mile of 3-inch pipeline designated as Line SLW-4080 and the associated appurtenances. Well Line SLW-4080 and the above ground appurtenances will be abandoned and 53 feet of 3-inch pipeline and 40 feet of 4-inch pipeline, a farm tap, and a vertical drip will be removed. In addition, a second farm tap located on Line L-762 will also be removed. This well provides free lease gas to one consumer. Under the lease agreement with Columbia, once the well is abandoned, the consumer will no longer receive free gas and has been advised that propane service is available.

9. Columbia states that during routine well maintenance it discovered that Well No. 4597 had developed a casing leak and Well No. 9888 was developing shallow corrosion on the flow string. To prevent additional gas from leaking, Columbia set temporary plugs in the wells. Routine inspection also revealed that Well Nos. 7387 and 4080 contained several spots of active corrosion throughout the flow string, affecting the integrity of the wells. Columbia is currently monitoring these facilities.

10. Columbia asserts that abandonment is appropriate because significant expenditures are required to maintain the performance of the subject storage wells and these have only a minor affect on system-wide deliverability. Columbia determined through operational research and monitoring that the wells no longer make a significant contribution to the deliverability of their individual storage fields. Well Nos. 4597 and 9888 make a 0.2 percent contribution to Lucas Field and Well Nos. 7387 and 4080 make a 0.1 percent

contribution to Guernsey and Holmes Fields, respectively. Columbia states that it is uneconomic to repair the wells; therefore, the most cost effective solution is to abandon the wells, the associated pipeline, and appurtenances. Columbia determined that the plugging and resultant abandonment will have no effect on Columbia's existing storage operations or service.

11. The abandonment will result in the temporary land disturbance of about 8.0 acres. The majority of the well lines will be abandoned in place. Disturbance activities will result from removal and capping of four existing wells, removal of 269 feet of well line, and removal of related above ground appurtenances.

III. Notice and Interventions

12. Notice of Columbia's application was published in the *Federal Register* on March 7, 2005, 70 Fed. Reg. 11,000 (2005). No party filed motions to intervene. However, two landowners, Thomas B. Miskimen (on behalf of Ellis Miskimen) and Willard F. Downer filed petitions on March 18, 2005, protesting the abandonment of Well No. 7387 and the associated line.

13. On April 4, 2005 and June 28, 2005, Columbia filed answers to the petitions. Although our rules prohibit answers to protests, we may for good cause, waive this provision. We find good cause to do so in this instance as the answers have assisted in our decision-making.⁴ Miskimen's and Downer's protests and Columbia's answers are discussed below.

IV. Discussion

14. Columbia is a natural gas company as defined in NGA section 1(b), engaged in the business of transporting natural gas in interstate commerce under authorizations granted by the Commission. Since the abandonment of the proposed facilities would involve the transportation of natural gas in interstate commerce, the proposal is subject to the Commission's jurisdiction and the requirements of NGA section 7(b).

15. The four storage wells have physically deteriorated to the point that remedial work is not economic, given the marginal performance of the wells. Further, the abandonment will not affect Columbia's storage operations nor its storage services.

16. The two protests concern the termination of service regarding Well No. 7387 in the Guernsey Storage Field. Miskimen and Downer request that Line SLW-7387 be left

⁴ See 18 C.F.R. § 213(a)(2) (2005).

intact to provide service to their properties. In its answers, Columbia states that the underlying storage lease relevant to this well was originally granted to a landowner named Durben, who subsequently sold portions of his property to Miskimen and Downer. Columbia states that the Durbin lease grants Miskimen and Downer the right, as successors in interest, to take gas from Well No. 7387. However, only Downer currently exercises his right to take gas from Well No. 7387 pursuant to the Durben lease.

17. Columbia states that the original lease provides that “Lessors may lay a line to any gas well on said lands and take therefrom gas for domestic use on each of two tracts of land included in the leasehold . . . at Lessors’ own risk, subject to the use and right of abandonment of the well by Lessee.” Columbia states that under the terms of the lease, Downer’s contractual right as successor in interest will be extinguished upon Columbia’s abandonment of the well. Columbia further states, however, that the free gas from the well has been supplying Downer’s hunting cabin, which is not his primary place of residence. Columbia informed Downer that propane service is available to him at his expense.

18. Columbia states that Miskimen receives gas for his property from a different well and under a separate lease agreement than the Durben storage lease. Miskimen’s service is not affected by the abandonment of Well No. 7387.

19. In view of the above considerations, the Commission finds that Columbia’s proposed abandonment of the storage wells is permitted by public convenience and necessity.

V. Environmental Assessment

20. An environmental assessment (EA) was prepared for Columbia’s proposal. The EA address water resources, wetlands, geologic hazards, wildlife, vegetation, mineral resources, soils, air and noise quality, cultural resources, and PCB contamination.

21. Based on the discussion in the EA, if abandonment is carried out in accordance with Columbia’s application filed February 16, 2005, and with the environmental conditions in the attached appendix, approval of the proposal would not constitute a major federal action significantly affecting the quality of the human environment.

22. Any state or local permits with respect to the jurisdictional facilities must be consistent with the conditions of this certificate. The Commission encourages cooperation between interstate pipelines and local authorities. However, this does not mean that state and local agencies, through application of state and local laws, may prohibit or unreasonably delay the construction or operation of facilities approved by this Commission. Columbia shall notify the Commission’s environmental staff by telephone

or facsimile of any environmental non-compliance identified by other federal, state, or local agencies on the same day that such agency notifies Columbia. Columbia shall file written confirmation of such notification with the Secretary of the Commission within 24 hours.

VI. Conclusion

23. The Commission on its own motion received and made part of the record in this proceeding all evidence, including the application and exhibits thereto, submitted in support of the authorizations sought herein, and upon consideration,

The Commission orders:

(A) Permission for and approval of the abandonment by Columbia of the subject facilities, as described in the order and in the application, is granted.

(B) Columbia shall notify the Commission of the date of the abandonment authorized in Ordering Paragraph (A) above within 10 days thereof.

(C) The abandonment authorized is conditioned on Columbia's compliance with the environmental conditions set forth in the appendix to this order.

(D) Columbia shall notify the Commission's environmental staff by telephone and/or facsimile of any environmental noncompliance identified by other federal, state, or local agencies on the same day that such agency notifies Columbia. Columbia shall file a written confirmation of such notification with the Secretary of the Commission within 24 hours.

By the Commission.

(S E A L)

Linda Mitry,
Deputy Secretary.

Appendix

Environmental Conditions for Columbia's Project

1. Columbia shall follow the construction procedures and mitigation measures described in its application. Columbia must
 - a. request any modification to these procedures, measures, or conditions in a filing with the Secretary of the Commission (Secretary);
 - b. justify each modification relative to site-specific conditions;
 - c. explain how that modification provides an equal or greater level of environmental protection than the original measure; and
 - d. receive approval in writing from the Director of the Office of Energy Projects (OEP) before using that modification.
2. The Director of OEP has delegated authority to take whatever steps are necessary to ensure the protection of all environmental resources during activities associated with abandonment of the project. This authority shall allow:
 - a. the modification of conditions of this Order; and
 - b. the design and implementation of any additional measures deemed necessary (including stop work authority) to assure continued compliance with the intent of the environmental conditions as well as the avoidance or mitigation of adverse environmental impact resulting from project construction.
3. **Prior to construction**, Columbia shall file an affirmative statement with the Secretary, certified by a senior company official, that all company personnel, environmental inspectors, and contractor personnel will be informed of the environmental inspector's authority and have been or will be trained on the implementation of the environmental mitigation measures appropriate to their jobs **before** becoming involved with construction and restoration activities.