

ORBIT GAS STORAGE INCORPORATED
PROPOSED KENTUCKY ENERGY HUB
AKA WHITE PLAINS GAS STORAGE FIELD
PUBLIC HEARING

- - -

The above public hearing was held on
Wednesday, January 30, 2008, at 7:00 p.m., at 755
Industrial Road, Madisonville, Kentucky 42431.

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APPEARANCES:

Dave Wymond
Geologist
Federal Energy Regulatory Commission
Office of Energy Projects
888 First Street, NE
Washington, DC 20426

Also present,
Rich McGuire
FERC

Jim Martin
Orbit Gas Storage, Inc.

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C O N T E N T S

SPEAKERS

Jim Martin - Presentation 10
Orbit Storage

James Cook - Landowner 17

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

2 DAVE WYMOND: Good evening, and
3 welcome to the public scoping meeting for the
4 Kentucky Energy Hub Project. My name is Dave Wymond
5 and I am an environmental project manager with the
6 Federal Energy Regulatory Commission, or FERC.

7 Let the record show that the public
8 scoping meeting began at 7:07 p.m., on January 30,
9 2008.

10 As it says in the public notice for
11 this meeting, the Commission is preparing an
12 Environmental Assessment, or EA, for the proposed
13 Kentucky Energy Hub Project.

14 We are here tonight to learn from you.
15 The purpose of this meeting is to give you an
16 opportunity to comment on the type of environmental
17 issues that you think we should consider in the EA,
18 and for us to answer any questions you may have about
19 our process. The more specific your comments are,
20 the more helpful they will be in our environmental
21 analysis.

22 With me tonight is Rich McGuire, who
23 is also an environmental project manager at the FERC,
24 and will be assisting me with tonight's meeting.

25 As you can see, the meeting is being

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1 recorded by a court reporter so that we can have an
2 accurate record of tonight's comments. A transcript
3 of this meeting will be placed in the public record,
4 so that anyone can access the information discussed
5 here tonight.

6 To help the court reporter produce an
7 accurate record of this meeting, I ask that you
8 please follow some ground rules, if you have any
9 questions or comments during the formal segment of
10 the meeting. I will ask you to, (1), please come to
11 the podium and speak in the microphone; (2),
12 introduce yourself, and if appropriate, the agency or
13 group you are representing; (3), please spell your
14 name; (4), define any acronyms you may use; and (5),
15 speak one at a time.

16 Following the formal segment of
17 tonight's meeting there will be an informal
18 opportunity to ask questions to the FERC staff and
19 the representatives from Orbit Gas Storage who are
20 here tonight.

21 In just a couple of minutes, I'll
22 start out by briefly explaining the FERC application
23 process. Then representatives from Orbit Gas Storage
24 will present an overview of their project. Following
25 Orbit's presentation, we will hear from those of you

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1 who have signed up to speak and would like to make
2 formal comments on the project. If you do not want
3 to formally make comments tonight, you can also send
4 a letter to the Commission addressing your specific
5 concerns. The notice of intent explains how you can
6 mail in comments on page 4 and 5.

7 The FERC is an independent federal
8 agency that, among other things, regulates the
9 interstate transmission of natural gas. In doing so,
10 FERC reviews proposals and authorizes construction of
11 interstate natural gas pipelines, storage facilities,
12 and liquefied natural gas (LNG) terminals. The
13 Commission's purpose is to protect energy customers
14 and the public, ensuring that regulated energy
15 companies are acting within the law.

16 We are located in Washington DC, just
17 north of the United States Capital. The FERC has
18 five Commissioners who are appointed by the President
19 and confirmed by the Senate. Commissioners serve
20 five-year terms, and each have an equal vote on
21 regulatory matters. One member of the Commission is
22 designated by the President to serve as Chair and
23 FERC's administrative head. The Commission staff,
24 which includes myself, prepares technical information
25 to assist the Commissioners in making their

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1 decisions.

2 When a company wants to build storage
3 or pipeline facilities to transport and sell natural
4 gas in interstate commerce, the company files an
5 application with the Commission. With Orbit's
6 proposal, we have begun what is called the pre-filing
7 process. A formal application from Orbit has not yet
8 been submitted to the FERC. The purpose of the
9 pre-filing process is to encourage involvement by the
10 public, governmental entities, and other interested
11 stakeholders in a manner that allows for the early
12 identification and resolution of environmental
13 issues.

14 The proposed project would consist of
15 developing a gas storage cavern; a 16 inch-diameter
16 pipeline; a 24-inch-diameter pipeline; 10 new storage
17 wells; a new compressor station; and other
18 appurtenant facilities in Hopkins County.

19 Under the National Environmental
20 Policy Act or NEPA, the Commission is required to
21 perform an environmental analysis of the proposed
22 project's potential effects on the environment. The
23 FERC is the lead federal agency responsible for the
24 NEPA review of the Kentucky Energy Hub Project, and
25 the lead federal agency in the preparation of the EA.

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1 Tonight's scoping meeting is one of
2 the first steps in our process to develop a complete
3 environmental record of Orbit's proposal. We are
4 here tonight to get your input on issues that you
5 feel need to be analyzed in the Environmental
6 Assessment. Your comments, along with those of
7 interested groups and agencies, will help focus our
8 analysis on significant impacts. The Commission will
9 make its decision about whether to approve the
10 storage project after considering the project's
11 environmental and economic impacts.

12 I would like to emphasize that the EA
13 is not a decision document. It is being prepared to
14 advise the Commission and to disclose to the public
15 the environmental impact of constructing and
16 operating the proposed project. When it's completed,
17 the Commission will consider environmental
18 information from the EA, along with non-environmental
19 issues, such as engineering, markets, and rates, in
20 making its decision to approve or deny a certificate,
21 which would be the FERC's authorization for the
22 project. There is no review of FERC decisions by
23 either the President or Congress, maintaining FERC's
24 independence as a regulatory agency, and providing
25 for fair and unbiased decisions.

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1 If the Commission votes to approve the
2 project and a Certificate of Public Convenience and
3 Necessity is issued, Orbit will be required to meet
4 certain conditions as outlined in the Certificate.
5 FERC environmental staff would monitor the project
6 through construction and restoration, performing
7 on-site inspections to ensure environmental
8 compliance with the conditions of the FERC
9 Certificate.

10 If you have additional questions about
11 FERC, I'd encourage you to visit the Commission's web
12 page at www.ferc.gov.

13 The notice for this meeting was mailed
14 to affected landowners; federal, state, and local
15 agencies; elected officials, and other public
16 interest groups. To remain on the mailing list for
17 this project, you will either need to return the
18 Information Request in Appendix 2 of the notice; sign
19 the mailing list sheet at the back of this room when
20 you came in at the table or provide written comments
21 by February 6th.

22 At this point, does anyone have any
23 questions about our EA process or tonight's program?

24 With that, I would like to introduce
25 Mr. Jim Martin with Orbit Gas Storage. He's going to

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1 present an overview of the project that they're
2 proposi ng.

3 JIM MARTIN ORBIT STORAGE

4 JIM MARTIN: Well, first of all, I
5 want to thank everyone for coming this evening.
6 First of all, I want to thank everyone for coming
7 this evening. Wait for the presentation to come up.

8 All right. Our company is Orbit Gas
9 Storage, and the project that we're proposing is
10 called the Kentucky Energy Hub.

11 First of all, I just want to spend a
12 little time explaining the -- sort of the national
13 need or the industry need for gas storage.

14 Gas storage is an underground feature,
15 by and large, and there's three different kinds of
16 storage that can be utilized. One is a Salt Cavern,
17 and basically these are salt formations under ground;
18 that they use water to actually reach a physical hole
19 in the ground. That is not what we're doing here.
20 They do this a lot of the coast of Mississippi,
21 Louisiana. It's a very different kind of storage,
22 but it's -- basically it's still storing gas under
23 ground.

24 The other type that we're doing, in
25 Hopkins County, involves, C, which is a depleted gas

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1 reservoir. It is not an aquifer. An aquifer is a
2 gas, I mean a water formation that you push gas into.
3 The white plains field is a depleted reservoir that
4 has produced gas, it's depleted, and we're basically
5 gonna put gas back in. Mother nature created the
6 formation, so we know it holds gas, so we basically
7 put gas in it, and people will pay money,
8 so-to-speak, to use that facility to manage their
9 business. And, of course, along with that you need
10 pipeline and compression to move that gas in and out.

11 So Western Kentucky is fortunate to
12 have these reservoirs below ground. There is not a
13 lot of states that have these kind of features, so
14 that's why we are in western Kentucky.

15 This is a general schematic of a
16 natural gas business across the United States. And
17 as was described earlier, this is really an
18 interstate project. We are going to be doing states.
19 Not only inside the state of Kentucky.

20 So gas comes from producing areas.
21 This might be Louisiana, and basically it wants to
22 end up to the market. But in between, there is a lot
23 of activity going on. Part of it is processing.
24 Here, you've got various compressor stations, but the
25 one feature that's required to manage the flow of

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1 natural gas, because the people that need the gas,
2 their needs don't match up with the producers that
3 are producing the gas. So you need a storage area or
4 facility in between to help them manage that
5 business.

6 And it's also a -- it's a
7 money-management issue for them, too. It's a way of
8 managing their businesses. It's very similar to
9 grain bins to the agricultural business. It is kind
10 of hard to imagine agricultural business without
11 grain bins. So that's basically what natural gas
12 storage is, it's a natural gas business.

13 This gives you an idea -- you can see
14 that we are in western Kentucky here, so you can see
15 that -- These are FERC regulated storage fields
16 across the nation. So they're not everywhere.
17 Again, that's why western Kentucky is fortunate to
18 have the formations that allow this kind of
19 development and opportunity for this area. And you
20 can see that these -- The stars are the various
21 depleted gas reservoirs, and that's the kind that we
22 are proposing to develop in western Kentucky.

23 So this just gives you an idea of why
24 more storage is needed. It's not too important this
25 evening. This is just another chart that -- Imagine

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1 these are the arteries that flow natural gas around
2 the nation. And it's kind of hard to see, but you
3 can see the width of that artery. These are all
4 pathways. Now these represent pipelines that pass
5 in the ground. This isn't -- this isn't true to
6 scale, but it gives you an idea that this pathway up
7 through the Mississippi Valley here is large, and
8 that gives you an idea of the magnitude of gas that's
9 going through this area, heading to the northeast
10 United States. And that is basically the stars where
11 Kentucky Energy Hub is proposed.

12 So in just a little bit of a detail,
13 this -- we've got a little problem with the arrows,
14 but this gives you an idea on a national scale what's
15 going on in the natural gas business and why the
16 Kentucky Energy Hub fits well in what's going on in
17 the natural gas business.

18 And then this is just another slide
19 depicting. These represent natural gas power plants.
20 These are not coal plants. These are natural gas
21 power plants that have been developed over the last
22 five or six years that need gas storage to balance
23 their natural gas needs.

24 This is -- We're zooming in now to
25 western Kentucky. This is Madisonville right here,

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1 that's where our meeting is. And, of course, this is
2 Kentucky Energy Hub, and these, these lines right
3 here are the -- really the natural gas highway,
4 so-to-speak. These are the interstate pipelines.
5 And these are the ones that most of the people using
6 this facility would be moving their gas on.

7 So why we think this is important for
8 the area, it's also potentially benefit, because --
9 you heard about in the news a lot about these coal,
10 the gas plants, those are potential sites, those are
11 not going to be developed, those are just potential
12 sites. And then there New Albany Shale formations in
13 western Kentucky that various folks are drilling for.
14 These are all the kinds of entities that natural gas
15 is important to.

16 Again, we'll get in more into what
17 we're proposing to develop now. And, again, we're
18 doing a depleted reservoir. It's about White Plains
19 Fields. It is about 1500 feet below ground, and we
20 will be drilling new wells in that field, because the
21 old wells that were used to get the gas out simply
22 are not effective enough for us to use for the
23 storage bins.

24 This is an overview map, and very
25 likely most of you have already gotten packets of

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1 information that included this map. But, again, this
2 is a general location of the storage formations we
3 are developing. White Plains sits on the eastern
4 edge of this big bubble, and then we're proposing the
5 pipeline and compression over to this pipeline. We
6 do have a line drawn extending over to Texas gas, but
7 that is not contemplated in the filing that we have
8 that we plan to make with the FERC in the near
9 future, that is a potential future development.

10 And this is Phase I. We don't know if
11 Phase II and Phase III will be developed, and that's
12 why all we have filed with the FERC or will file with
13 the FERC is Phase I.

14 And this is the White Plains storage
15 field area over here. Again, it's a formation under
16 ground. That's why the above ground impact won't be
17 that large. Other than drilling some wells along the
18 Western Kentucky Parkway and installing pipeline,
19 that's all that's gonna be going on there. And then
20 we'll be laying a pipeline over here. We are looking
21 at compressor station sites somewhere in this part of
22 the world. Again, this is Madisonville, I think, if
23 you have your bearings. Here's Madisonville,
24 Earlinton. So we'll have a compressor station
25 somewhere -- not back at the field, but over in this

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1 part of the world. And then this is the proposed
2 layout over to the ANR pipeline. That is in the
3 aerial drawings out in the hallway.

4 This is a proposed time line. This is
5 -- The top line is Phase I that we are working on
6 currently. We are not in FERC approval phase yet,
7 theoretically, because we haven't made our filing,
8 but we are working on it. We are in the pre-filing
9 process. The actual filing might be made early
10 summer, say, April. We hope to have approval mid
11 summer and construction would occur some time in late
12 '08 and we would hope to be operational by Summer of
13 2009. And if Phase II and Phase III are developed,
14 that lays in there rough schedules, but our challenge
15 is, of course, to get Phase I approved. If it
16 doesn't get done, Phase II and III won't happen, of
17 course.

18 And that is it, as far as my
19 presentation. Again, thank you.

20 DAVE WYMOND: Thank you, Mr. Martin.
21 Does anyone have any questions about the proposed
22 facilities that Orbit just presented? Okay. Thank
23 you. If you're unsure if or how the proposed project
24 may affect your property, I'd encourage you to look
25 at the maps and other materials that Orbit brought

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1 with them tonight after the meeting. And I think
2 most of you saw they're lined up down this hallway
3 right here. So if you'd like to take a look, fine --
4 where your property is, how it will be affected,
5 they'd be happy to answer questions regarding your
6 specific property.

7 Now, we'll begin to hear from those of
8 you who have signed up to present formal comments.
9 For the court reporter's benefits, please introduce
10 yourself, and if appropriate, the agency or group you
11 are representing. If you have concerns that are
12 specific to your property, we urge you to either tell
13 us about it on the record tonight or send in written
14 comments to the Commission.

15 The first speaker tonight will be
16 Mr. James Cook.

17 JAMES COOK

18 JAMES COOK: I just had a question
19 about.

20 COURT REPORTER: Sir, we need you over
21 here.

22 DAVE WYMOND: Yeah, please step to the
23 microphone and spell your name for the court
24 reporter.

25 JAMES COOK: It's James Cook, James

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1 and Cook, C-o-o-k, and I'm on -- about a quarter of a
2 mile of my property line is gonna be on proposed
3 pipeline. And all I was wanting to comment about is
4 how that's gonna be done and that sort of thing. And
5 I think that explains a little bit in the brochure
6 that you're talking about it, digging the thing and
7 then throwing it back and all that sort of thing.
8 And right now they're just crossing me going back to
9 -- steering this property where they drill the little
10 wells, took more core samples and they did all that
11 sort of thing and crossed each other now. And I just
12 wondered, you know, are they gonna use my, right away
13 across me, are they gonna build a bridge down there
14 or?

15 DAVE WYMOND: Have you spoken -- did
16 you get a chance to ask questions before the meeting
17 out here?

18 JAMES COOK: No.

19 DAVE WYMOND: They've got big maps,
20 like I said.

21 JAMES COOK: Yeah, I've seen those.

22 DAVE WYMOND: You know, they should be
23 able to direct you to where your property is.

24 JAMES COOK: 82 acres right there and
25 the pipeline is gonna run down my west line from the

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1 back, all the way to the front, and the proposed
2 extension is gonna be right there next to me, within
3 just a few hundred feet I guess of my property line
4 in that area. So I didn't know what that was gonna
5 do to me or if there was gonna be -- you know, how
6 they were gonna do that, fence it in or, you know,
7 what they were gonna do, I didn't really know, you
8 know. I live 75 miles away in Paducah, so I don't
9 get much -- I don't hear much about what's going on,
10 you know very little, other than maybe just calling
11 and said they wanted to cross me, so and I said,
12 that's fine, don't bother me, but I trying to get a
13 little -- come to night and a little more information
14 as to what really is gonna go on, you know, and what
15 the time line was and the scheduling.

16 DAVE WYMOND: Do you feel like your
17 questions have been answered then?

18 JAMES COOK: Yeah, some of 'em have,
19 and I still have a few more to ask, but basically
20 that's all I needed, you know.

21 DAVE WYMOND: All right.

22 JAMES COOK: Thank you.

23 DAVE WYMOND: Thank you for your
24 comment. Is there anybody else that would like to
25 speak that didn't sign up before the meeting? Okay.

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C E R T I F I C A T E

COMMONWEALTH OF KENTUCKY:

: SS

COUNTY OF HOPKINS :

I, Terence M. Holmes, a duly qualified and commissioned notary public within and for the Commonwealth of Kentucky, do hereby certify that at the time and place stated herein, and in the presence of the persons named, I recorded in stenotypy and tape recorded the proceedings of the within-captioned matter, and that the foregoing pages constitute a true, correct and complete transcript of the said proceedings.

IN WITNESS WHEREOF, I have hereunto set my hand at Covington, Kentucky this 31st day of January, 2008.

My commission expires:

August 27, 2009

Terence M. Holmes