

129 FERC ¶ 61,108  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

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

Perryville Gas Storage LLC

Docket No. CP10-6-000

ORDER GRANTING EXEMPTION  
FOR TEMPORARY ACTS AND OPERATIONS

(Issued November 5, 2009)

1. On October 14, 2009, Perryville Gas Storage LLC (Perryville) filed a petition under 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 certificate requirements to drill one salt water disposal test well to determine the feasibility of developing a natural gas storage facility in the Crowville Salt Dome in Franklin Parish, Louisiana. Subject to the conditions discussed below, we find it is in the public interest to grant the requested exemption.

**I. Background**

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

3. On September 3, 2008, in Docket No. CP08-446-000<sup>4</sup> (September 2008 order), the Commission authorized Perryville to undertake the drilling of three test wells in

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<sup>1</sup> 15 U.S.C. § 717f(c)(1)(b) (2006). This section authorizes the Commission to exempt by regulation the requirements of NGA section 7(c) for "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) (2009).

<sup>3</sup> 15 U.S.C. § 717(a)(6) (2006).

<sup>4</sup> 124 FERC ¶ 61,221 (2008).

connection with development of a contemplated natural gas storage facility. The September 2008 Order required Perryville to complete activities under the certificate within one year of issuance of the order. Perryville states that it drilled two of the authorized wells, one stratigraphic salt core well and one water test well. However, Perryville states, it was not able to start necessary test drilling for the third well before the September 3, 2009 expiration date because of delays in securing necessary permits for the drilling. Perryville maintains that all of its activity under that authorization ceased prior to September 3, 2009, and that no activity has occurred since then. Perryville filed this application to request authorization to drill the third well.

## **II. Proposal**

4. Perryville requests an exemption from the NGA section 7(c) certificate requirements for the temporary and limited purpose of undertaking test well drilling at one well site on property it owns. It states that the test well drilling is necessary to determine the feasibility of salt water disposal for an underground natural gas storage facility in the Crowville Salt Dome in Franklin Parish, Louisiana.

5. Perryville states that drilling the subject well and analyzing the data will be necessary to determine the salt water disposal capacity of the sub-surface geologic formations and to provide crucial data necessary to place orders for pumping equipment with long-lead times.

6. Perryville asserts that it will comply with all applicable federal, state, and local permitting and environmental requirements, and the proposed activity will not adversely impact the public. It states that it is working diligently on securing necessary permits, and believes that they will be obtained in the near future. Perryville states that it will have operational control over both the surface and subsurface mineral rights for the properties on which the planned test well will be drilled.

7. Perryville states that it will bear the full costs of the subject activities and the construction and testing will be temporary in nature. It asserts that it will not perform any service using the planned test well.

## **III. Notice and Interventions**

8. Notice of Perryville's petition was published in the *Federal Register* on October 22, 2009 (74 Fed. Reg. 54560). No motions to intervene, protests, or comments were filed.

#### IV. Discussion

9. We find that Perryville'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), we may exempt certain temporary acts or operations from the certificate requirement that would otherwise apply, if we find that 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 the ratepayer, on the quality of service provided by a natural gas company, or on the public as a whole.<sup>5</sup>

10. Perryville emphasizes that its proposed exploratory activities are temporary and will be conducted to determine the feasibility of brine disposal in the Crowville Salt Dome. No jurisdictional service will be rendered from the well without Commission authorization. The certificate authorization exemption will be used solely for discrete exploratory activities to obtain geological and geophysical data.

11. Under the circumstances described in Perryville'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). Further, the proposed activities are necessary for Perryville to make informed business and engineering decisions regarding the feasibility of constructing a storage facility which would allow Perryville to better serve the growing gas demand needs in the region.

12. For these reasons, we will exempt Perryville from the certificate requirements of NGA section 7 as to the activities specified in this order, subject to the conditions set forth below. The certificate exemption granted here is without prejudice to any decision the Commission may make regarding an application Perryville may file for authorization for a storage project at the site or related pipeline construction.

13. As proposed by Perryville in its petition and consistent with Commission practice,<sup>6</sup> our authorization will be conditioned upon Perryville's performing all activities

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<sup>5</sup> See, e.g., *Cadeville Gas Storage LLC*, 128 FERC ¶ 61,141 (2009) (*Cadeville*); *Arlington Storage Co., LLC*, 122 FERC ¶ 61,152 (2008) (*Arlington*); *Chestnut Ridge Storage LLC*, 121 FERC ¶ 61,022 (2007); *Leaf River Energy Center LLC*, 120 FERC ¶ 61,168 (2007) (*Leaf River*).

<sup>6</sup> See, e.g., *Cadeville*, 128 FERC ¶ 61,141 at Ordering Paragraph (C); *Arlington*, 122 FERC ¶ 61,152 at Ordering Paragraph (C); *Leaf River*, 120 FERC ¶ 61,168 at Ordering Paragraph (C).

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

(C) Perryville shall comply with the environmental requirements of section 157.206(b) of the Commission's regulations in implementing the drilling and testing activities.

(D) The exemption granted in Ordering Paragraph (A) may be revoked if the actions by Perryville 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) (2009).