

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

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

Southwest Gas Storage Company

Docket No. CP01-67-000

ORDER AMENDING CERTIFICATE

(Issued May 11, 2004)

1. On December 9, 2003, Southwest Gas Storage Company (Southwest Gas), in Docket No. CP01-67-000, filed a motion requesting the Commission to vacate, in part, a June 7, 2001, certificate issued by the Commission's Director of the Office of Energy Projects, under authority delegated by the Commission under Part 375 of the Commission's regulations.¹ That order authorized Southwest Gas to re-work certain injection/withdrawal wells and abandon and replace related facilities in the Howell Storage Field in order to increase the working gas, and the rates for withdrawal from and injection of gas to the storage wells in the field. Because Southwest Gas is seeking to limit the scope of the authority issued in the June 7, 2001 certificate, the Commission deems Southwest Gas' motion to vacate as a request to amend an existing certificate. In this order, we will amend the certificate to reflect that Southwest Gas no longer requires authority to re-work two of the wells because it has determined that the goals of the project have been met without doing this part of the proposed project. It will be in the public interest to amend the certificate so that Southwest Gas will have no obligation to perform or incur costs for unnecessary work on the two wells.

I. Background

2. Southwest Gas operates an interstate natural gas storage facility in the Howell Storage Field in Livingston County, Michigan. The storage field is a depleted gas field that was converted to storage in the early 1960's. Prior to the recent re-working of the wells authorized in the June 7, 2001 Order referenced above, the Howell Storage Field had a maximum certificated field capacity of 32 Bcf at 14.73 psia, working gas capacity

¹Southwest Gas Storage Company, 95 FERC ¶ 62,207 (2001). Authority to approve certain applications is delegated to the Director of the Office of Energy Projects in 18 C.F.R. § 375.308 (2003).

of 16.5 Bcf and base gas of 14.7 Bcf. The June 7, 2001 Order approved Southwest Gas' proposal to increase the working gas capacity by 1.25 Bcf, which would decrease the base gas by a corresponding amount, increase the maximum withdrawal rate from 360 MMcf/d to 410 MMcf/d, and increase the maximum injection rate from 120 MMcf/d to 150 MMcf/d. Southwest Gas proposed to accomplish the work in two phases. Phase I would involve re-working the Smith 1-27 and Fargey 1-1 wells, while Phase II would involve re-working the Pfau 1-35, Smith 1-2 and the Denkhaus 1-2 wells.² Phase I and Phase II were estimated to cost approximately \$1,683,500 and \$2,222,100, respectively.

3. On December 21, 2001, Southwest Gas reported to the Commission that Phase I was completed and placed into service effective December 15, 2001. On October 23, 2002, Southwest Gas filed a request for an extension of time up to December 2, 2003 to complete Phase II. Southwest Gas explained that due to positive test results from re-working the first three wells (the two in Phase I and the Pfau 1-35 in Phase II), it has concluded that its project objectives may be achieved without incurring the expense and potential risks of drilling the last two wells. The extension of time, which was granted, would allow for a complete injection/withdrawal cycle to be monitored so that Southwest Gas could determine whether or not it needed to proceed with the re-working of the last two wells included in the proposed project.

4. In the instant filing, Southwest Gas asserts that, in fact, the project goals were achieved and, therefore, it is no longer necessary for it to re-work either the Smith 1-2 or the Denkhaus 1-2 wells. Southwest has submitted data supporting this conclusion.

II. Interventions

5. Notice of Southwest Gas' motion was published in the Federal Register on December 29, 2003 (68 Fed. Reg. 74956-57). No answers to the motion were filed.

III. Discussion

6. We agree that Southwest Gas has demonstrated that the re-working of three of the five wells it originally proposed to re-enter has achieved the project's goals of increasing the working gas storage capacity by 1.25 Bcf, from 16.5 Bcf to 17.75 Bcf, and increasing the withdraw rate from 360 MMcf/d to 410 MMcf/d and injection rate from 120 MMcf/d to 150 MMcf/d. This being the case, Southwest Gas no longer requires certificate authority to re-work the Smith 1-2 and Denkhaus 1-2 wells. Therefore, the Commission

²The reworking of the wells would involve re-entering the wells, drilling a 1500-2000 foot horizontal lateral wellbore extension from each well, replacing existing 4-inch storage lines with new-8-inch gathering lines and abandoning and removing an existing 4-inch storage line and aboveground appurtenances. Id.

finds that the public interest will be served by amending the certificate issued on June 7, 2001 to reflect that authority to re-work these wells is no longer required.

The Commission orders:

The certificate issued to Southwest Gas on June 7, 2001 in Docket No. CP01-67-000 is amended to reflect that Southwest Gas no longer requires authority to re-work the Smith 1-2 and the Denkhaus 1-2 wells.

By the Commission.

(S E A L)

Linda Mitry,
Acting Secretary.