

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Pat Wood, III, Chairman;
William L. Massey, and Nora Mead Brownell.

Petal Gas Storage, L.L.C.

Docket No. CP02-387-001

ORDER CLARIFYING PRIOR ORDER

(Issued June 9, 2003)

1. On March 31, 2003, Petal Gas Storage, L.L.C. (Petal) filed a timely request for rehearing and clarification of the order issued in Petal Gas Storage, L.L.C. on February 28, 2003 (February 28 order).¹ Petal seeks rehearing or clarification of certain of the engineering conditions imposed in the February 28 order. For reasons stated below, we will grant Petal's requests for clarification of the February 28 order.

Background

2. The February 28 order authorized Petal to construct and operate a new natural gas storage cavern (Cavern No. 8), convert an existing subsurface brine storage cavern to a natural gas storage cavern (Cavern No. 3), and install a 5,000 horsepower compressor unit at its existing storage facility in Forrest County, Mississippi in order to provide an additional 8 Bcf of working gas capacity and an additional 800 MMcf per day of withdrawal capacity. Additionally, the February 28 order granted Petal authority to charge market-based rates for storage services to be provided through the proposed facilities and waived those parts of the Commission's regulations requiring the submission of cost data.

3. The February 28 order directed Petal to comply with a number of engineering conditions, as set forth in Appendix A of that order. Two of those conditions, Engineering Conditions "C" and "E" are the subject of Petal's request for rehearing and clarification.

4. Engineering Condition "C" provides that "Petal shall twice annually, conduct a leak detection test after gas storage in each cavern begins to demonstrate the integrity of the cavern and wellbore, casing shoe, and wellhead. In addition, Petal shall determine and file any leak rates if and when detected."

¹ 102 FERC ¶ 61,243 (2003).

5. Engineering Condition "E" requires that "Petal shall assemble, test and maintain an emergency shutdown system."

Requests for Rehearing or Clarification

A. Engineering Condition "C"

6. Petal contends that Engineering Condition "C"'s requirement for leak detection tests twice annually would require that Petal take each cavern out of service for three to four days in order to perform each test. Petal states that the State of Mississippi requires that such tests be performed every five years. Petal contends that this requirement appropriately ensures the ongoing integrity of Petal's existing caverns, and would be appropriate for the new storage caverns authorized in the February 28 order. Petal asserts that it has historically complied with the State of Mississippi's requirements regarding leak detection testing, and that it will continue to do so. Consequently, Petal claims that the requirements of Engineering Condition "C" impose an unreasonable and disruptive burden on Petal and its customers. Petal requests that the Commission modify this requirement to one that permits Petal to comply with Mississippi's requirement that leak detection tests be performed every five years.

Commission Response

7. For safety purposes and to verify that the cavern is developed properly, the Commission requires semi-annual leak detection tests to be performed during the construction and development of salt cavern storage facilities. Under Section 157.214(c) of the Commission's regulations,² semi-annual reports, including reports of leakage of injected gas,³ are required to be filed on a semi-annual basis until the storage inventory volume reaches or closely approximates the full authorized capacity, at which time the filing of the semi-annual report will be discontinued unless otherwise ordered by the Commission. Engineering Condition "G" of the February 28 order directs Petal to comply with these semi-annual reporting requirements.

8. Consistent with the reporting requirements of Section 157.214(c) of the Commission's regulations, we will clarify that Petal's requirement to perform semi-annual leak detection tests under Engineering Condition "C" will be discontinued one year after the storage inventory volume reaches or closely approximates the full authorized capacity, unless otherwise ordered by the Commission. Since these tests are conducted during the

²18 C.F.R. § 157.214(c).

³Id. at subdivision (3).

development of the storage caverns, these tests will not impose unreasonable disruptions and burdens on Petal and Petal's customers. We note that this clarification in no way alters or affects Petal's obligations to comply with the State of Mississippi's requirements regarding leak detection tests.

B. Engineering Condition "E"

9. Petal also seeks clarification that its existing emergency shutdown system and procedures that it has in place for its existing storage caverns, made applicable to the facilities approved in the February 28 order, will satisfy Engineering Condition "E."

Commission Response

10. We will clarify that Petal will satisfy Engineering Condition "E" by expanding Petal's existing emergency shut-down system and procedures to include the new storage facilities authorized in the February 28 order.

The Commission orders:

The February 28 order in this proceeding is clarified as discussed in the body of this order.

By the Commission.

(S E A L)

Magalie R. Salas,
Secretary.