

133 FERC ¶ 61,148  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Jon Wellinghoff, Chairman;  
Marc Spitzer, Philip D. Moeller,  
John R. Norris, and Cheryl A. LaFleur.

Petal Gas Storage, L.L.C.

Docket No. CP10-50-001

ORDER GRANTING REHEARING

(Issued November 18, 2010)

1. On September 23, 2010, Petal Gas Storage, L.L.C. (Petal Gas) filed a request for rehearing of the Commission's August 24, 2010 order in this proceeding.<sup>1</sup> The August 24 Order authorized Petal Gas to convert an existing salt-brine production cavern for use as a new salt dome natural gas storage cavern. Petal Gas requests rehearing of the August 24 Order's requirement that it conduct sonar surveys every five years. For the reasons discussed below, we will grant Petal Gas's request for rehearing.

**I. The August 24 Order**

2. The August 24 Order authorized Petal Gas to convert, operate, and maintain an existing salt-brine production cavern (Cavern 12A), located east of Hattiesburg, Mississippi within Petal Gas's existing natural gas storage complex, into a new salt dome natural gas storage facility. The proposed total capacity of Cavern 12A is 8.2 billion cubic feet (Bcf), consisting of 5.0 Bcf of working gas and 3.2 Bcf of cushion gas. The August 24 Order also authorized Petal Gas to charge market-based rates for its storage services.

3. As relevant here, Engineering Condition 5 of the August 24 Order required that:

Each cavern's well shall be periodically logged to check the integrity of each casing string. Additionally, every five years Petal Gas shall conduct sonar surveys of the caverns to monitor their dimensions and shape, including the cavern roof, and to estimate pillar thickness between openings

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<sup>1</sup> *Petal Gas Storage, L.L.C.*, 132 FERC ¶ 61,168 (2010) (August 24 Order).

throughout the storage operations, and file results with the Commission.<sup>2</sup>

## II. Rehearing Request

4. Petal Gas requests rehearing of the requirement in Engineering Condition 5 that it conduct sonar surveys of Cavern 12A every five years. Petal Gas proposes, instead, to rely on its Well and Cavern Integrity Monitoring Program<sup>3</sup> to ensure cavern integrity, safety, and reliability. The proposed program includes: (1) a sonar survey before initial de-watering and after re-watering every fifteen years; (2) a gas inventory and cavern volume assessment every five years; (3) a gas-filled cavern mechanical integrity test every five years; and (4) gas inventory tracking using a history-matched Salt Cavern Thermal Simulator model. In addition, Petal Gas proposes to undertake a geomechanical simulation of Cavern 12A and various other evaluations and cavern monitoring tests listed in Petal Gas's proposed program.

5. Petal Gas states that conducting a sonar survey once every five years will be costly and will likely require it to interrupt storage service for several months. Petal Gas maintains that its monitoring program will allow it to achieve the same, if not better, results as those intended to be accomplished by the sonar survey requirement. Petal Gas also states that the Director of the Division of Pipeline Certificates in the Commission's Office of Energy Projects has previously permitted Petal Gas to use its monitoring program at its Petal Salt Dome storage complex as an alternative to the requirement that it conduct sonar surveys once every five years.<sup>4</sup>

## III. Discussion

6. In recent orders the Commission has imposed a revised version of Engineering Condition No. 5 that allows storage companies to propose an alternative to sonar surveys of their salt dome storage caverns.<sup>5</sup> In addition to the language quoted above, the revised condition includes the following final sentence:

In the alternative, no less than 30 days before placing the caverns into service, [company] may file with the

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<sup>2</sup> *Id.* P 18-19.

<sup>3</sup> See Petal Gas's January 29, 2010 Application, Resource Report No. 1, Appendix 1D, Well and Cavern Integrity Monitoring Program. In its request for rehearing, Petal Gas notes that, although it included the monitoring program in its application, it did not reference the program in its engineering analysis or discuss it elsewhere in its application.

<sup>4</sup> See *Petal Gas Storage, LLC*, 128 FERC ¶ 62,130 (2009) (*Petal Gas*).

<sup>5</sup> See, e.g., *BCR Holdings, Inc.*, 132 FERC ¶ 61,085, at P 33-34 (2010); *Miss. Hub, LLC*, 132 FERC ¶ 61,011, at P 11 (2010).

Commission, for prior approval of the methodology, a detailed cavern integrity monitoring plan that is consistent with the intent of the sonar survey.

7. As Petal Gas states, it has previously received authorization in a Director's Order to use its Well and Cavern Integrity Monitoring Program at its salt dome complex as an alternative to the sonar survey requirement.<sup>6</sup> The Director found that Petal Gas's monitoring program was consistent with the intent of the sonar testing requirement and would effectively monitor the cavern's integrity to ensure the safe and reliable operation of the facility. Petal Gas proposes to use the same monitoring program for Cavern 12A, the cavern authorized in the August 24 Order. Accordingly, we approve Petal Gas's proposed monitoring program for Cavern 12A.

8. Should Petal Gas discover any integrity issues in its monitoring, it shall file those results with the Commission along with its proposed solution. Petal Gas shall comply with all other engineering conditions in the August 24 Order and all applicable Mississippi state monitoring requirements.

The Commission orders:

(A) Petal Gas's request for rehearing is granted as discussed in the body of this order.

(B) Petal Gas shall maintain its Well and Cavern Integrity Monitoring Program, as described above and in its application.

(C) Petal Gas shall continue to comply with the State of Mississippi's monitoring requirements.

By the Commission.

( S E A L )

Kimberly D. Bose,  
Secretary.

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<sup>6</sup> *Petal Gas*, Secretary. 128 FERC ¶ 62,130.