

# OPINION

MARCELLUS WATCH | PETER MANTIUS

## A propane bait-and-switch by Crestwood

Two years ago, Enterprise Partners handed out more than 70 propane detectors for homes near its underground propane storage caverns in Monroe, Ohio. The unspoken message: if it beeps, run.

One of the recipients, Valnea McGuire, 84, said she was glad it never beeped. Local officials were also relieved that inspections of their sewer lines and storm drains came up clean.

The free detectors and other precautions were called for after stray propane ignited at a steel company a mile away from Enterprise's Todhunter Terminal, according to an October 2012 email to the Environmental Protection Agency, as reported by The Columbus Dispatch newspaper.

An Enterprise spokesman told the newspaper in March 2013 that the Todhunter caverns, which can hold 1.4 million barrels of propane, would all need to be emptied "so we can conduct tests."

The company's decision



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to quietly flush the caverns later that fall sent shock waves through the Northeast's propane supply chain last winter. A propane industry trade publication reported on the dire consequences in December 2013. Quoting the president of the Propane Gas Association of New England, LP Gas magazine said the geologic failure of the Todhunter caverns combined with the decision to reverse the flow of a TEPPCO pipeline at the same terminal 30 miles north of Cincinnati all but eliminated "a huge safety valve" for the Northeast.

Enterprise, which bought TEPPCO in 2009, normally used that pipeline to send propane north. Last winter, it used it to send ethane south.

The Northeast had to turn to rail supplies to avert severe shortages.

The same TEPPCO pipeline passes through Watkins Glen on its way to Selkirk, just south Albany, a propane gateway to New England.

Along that line, Houston-based Crestwood Midstream is seeking a state permit to store 1.5 million barrels of propane (and 600,000 barrels of butane) in abandoned salt caverns next to Seneca Lake just north of Watkins Glen. The state Department of Environmental Conservation studied the plan for nearly five years before publishing draft permit conditions in November.

As conditionally approved, the Crestwood project was supposed to include trucks that could make local propane deliveries. For years, the company told state regulators that the project would include a truck depot on Route 14A.

Crestwood promised the locals that the added propane supply would

slash their heating bills. That was the company's No. 1 marketing ploy as it tried win back support in a Schuyler County community that was growing wary of the project's risks.

In a folksy opinion column in Geneva's Finger Lakes Times last September, Crestwood executive Bill Gautreaux said the 2015 Farmer's Almanac called for a harsh winter. His company was eager to help people in Schuyler, Yates and Seneca counties. "Last winter, propane prices in the Northeast were at all-time highs due to higher demand and a lack of propane supplies stored locally," he wrote. Crestwood's storage project "means more propane stored closer to the people who use it."

But in early December — just three weeks after the DEC acted — Crestwood announced that there wouldn't be any trucks after all. All the propane and butane would go to and from the salt caverns by rail or the TEPPCO pipeline. So forget any deliveries to the

three counties Gautreaux mentioned — and forget cutting those heating bills too.

The DEC, which has scheduled an issues conference on the project in Horseheads Feb. 12, should not stand for the company's self-serving switcheroo. It should rip up the draft permit conditions and actually analyze the revised project's risks and benefits.

The geologic risks are substantial. Based on 40 years of data on hydrocarbon storage in U.S. salt caverns, the chance of a serious or extremely serious accident is greater than 40% over 25 years, according to an analysis by Dr. Rob Mackenzie of Trumansburg.

In fact, the Seneca project risks are significantly higher than the industry average because the caverns lie in beds of salt intersected by layers of fault-riddled shale, Houston geologist H.C. Clark noted. The Todhunter caverns are also in shale. Pipeline analyst Richard Kuprewicz of

Redmond, Wash., said a catastrophic cavern failure next to the lake could run into hundreds of millions, or billions of dollars. Mackenzie, Clark and Kuprewicz have offered testimony to the DEC.

One draft permit condition requires the company to accept full legal and financial responsibility for the project. But Kuprewicz said such a guarantee is only as good as the company's insurance and balance sheet. The company has acknowledged in federal filings that it is not fully insured for all accidents.

So if the DEC is foolish enough to approve the project, we can only hope the company can afford to pay for more than propane detectors.

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