

**New York State Department of Environmental Conservation
Environmental Permits, Region 8**

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Alexander B. Grannis
Commissioner

August 20, 2010

Kevin M. Bernstein, Esq
Bond Schoeneck & King PLLC
One Lincoln Center
Syracuse, New York 13202

Regarding: SEQR Review
Inergy Midstream LLC / Finger Lakes LPG Storage LLC
DEC Facility ID 8-4432-00085
Liquefied Petroleum Gas Storage Facility
Town of Reading, Schuyler County

Dear Mr. Bernstein:

The purpose of this letter is to follow up on your request for a meeting between Finger Lakes LPG Storage LLC's ("Finger Lakes") engineering consultants, C.T. Male, and the Department's engineering and technical review staff.

You should be aware that Department staff has concerns with the placement of the proposed 88 million gallon capacity brine pond on terrain sloping toward Seneca Lake and the potential for stability and integrity issues which could result in failure of the impoundment and contamination of both groundwater and surface water.

To ensure that a future meeting will be productive, information regarding the construction, operation and maintenance of the brine pond must be consolidated and presented in a comprehensive engineering report with detailed drawings, which must be submitted for review to the Department. The enclosed document provides the requirements that will need to be addressed in the comprehensive engineering report and its supporting documents and plan drawings that are to be submitted to the Department. Once the comprehensive engineering report and associated drawings are submitted and reviewed by Department staff, a meeting could be scheduled with Finger Lakes' consulting engineers.

Please note that, as has been discussed previously, we are preparing a Positive Declaration as our SEQR Determination of Significance. We anticipate completing this in a few days. Also please be aware that as the SEQR review process and engineering review unfolds additional information may be required to be submitted to the Department.

In addition to the issues indicated above, our staff has reviewed the materials provided in your July 23, 2010 and June 18, 2010 submittals. They have identified the following items and information that are still required for review:

- 1) Discussion of the change from the initial SWPPP proposal which provided 2 smaller ponds for brine storage. The change to one larger pond in subsequent submissions had no explanation. Indicate why the change was made, and the advantages and the disadvantages of one large versus several smaller ponds. Note that multiple smaller ponds would possibly add greater operational and maintenance flexibility, as well as reduce the potential environmental impact, in the event of a leak requiring repair or a catastrophic failure.

- 2) Soil and rock boring information on the engineered plans. This should be presented on the plans to allow agency staff to clearly see the differing soil types, depth to bedrock and groundwater, and the adequacy of the cut off drains proposed to prevent the influence of groundwater on the liner system. Also indicate how it was determined that only 6 borings would be adequate for this size impoundment.
- 3) The depth to groundwater, depth to bedrock, and the depth of overburden above bedrock clearly shown on all plan profiles. These should include depths before and after construction.
- 4) Additional details of the 6" diameter pipe to US Salt to remove excess brine from the pond. Indicate if this is a gravity line or force main. Include both the calculations showing the time required to empty the brine pond completely, as well as the route of the pipe, flow control details, flow capacity in relation to the catchment area of the brine pond, and a comparison with the current flow capacity from the US Salt brine pond to US Salt production operations.
- 5) Details of the mechanism of brine removal under normal circumstances. This should appear in the engineering report, and structural details must be shown on the plans. Any sump designed into the pond profile to facilitate brine removal should be shown, as well as pump and pipeline sizes and locations.
- 6) Plans showing current and future conditions around the proposed brine pond, including topography, drainage features, buildings, roads, utilities, rail lines and other details.
- 7) Visual representations of the pond's east facing containment structure, as viewed from a direction directly across the lake, from the east shore of Seneca Lake and the middle of Seneca Lake.
- 8) Details of the use or disposal of any excavated material not suitable for use in the construction of the pond's impoundment structure.
- 9) Calculated noise levels from rail car movement operations, and the specific hours and days of facility operation, including the time frame when continuous operations will occur. Please note that these details regarding items 3c and 3d of the May 26, 2010 letter from this office have not been provided.

If there are questions regarding the engineering report submission, please contact Mr. Dixon Rollins, Regional Water Engineer, at 585-226-5468. If you have any questions regarding this letter, feel free to contact me at this office.

Sincerely,



Roger McDonough
Environmental Analyst
Division of Environmental Permits

cc: W. Moler - Inergy Midstream LLC
M. Armstrong - Finger Lakes LPG Storage LLC
P. Briggs, L. Collart, J. Dahl, W. Glynn - Division of Mineral Resources
A. Dominitz - Dam Safety Section
J. Maglienti - Office of General Counsel
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D. Rollins, Regional Water Engineer
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