

KEVIN M. BERNSTEIN, ESQ.
kbernstein@bsk.com
P: 315.218.8329
F: 315.218.8429

April 11, 2012

VIA FEDERAL EXPRESS

Peter Briggs, Director
New York State Department of
Environmental Conservation
Division of Mineral Resources
Bureau of Oil & Gas Permitting and Management
625 Broadway, 3rd Floor
Albany, NY 12233-6500

APR 12 2012

Re: *Finger Lakes Gallery 10 Work Plan Report*

Dear Peter:

In accordance with the work plan approved by the Department, attached is an interim work plan report with regard to Gallery 10 and well 29. Please note that this interim report contains a pressure test procedure for which we now seek Department approval. Feel free to contact Barry Moon with any questions.

Please note that the information contained in the Work Plan contains confidential information or confidential and/or proprietary, trade secret or business information and should be treated as privileged and confidential and should not be released pursuant to the provisions of 6 NYCRR § 616.7.

Thank you.

Sincerely,

BOND, SCHOENECK & KING, PLLC



Kevin M. Bernstein

Enclosure

cc: Barry Cigich (w/enclosures)
Barry Moon (w/enclosures)
John Istvan (w/enclosures)

Finger Lakes LPG Storage, LLC

Work Plan and Interim Report to Evaluate International Gallery 10 and Well 29

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Exhibits

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I. Introduction and Overview

International Gallery 10 consists of the cavern formed by wells 18, 52 and 57.

Well 18 was drilled in 1936 and a deep well pump was utilized to extract brine from this well until it was abandoned in 1942. The well was later replugged and abandoned in 1977.

Well 52 was drilled in 1972 and, along with well 57 (which was drilled in 1977), were operated as active brine injection and withdrawal wells until 1996 when both were plugged in June 1996.

The original mapped shape and outline of International Gallery 10 was determined based on a review of production records from wells 52 and 57.

On November 14, 2009, well 52 was reentered and drilled out (per DEC permit issued on November 6, 2009) and a bridge plug¹ was discovered at 2,220 ft. When the plug was completely removed, no pressure was encountered. A chart recorder had been placed on well 44 to monitor pressure in that well. The recorder showed there was 25 psig on well 44; this demonstrated no communication with well 52 since there was no pressure encountered on well 52, thus showing the isolation of the caverns.

At the same time, Baker Atlas also ran a segmented cement bond log and a microvertilog on the well after it was drilled out to a depth of 2,680 feet. A well valve was then installed and closed. A directional survey for well 52 (also provided to the DEC) was completed on November 17, 2009. The sonar for well 52 was inconclusive because the entire length of pipe to the bottom of the cavern was completely surrounded by cement. Only the bottom 34 feet of the sonar indicated a solution mined cavern was open. The logs (including the sonar survey and directional survey) for this activity at well 52 were provided to the DEC with Finger Lakes' May 14, 2010 Reservoir Suitability Report.

The initial Finite Element Analysis ("FEA") included with Finger Lakes' May 14, 2010 Reservoir Suitability Report discussed the effect of the pillar distance between the galleries (proposed Finger Lakes Gallery 1 and International Gallery 10), and stated that some micro-cracks and fissures might have been induced in the pillars during the brine storage. The FEA concluded that this was due to the relatively large 34/44 LPG gallery compared to small cavern spacing of 166 ft. Because of the lack of precise data regarding International Gallery 10, certain conservative assumptions were made in the FEA relating to pressure, location and the size of the cavern associated with International Gallery 10. The revised FEA (submitted with Finger Lakes' September 28, 2010 submission) provided an explanation of the conservative assumptions incorporated into the FEA.

¹ Well 52 had been previously plugged and abandoned on April 11, 1996.

Based on all available information, the largest area of the International Gallery 10 cavern is around wells 57 and 18; most of the dissolution was near those wells and not well 52 since the latter was primarily the production well and the casing and cement bond are intact.

In summary, Finger Lakes has provided a very conservative FEA of a future operational Finger Lakes Gallery 1 vs. a potentially leaking International Gallery 10. The FEA determined that the lack of pressure in International Gallery 10 would not affect or be affected by LPG operation of the proposed Finger Lakes Gallery 1. In addition, based on the fact that the well 52 cement bond was intact all the way to the bottom of the production casing, Finger Lakes concluded the possible leakage in International Gallery 10 was through well 18, but with few records to support evaluation of its integrity.

The purpose of this overview has been to set the stage for additional evaluation Finger Lakes proposed and the Department approved to conduct not only in Well 18, but also Wells 52 and 57, all of which are part of International Gallery 10, to provide further assurance that there is no connection between Finger Lakes Gallery 1 and International Gallery 10 and that Gallery 10 is tight. This Interim Report sets forth the work required under the approved Work Plan and describes the drilling activities conducted to date.

II. Approved Work Plan

Under the Work Plan, Finger Lakes was to initially install a wellhead and carefully drill out whatever plugs may be in place for Wells 18 and 57. Once the wells were drilled to their original total depth, cement bond and casing inspection logs would be obtained for each well. In addition, a sonar would be attempted on one of these wells to determine more precisely (instead of through historical production records) the shape of International Gallery 10 and the location and its southernmost wall or pillar.

Once the wells have been drilled out and logged, the Work Plan required Finger Lakes to evaluate the logs and sonar and prepare a recommended course of action with regard to whether each well can be completed to be used as a monitoring well or plugged and abandoned. Once an agreement has been reached with DEC as to how to treat each of these wells as noted, a separate procedure will be developed by Finger Lakes for submission and approval to DEC. Work may only begin on the completion of the well for monitoring purposes or for plugging and abandonment only upon the approval of DEC.

After the work over of wells 18 and 57 is completed, a hydrostatic pressure test will be performed on International Gallery 10 (wells 18, 52 and 57). Depending on the results of the well procedures set forth above, it may be necessary to run a liner or packer in one of these wells to accommodate the pressure test. This interim report contains the proposed procedure to conduct the pressure test.

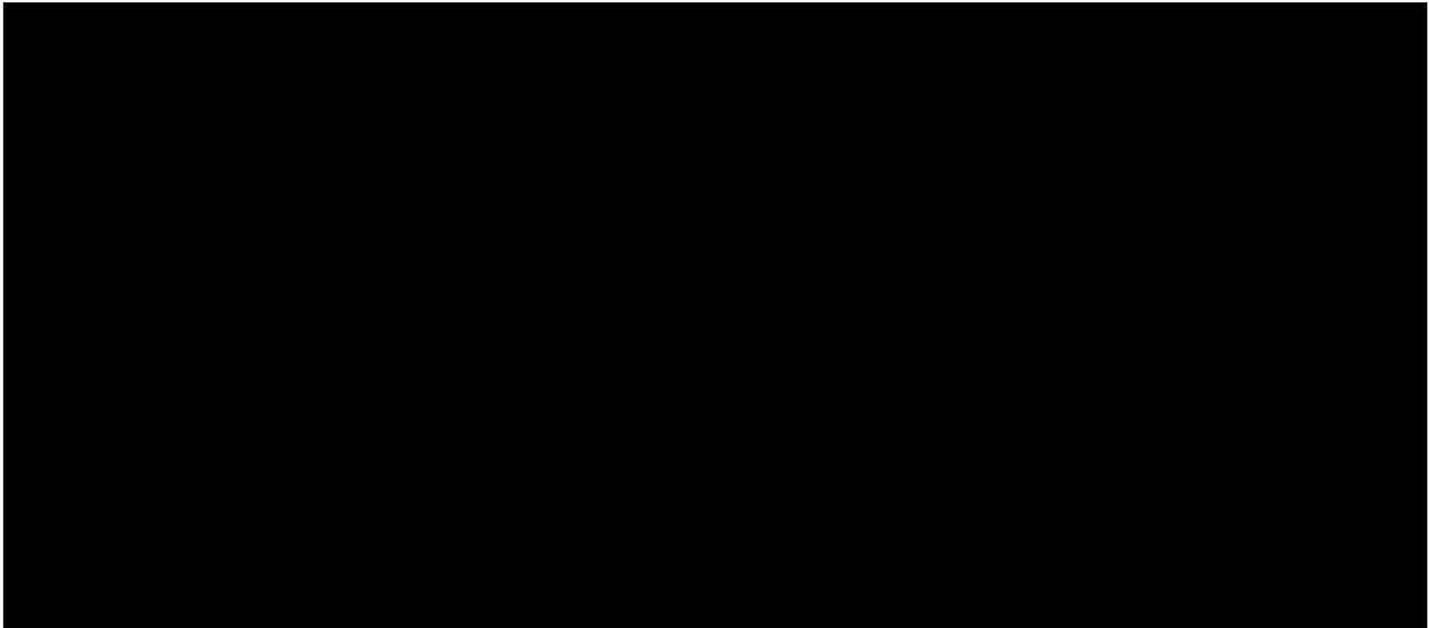
III. Coordination with DEC

As noted below, the work performed under the approved Work Plan has been coordinated and approved by the DEC. Before any drilling activities occurred, drilling permits issued were issued. This Interim Report provides a discussion of the drilling activities at wells 18 and 57 (and also well 29, which the Department requested be worked over as well), and includes a recommendation as to the future of these wells.

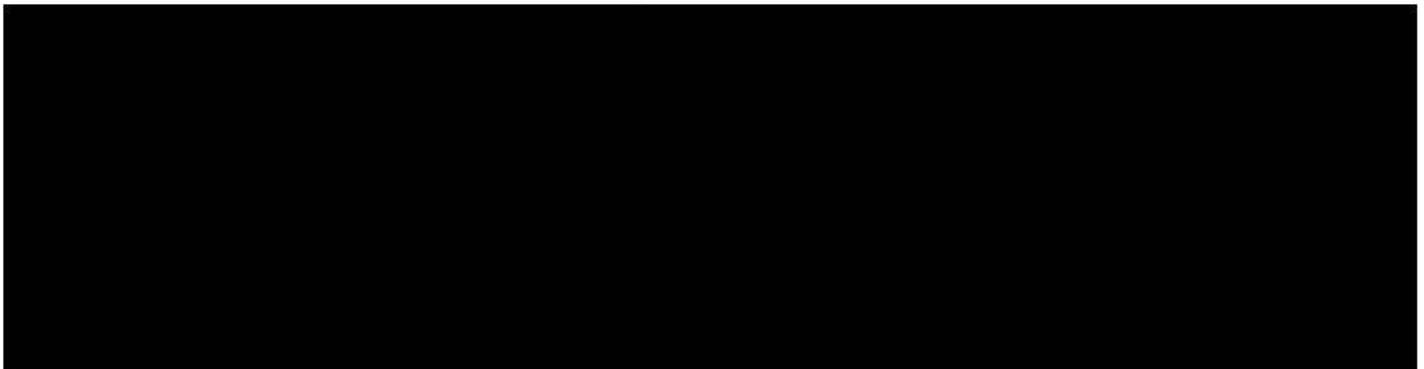
Moving forward, Finger Lakes will coordinate its pressure test with DEC, particularly in light of the results from the well workovers and resulting logs described below. The pressure test will not commence until DEC has approved of the procedure to do so. A final report will be submitted to DEC once the pressure test is completed.

IV. Report on International Gallery 10 Drilling Activities Under Work Plan and Recommendations

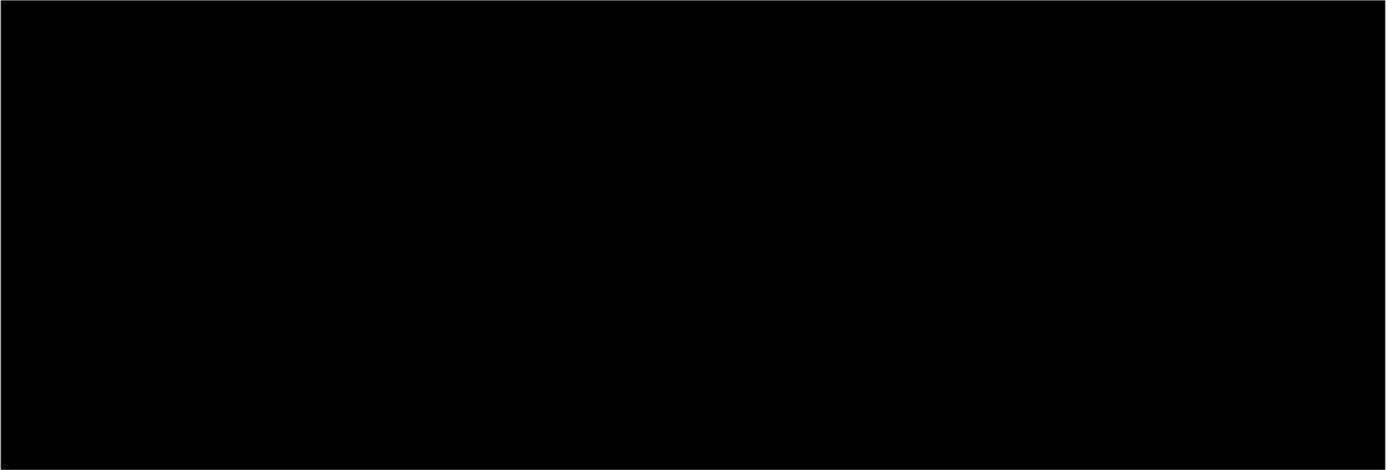
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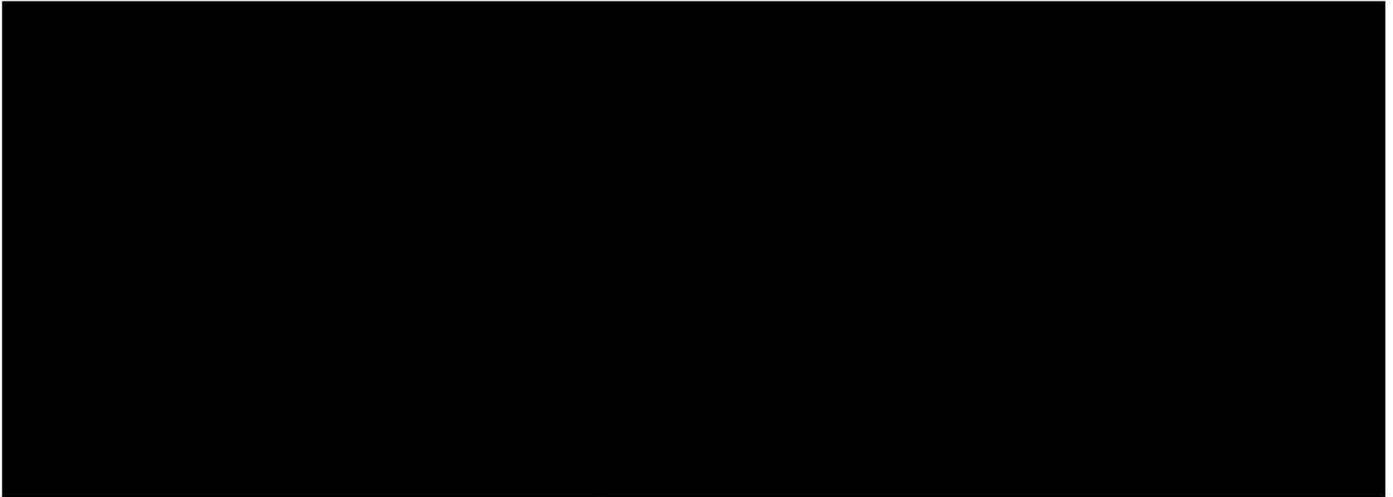
B. Well 57 Drilling Activities



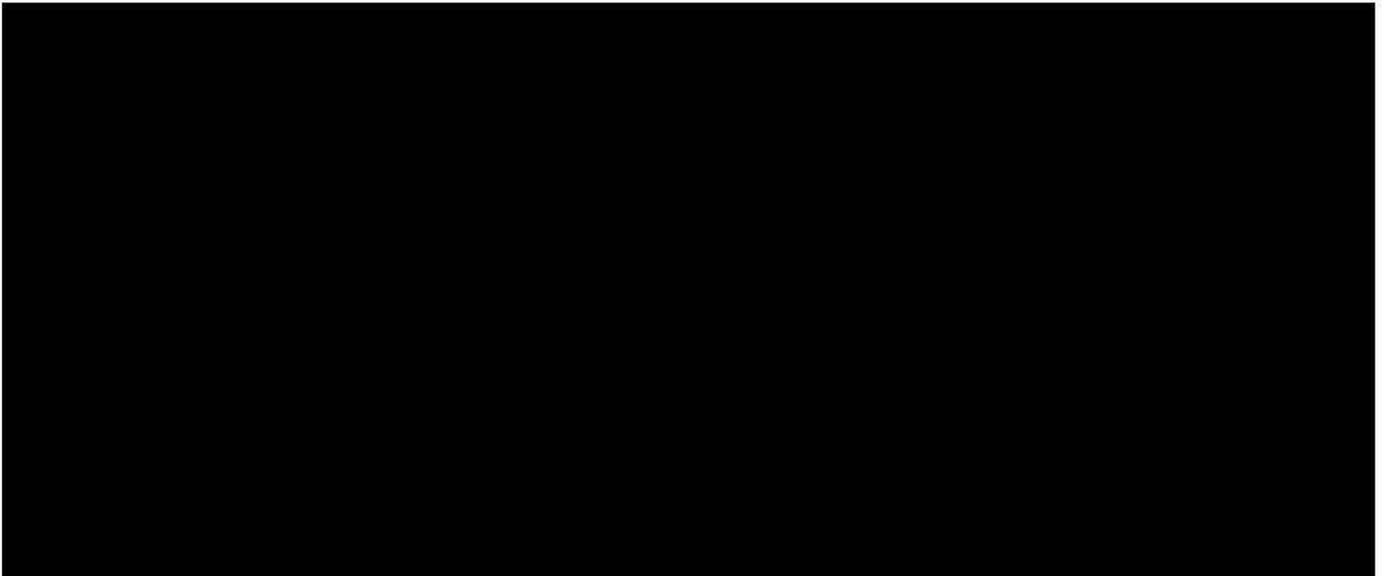
C. Conclusions



D. Recommendations

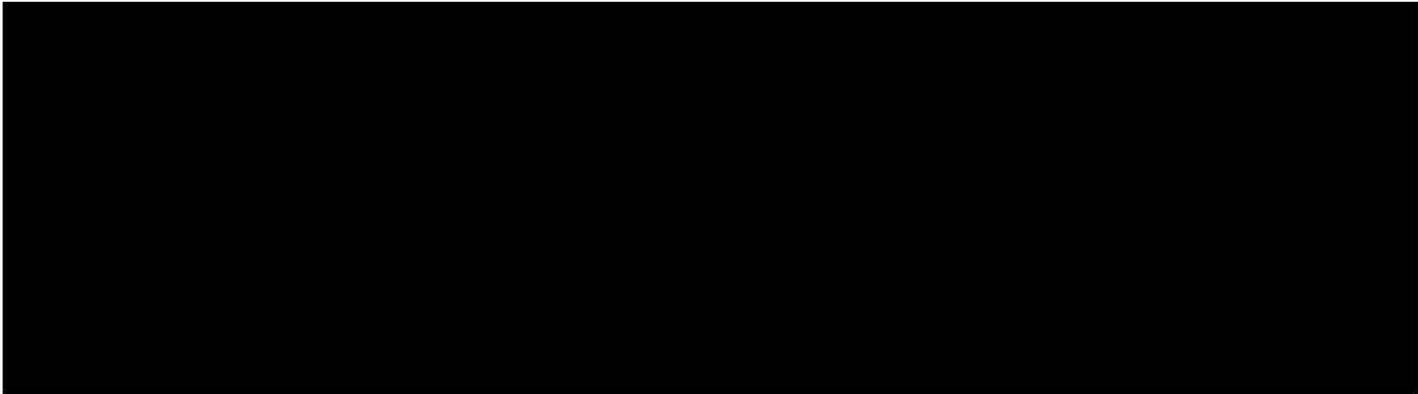


V. Well Drilling Activities at Well 29





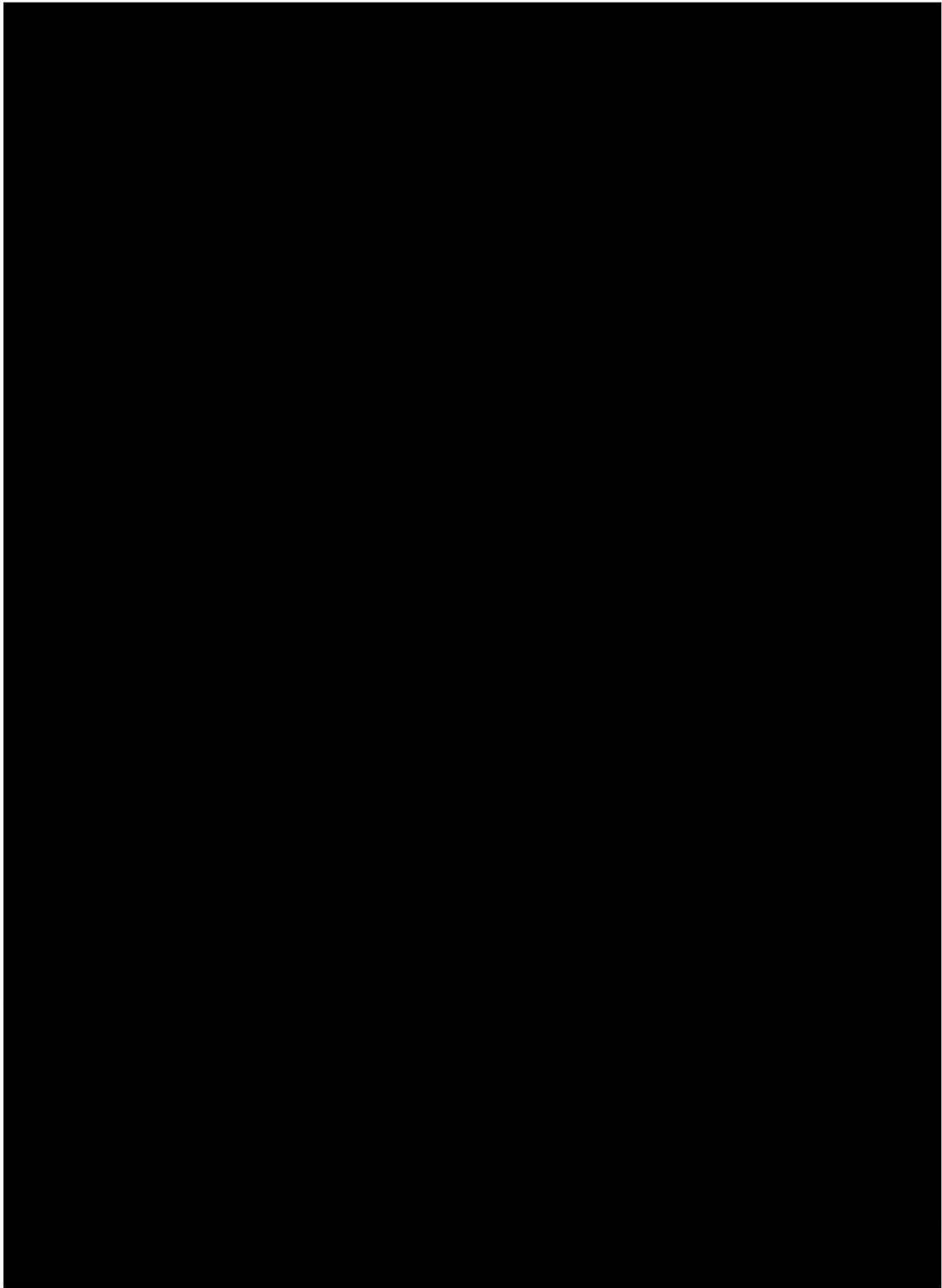
VI. Sonar Activities

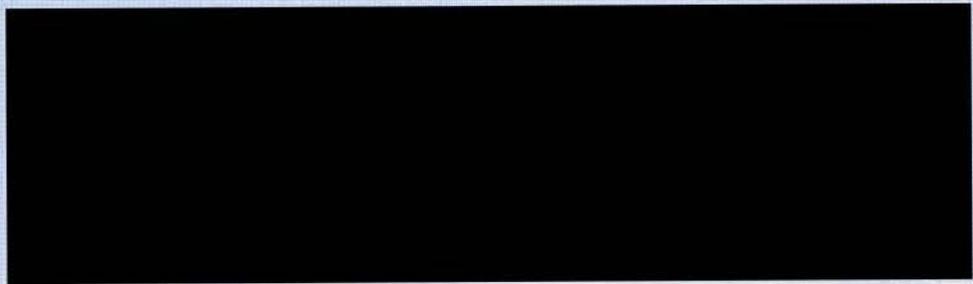


VII. Proposed Pressure Test

As noted above, the Work Plan provided that, once well drilling activities are completed, Finger Lakes would perform a pressure test. The proposed procedure, for which Finger Lakes now seeks approval from the Department, is contained in **Exhibit D** attached.

Inergy Midstream Finger Lakes LLC.
Well #18





Company Inergy Midstream

Well #18

Field US Salt Storage

County Schuyler

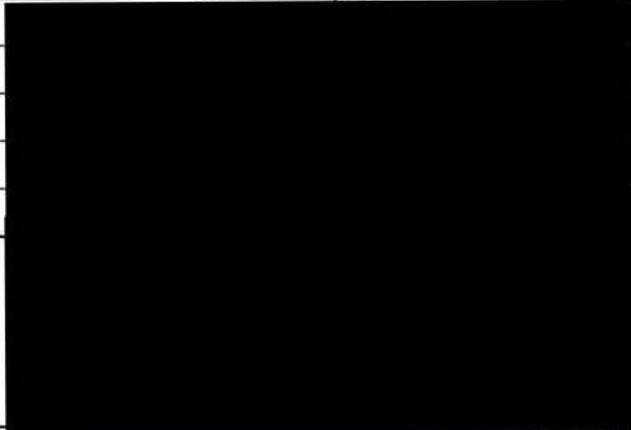
State New York

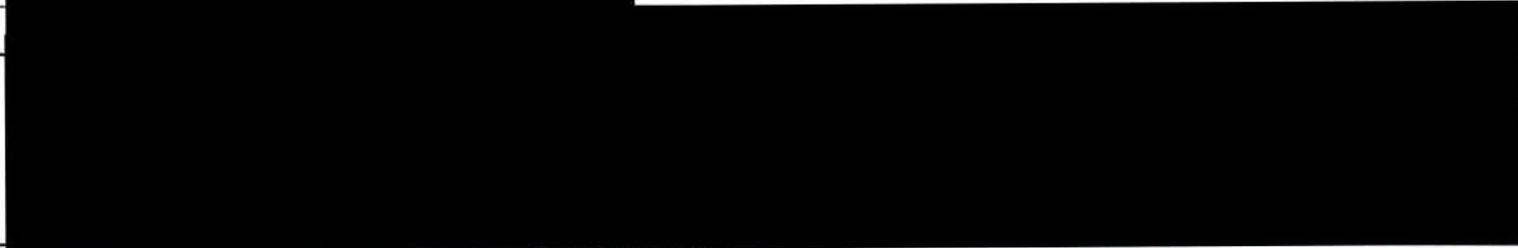
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Section N/A

Township Reading

Range N/A







Baker Atlas

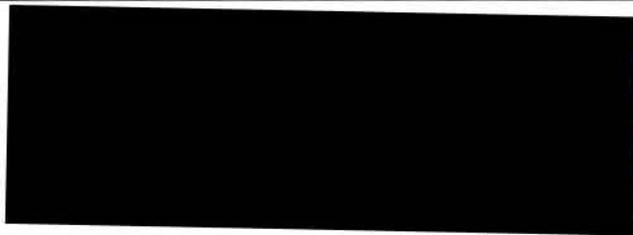


FILE NO:	COMPANY	INERGY MIDSTREAM, LLC.
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	FIELD	US. SALT BRINE FIELD
	COUNTY	SCHUYLER STATE NEW YORK

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MEASURED DEPTH		
	LAT 42.423106	LONG 76.896697

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DRILL. MEAS. FROM	G.L.			DF -
				GL 687 FT

DATE		
RUN	TRIP	
SERVICE ORDER		
DEPTH DRILLER		
DEPTH LOGGER		
BOTTOM LOGGED INTERVAL		
TOP LOGGED INTERVAL		
TIME STARTED		
TIME FINISHED		
OPERATOR RIG TIME		
TYPE OF FLUID IN HOLE		
FLUID DENSITY		
FLUID SALINITY		
FLUID LEVEL		
LOGGED CEMENT TOP		
WELLHEAD PRESSURE		
MAXIMUM HOLE DEVIATION		
NOMINAL LOGGING SPEED		
MAX. RECORDED TEMP.		
REFERENCE LOG		
REFERENCE LOG DATE		
EQUIP. NO.	LOCATION	
RECORDED BY		
WITNESSED BY		



Baker Atlas

	COMPANY	INERGY MIDSTREAM, LLC.	
	WELL	FINGER LAKES 18	
	FIELD	US. SALT BRINE FIELD	
	COUNTY	SCHUYLER	STATE NEW YORK

Ver. 3.87	LOCATION:	
MEASURED DEPTH	LAT 42.423106	LONG 76.896697

PERMANENT DATUM	G.L.	ELEVATION	687 FT	ELEVATIONS:
LOG MEASURED FROM	G.L.	0 FT	ABOVE P.D.	KB -
DRILL. MEAS. FROM	G.L.			DF -
				GL 687 FT

DATE		
RUN	TRIP	
SERVICE ORDER		
DEPTH DRILLER		
DEPTH LOGGER		
BOTTOM LOGGED INTERVAL		
TOP LOGGED INTERVAL		
CASING DRILLER		⊗
CASING LOGGER		
BIT SIZE		
TYPE OF FLUID IN HOLE		
DENSITY	VISCOSITY	
PH	FLUID LOSS	
SOURCE OF SAMPLE		
RM AT MEAS. TEMP.		⊗
RMF AT MEAS. TEMP.		⊗
RMC AT MEAS. TEMP.		⊗
SOURCE OF RMF	RMC	
RM AT BHT		⊗
TIME SINCE CIRCULATION		
MAX. RECORDED TEMP.		
EQUIP. NO.	LOCATION	
RECORDED BY		
WITNESSED BY		



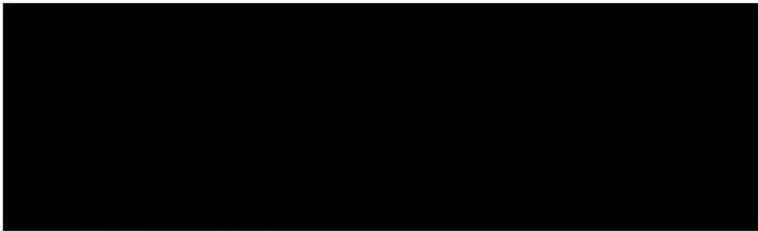
Baker Atlas

	COMPANY	INERGY MIDSTREAM, LLC.
	WELL	FINGER LAKES 18
	FIELD	US. SALT BRINE FIELD
	COUNTY	SCHUYLER STATE NEW YORK

Ver. 3.87	LOCATION:	
MEASURED DEPTH	LAT 42.423106 LONG 76.896697	

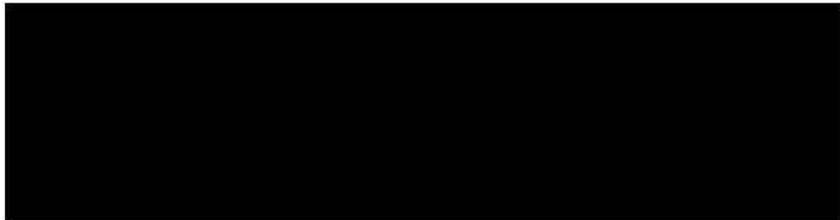
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DRILL. MEAS. FROM	G.L.			DF	-
				GL	687 FT

DATE			
RUN	TRIP		
SERVICE ORDER			
DEPTH DRILLER			
DEPTH LOGGER			
BOTTOM LOGGED INTERVAL			
TOP LOGGED INTERVAL			
CASING DRILLER			⊗
CASING LOGGER			
BIT SIZE			
TYPE OF FLUID IN HOLE			
DENSITY	VISCOSITY		
PH	FLUID LOSS		
SOURCE OF SAMPLE			
RM AT MEAS. TEMP.			⊗
RMF AT MEAS. TEMP.			⊗
RMC AT MEAS. TEMP.			⊗
SOURCE OF RMF	RMC		
RM AT BHT			⊗
TIME SINCE CIRCULATION			
MAX. RECORDED TEMP.			
EQUIP. NO.	LOCATION		
RECORDED BY			
WITNESSED BY			



Conducted for:

Inergy Midstream
US Salt Storage
#18



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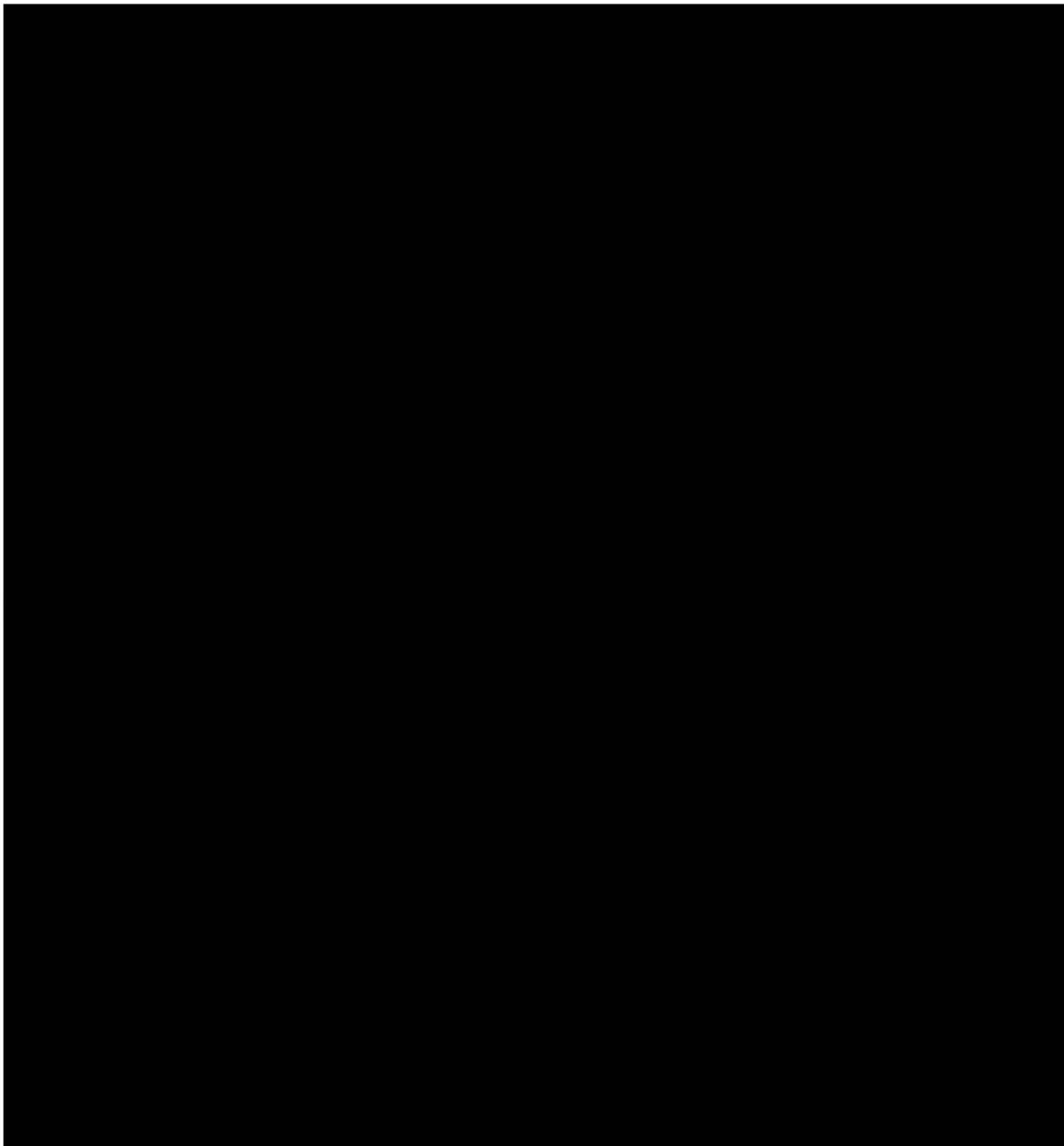
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Well: No. 18

Field: US Salt Storage

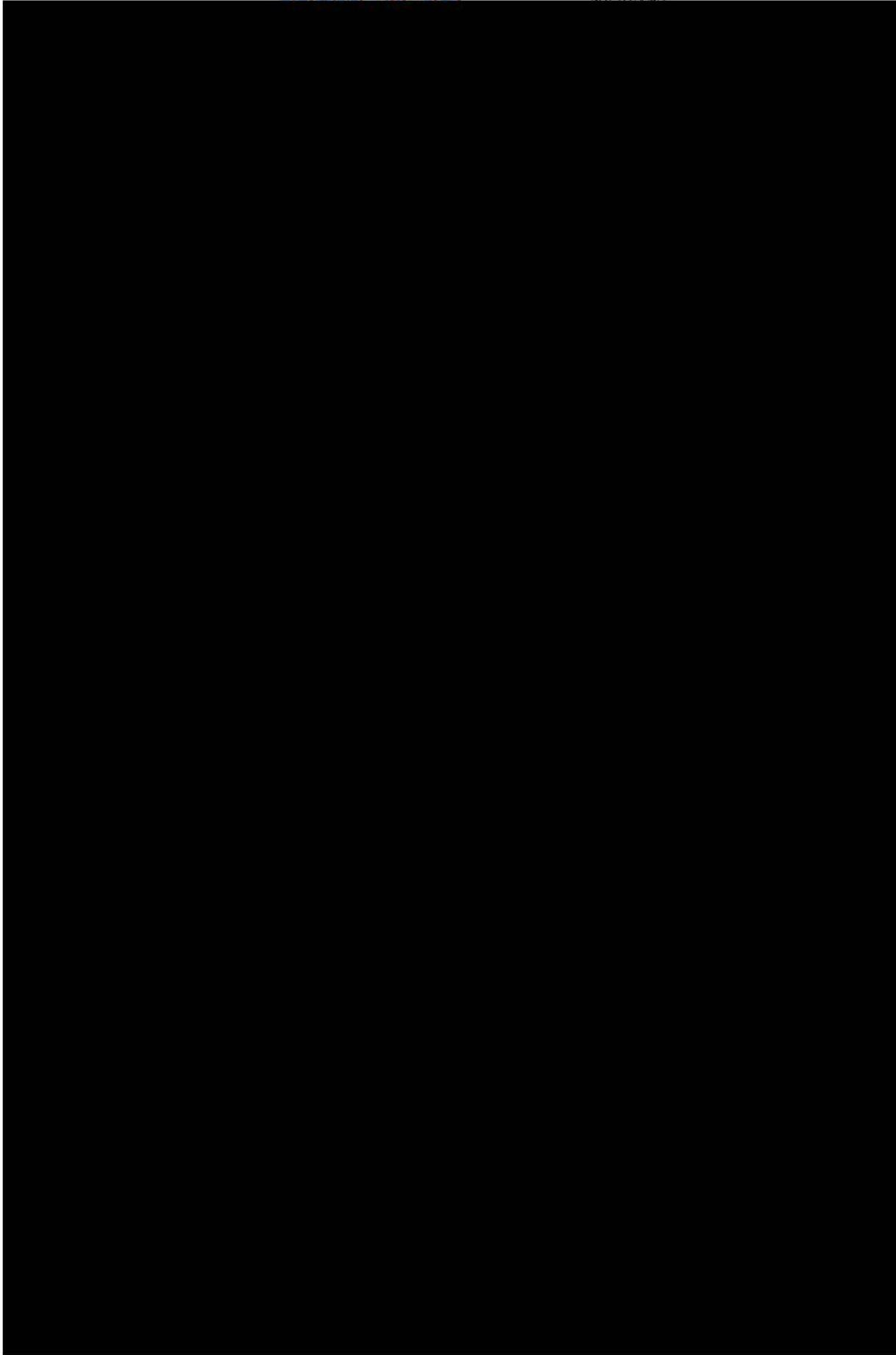
County: Schuyler

State: New York



INERGY MIDSTREAM
Well-#18

NOT TO SCALE



PRINT OR TYPE IN BLACK INK



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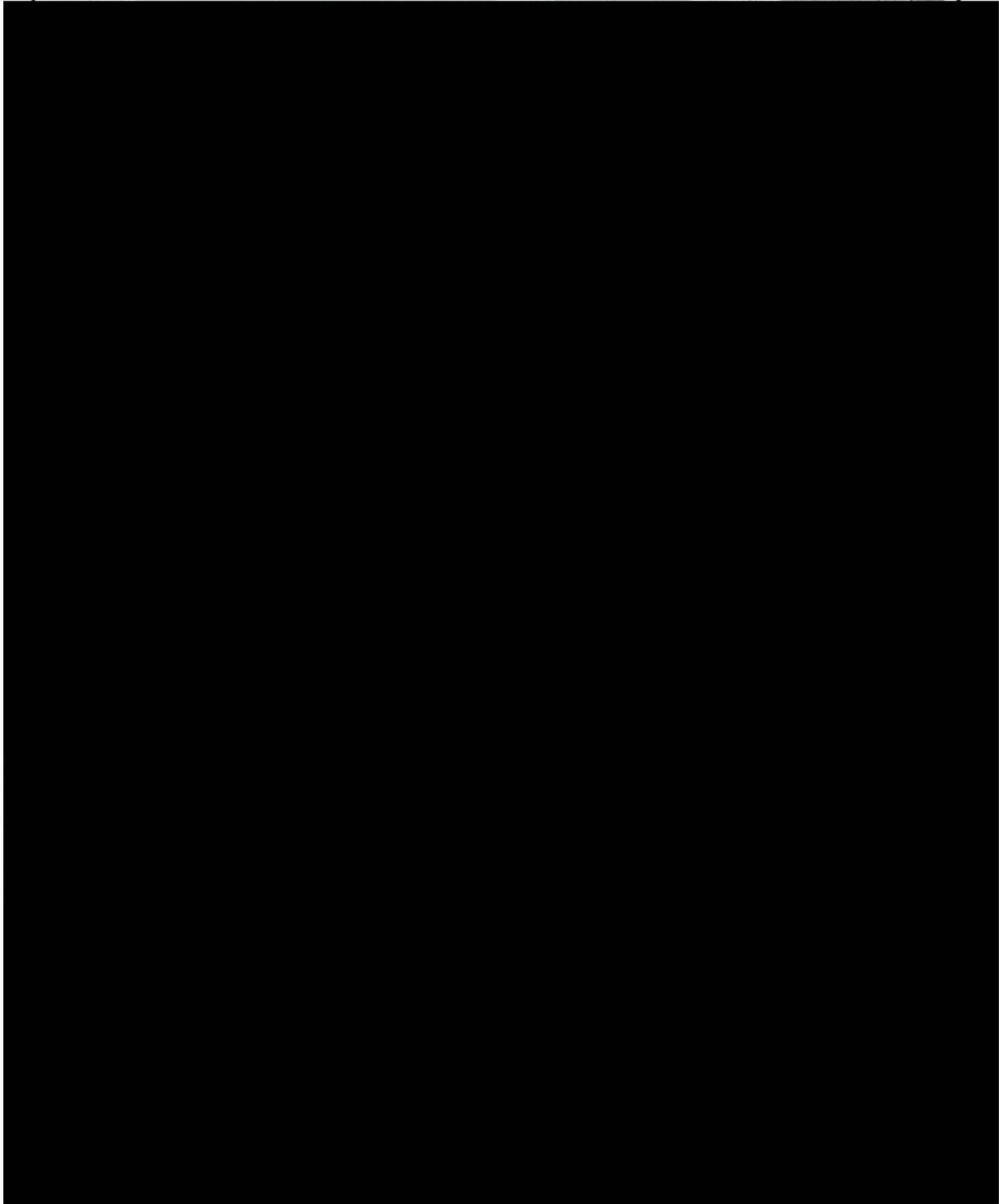
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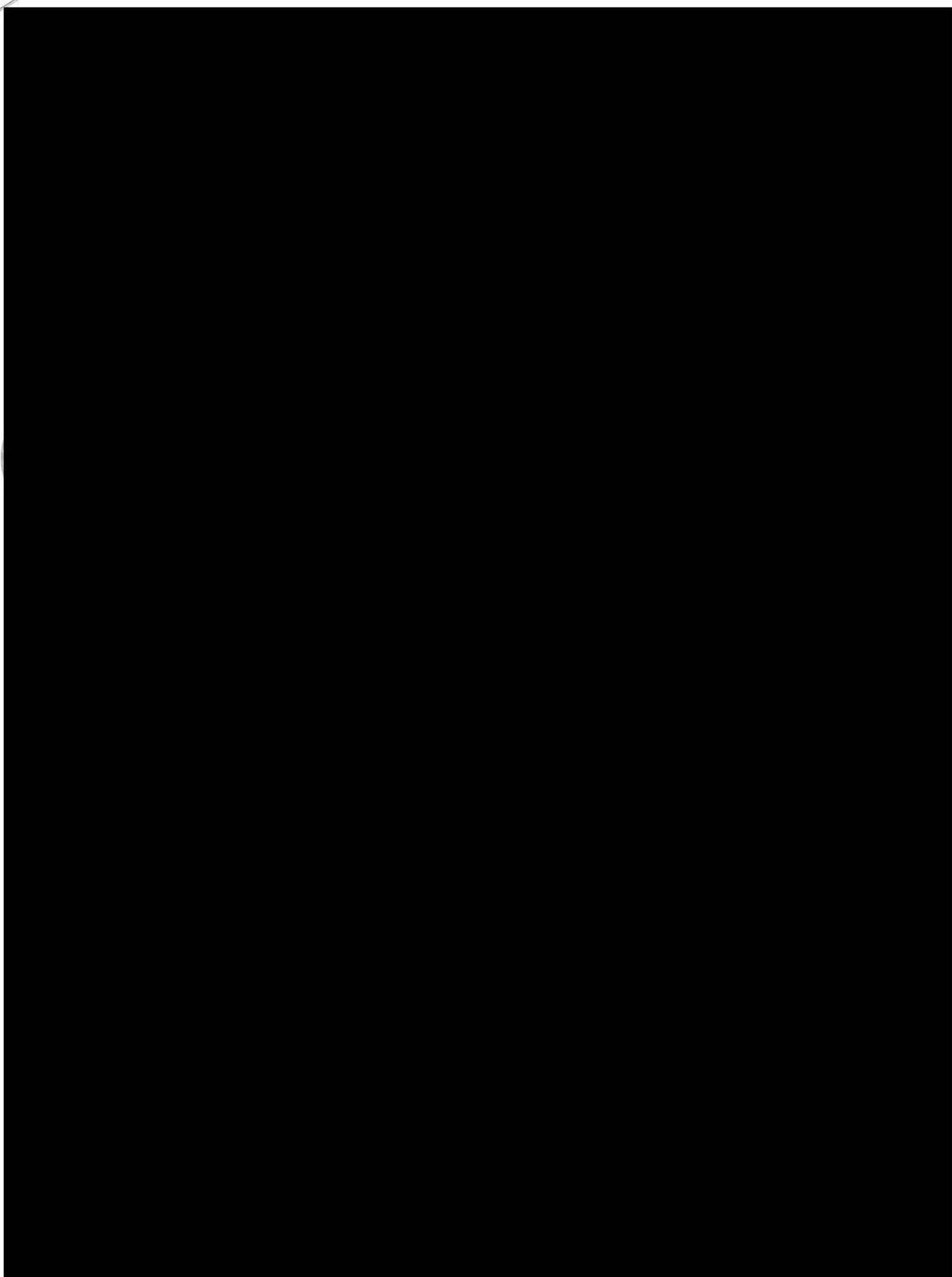
FOR DEPARTMENT USE ONLY

Reviewed by _____

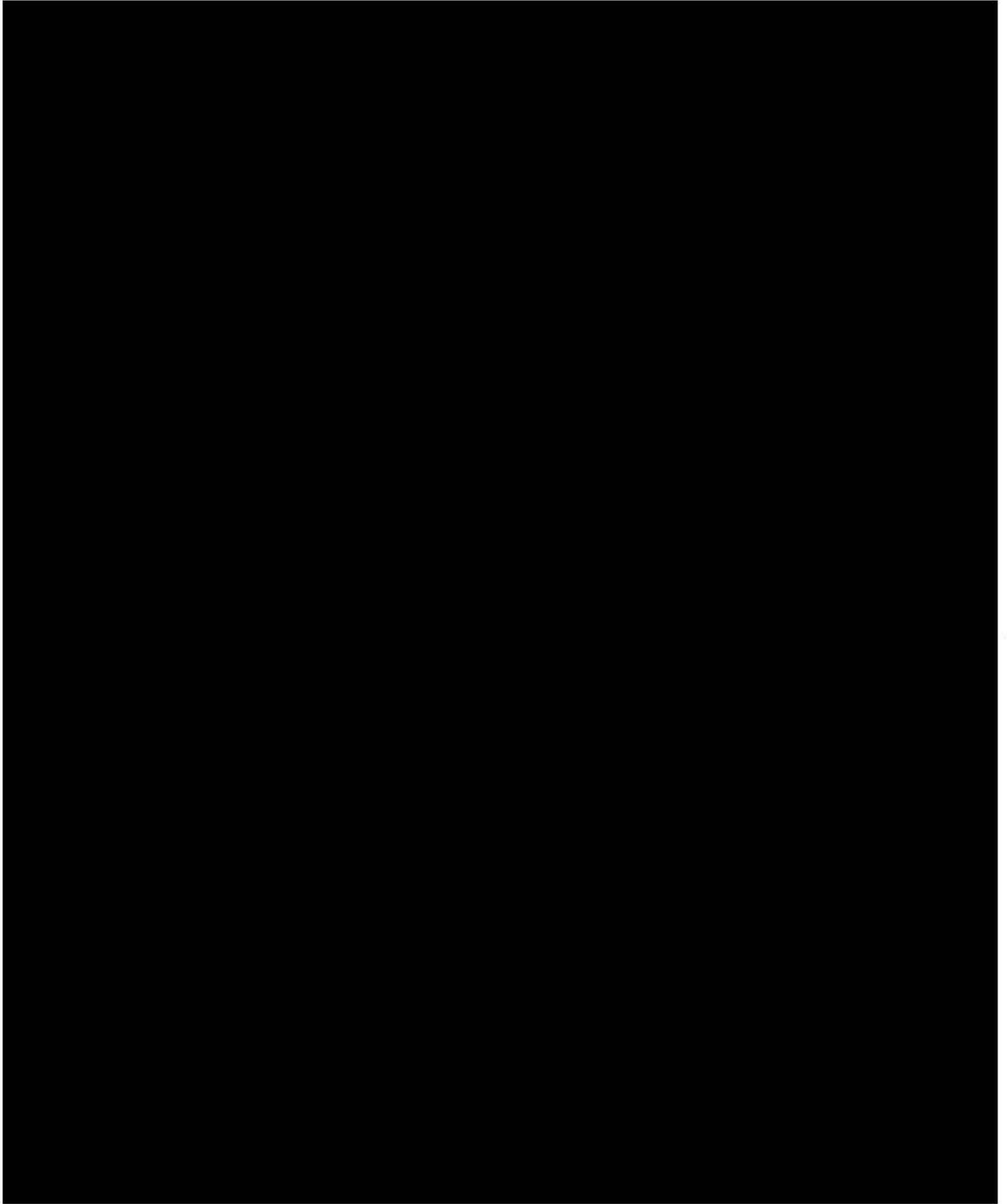
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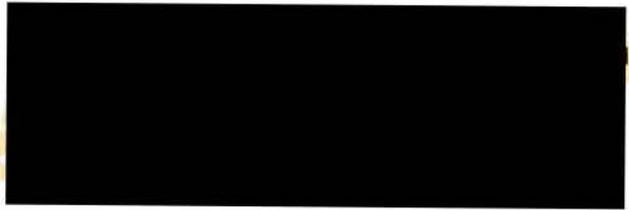
Well Type _____





Inergy Midstream Finger Lakes LLC.
Well 57





Baker Atlas



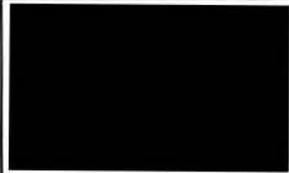
COMPANY INERGY MIDSTREAM, LLC.
 WELL FINGER LAKES 57
 FIELD US. SALT BRINE FIELD
 COUNTY SCHUYLER STATE NEW YORK

Ver. 3.87

MEASURED DEPTH

LOCATION:

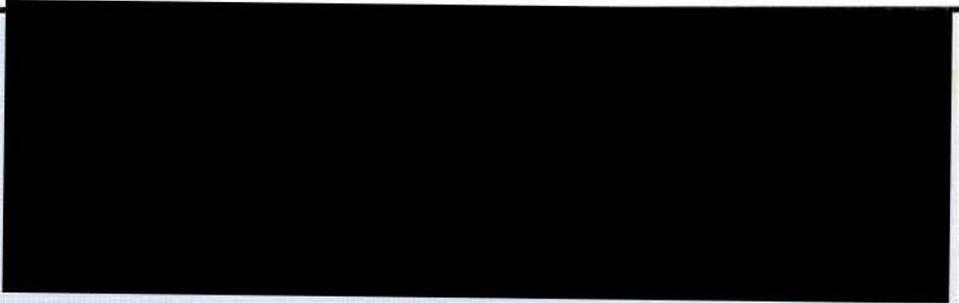
 LAT 42.423021 LONG 76.896695



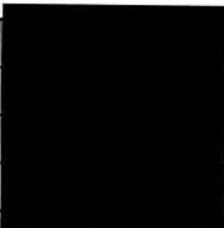
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 DRILL. MEAS. FROM G.L.

ELEVATIONS:
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 DF -
 GL 692 FT

DATE	
RUN	TRIP
SERVICE ORDER	
DEPTH DRILLER	
DEPTH LOGGER	
BOTTOM LOGGED INTERVAL	
TOP LOGGED INTERVAL	
TIME STARTED	
TIME FINISHED	
OPERATOR RIG TIME	
TYPE OF FLUID IN HOLE	
FLUID DENSITY	
FLUID SALINITY	
FLUID LEVEL	
LOGGED CEMENT TOP	
WELLHEAD PRESSURE	
MAXIMUM HOLE DEVIATION	
NOMINAL LOGGING SPEED	
MAX. RECORDED TEMP.	
REFERENCE LOG	
REFERENCE LOG DATE	
EQUIP. NO.	LOCATION
RECORDED BY	
WITNESSED BY	



Company	Inergy Midstream		
Well	#57		
Field	US Salt		
County	Schyuler		
State	New York		
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Date	[Redacted]		
Service Order	[Redacted]		
Recorded by	[Redacted]		
Witnessed by	[Redacted]		
API Serial No.	[Redacted]		
Permanent Datum:	G.L.	Elevation: 695.000 ft.	Depth
Log Measured From:	G.L.	0.000 ft. above Perm. Datum	Btm. Log Interval
Drilling Measured From:	K.B.	0.000 ft. above Perm. Datum	Top Log Interval
			Fluid Type





Conducted for:

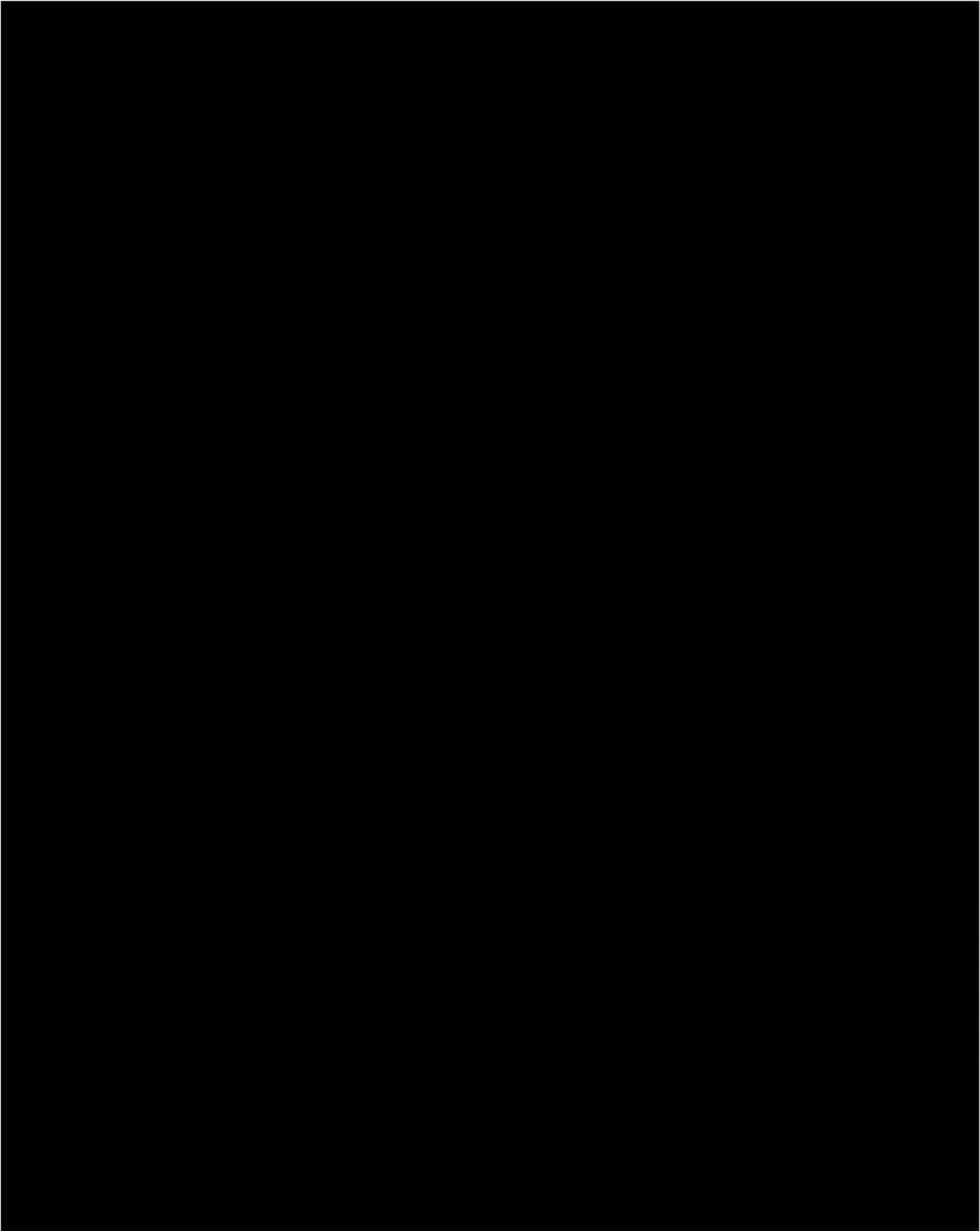
Inergy Midstream

US Salt

#57

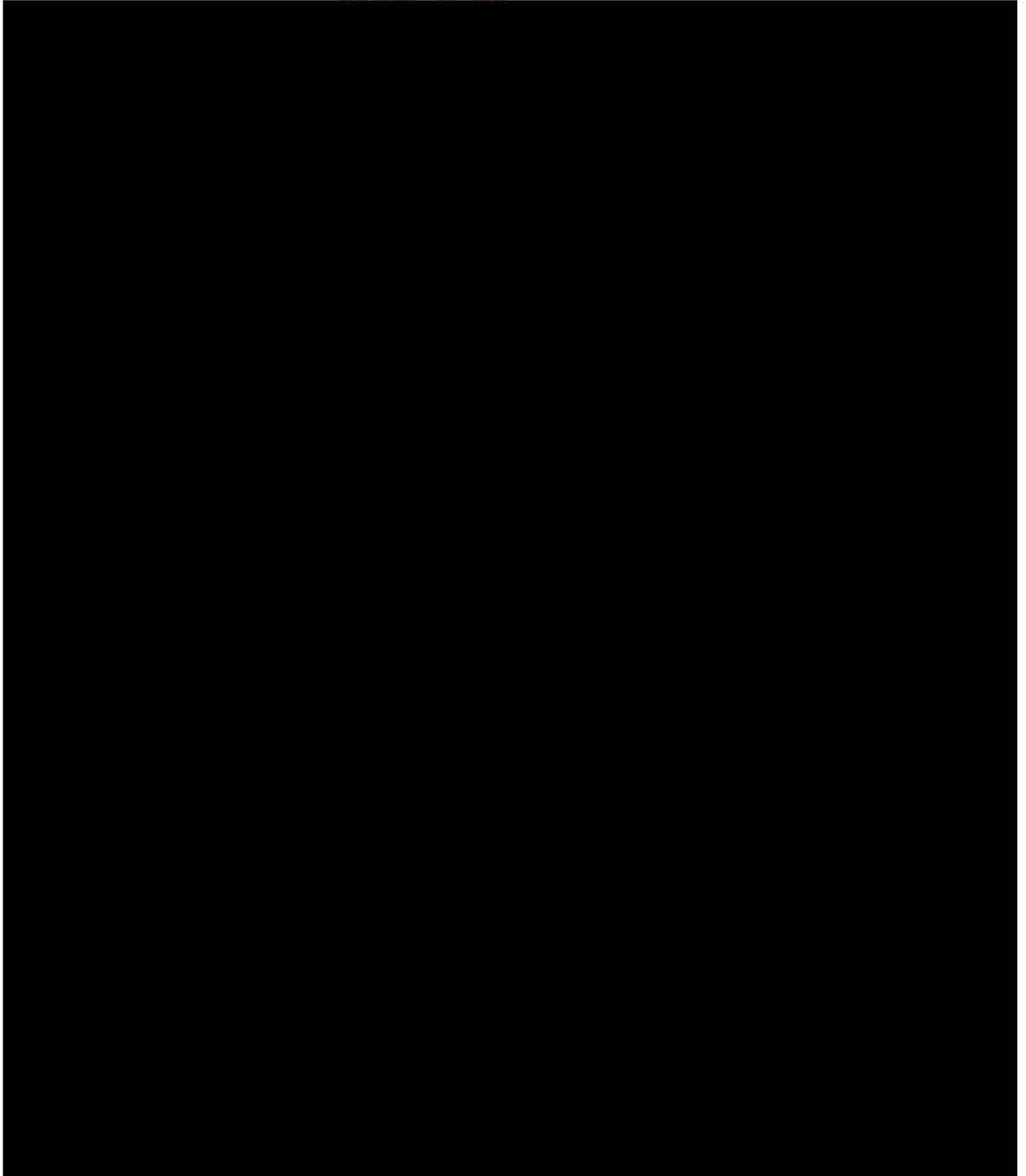


Baker Atlas



ENERGY MIDSTREAM

Well-# 57



PRINT OR TYPE IN BLACK INK



WELL DRILLING AND COMPLETION REPORT

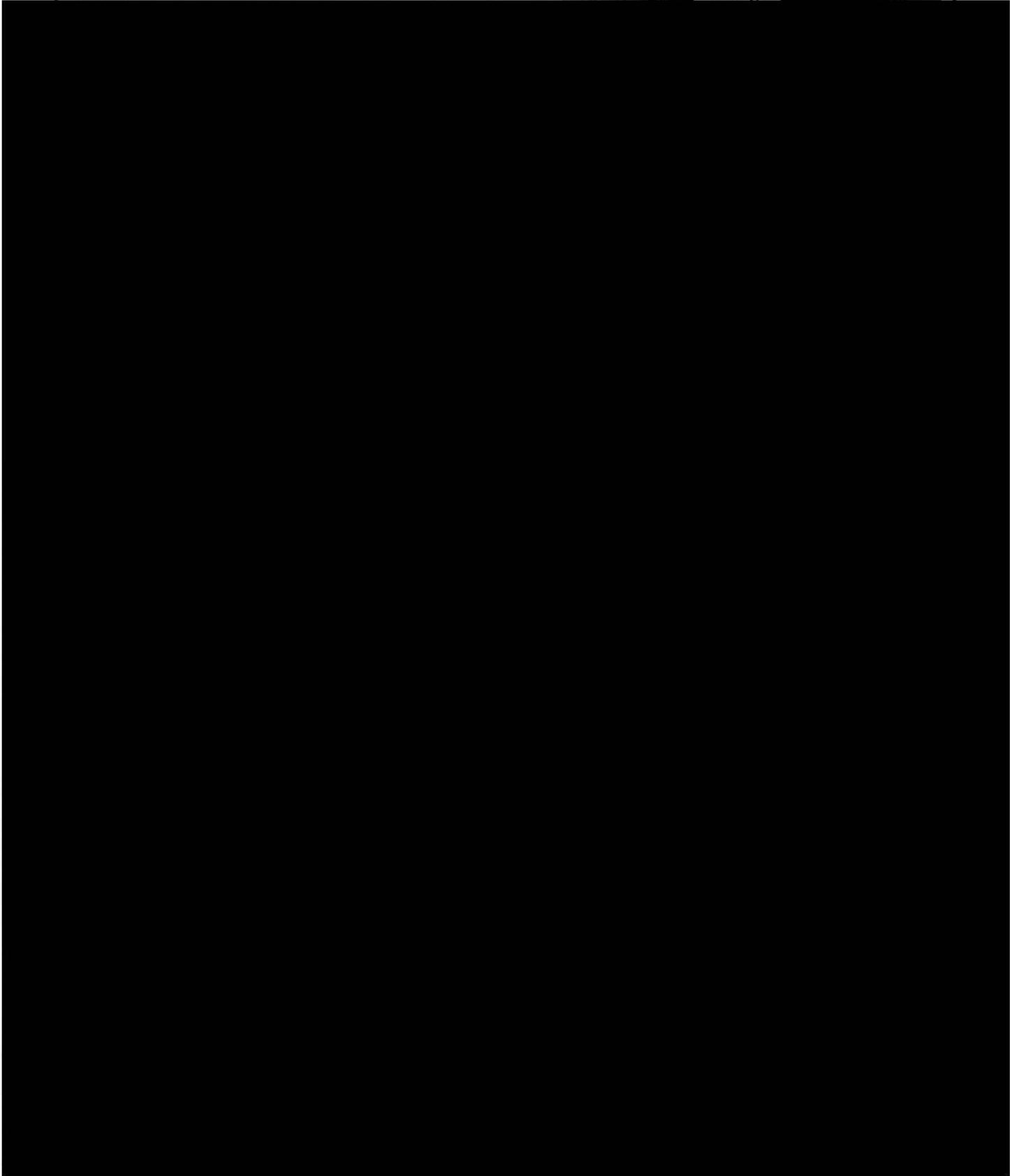
For instructions on completing this form, visit the Division's website at www.dec.ny.gov/energy/205.html or contact your local Regional office.

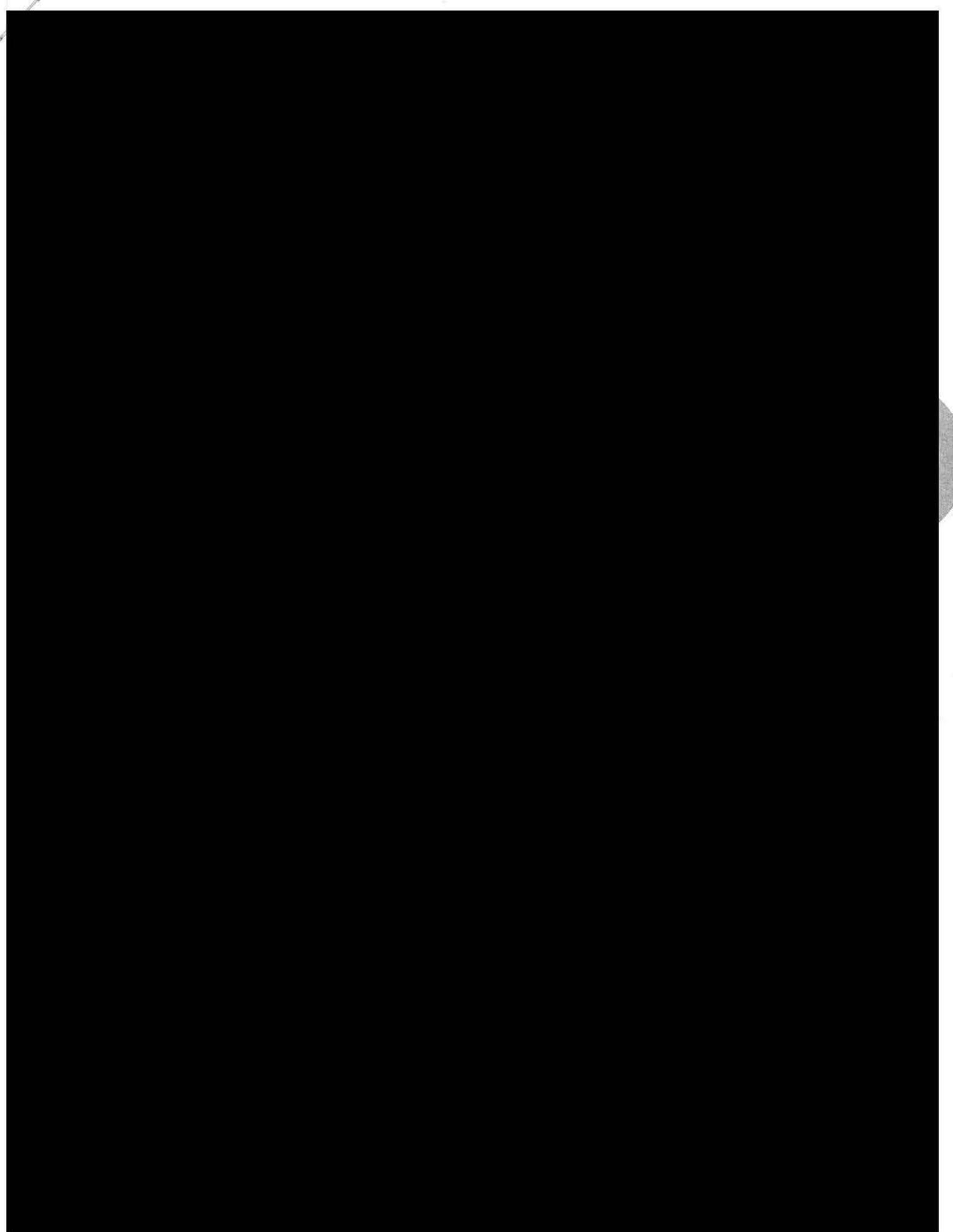
FOR DEPARTMENT USE ONLY

Reviewed by _____

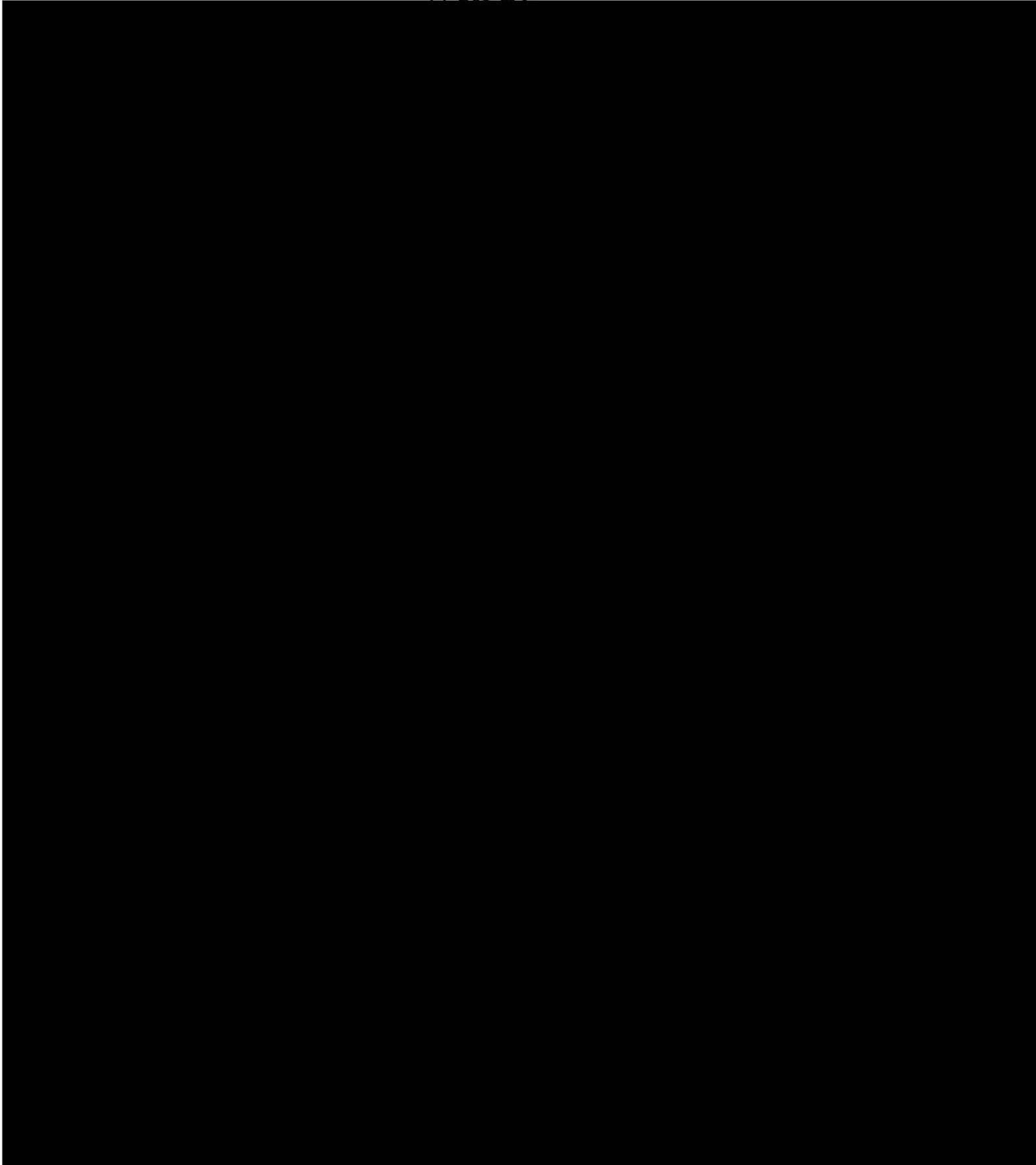
Date _____

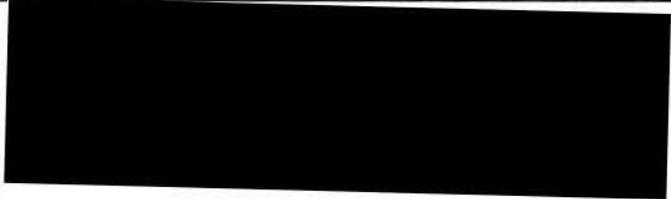
Well Type _____





Inergy Midstream Finger Lakes LLC.
Well 29





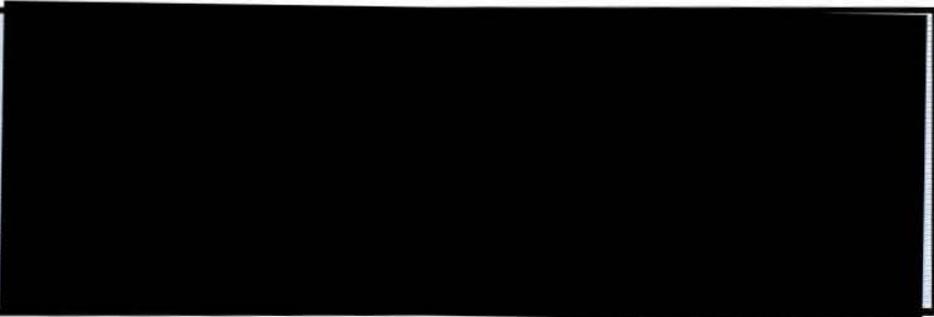
Baker Atlas

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	Well	<u># 29</u>		
	Field	<u>US Salt</u>		
	County	<u>Schuyler</u>	State	<u>New York</u>

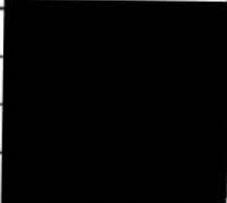
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Drill Measured From	<u>Kelly Bushing</u>			

Date	
Run	
Service Order	
Depth Driller	
Depth Logger	
Bottom Logged Interval	
Top Logged Interval	
Time Started	
Time Finished	
Operator Rig Time	
Type of Fluid in Hole	
Fluid Density	
Salinity	
Fluid Level	
Logged Cement Top	
Wellhead Pressure	
Maximum Hole Deviation	
Nominal Logging Speed	
Maximum Recorded Temperature	
Reference Log	
Reference Log Date	
Equipment No. Location	
Recorded By	
Witnessed By	

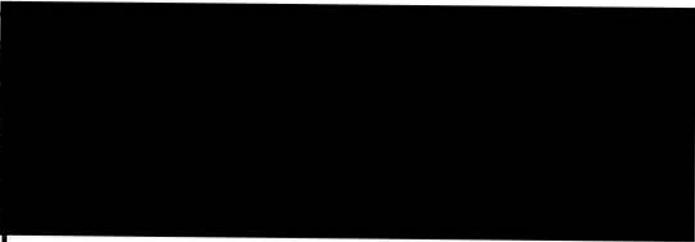


Company	Inergy Midstream		
Well	#29		
Field	US Salt		
County	Schyuler		
State	New York		
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Date	[Redacted]		
Service Order	[Redacted]		
Recorded by	[Redacted]		
Witnessed by	[Redacted]		
API Serial No.	[Redacted]		
Permanent Datum:	G.L.	Elevation: 605.000 ft.	Depth
Log Measured From:	G.L.	0.000 ft. above Perm. Datum	Btm. Log Interval
Drilling Measured From:	K.B.	0.000 ft. above Perm. Datum	Top Log Interval
			Fluid Type





Baker Atlas



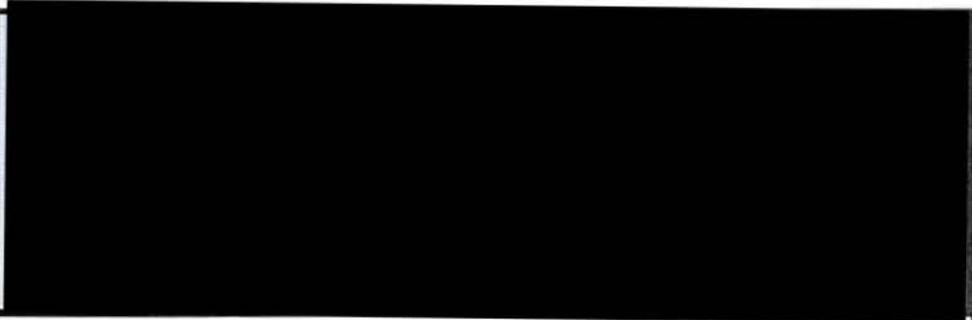
	Company	Inergy Midstream		
	Well	29		
	Field	US Salt Storage		
	County	Schuyler	State	New York

Thank You.	Location			
	Twp: Reading			
	SEC	N/A	TWP	RGE N/A

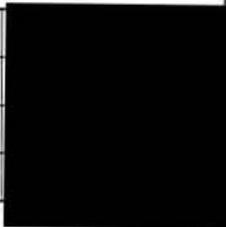
Permanent Datum	G.L.	Elevation	N/A	Elevations
Log Measured From	B.H.F.	1 ft	Above P. D.	KB N/A
Drill Measured From	Kelly Bushing			DF N/A
				GL N/A

Date	
Run	
Service Order	
Depth Driller	
Depth Logger	
Bottom Logged Interval	
Top Logged Interval	
Time Started	
Time Finished	
Operator Rig Time	
Type of Fluid in Hole	
Fluid Density	
Salinity	
Fluid Level	
Logged Cement Top	
Wellhead Pressure	
Maximum Hole Deviation	
Nominal Logging Speed	
Maximum Recorded Temperature	
Reference Log	
Reference Log Date	
Equipment No. Location	
Recorded By	
Witnessed By	





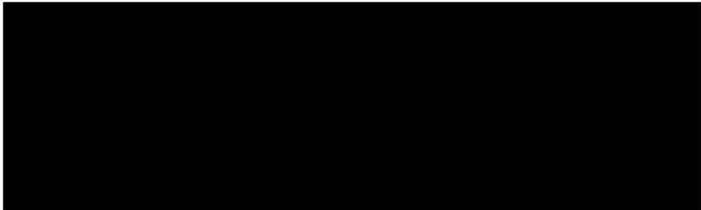
Company	Inergy Midstream		
Well	29		
Field	US Salt Storage		
County	Schuyler		
State	New York		
Location:			
Section	N/A	Township Reading	Range N/A
Date	[Redacted]		
Service Order	[Redacted]		
Recorded by	[Redacted]		
Witnessed by	[Redacted]		
API Serial No.	[Redacted]		
Permanent Datum:	N/A	Elevation:	0.000 ft.
Log Measured From:	B.H.F.	1.000 ft. above Perm. Datum	Depth
Drilling Measured From:	N/A	0.000 ft. above Perm. Datum	Btm. Log Interval
			Top Log Interval
			Fluid Type



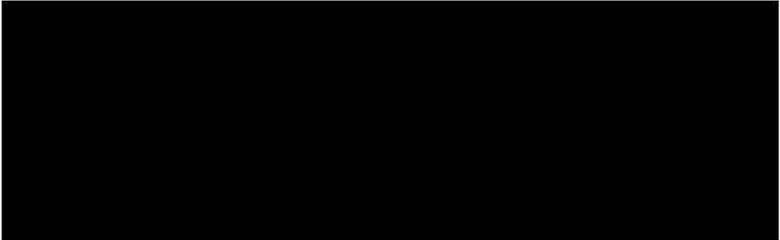


Conducted for:

Inergy Midstream
US Salt Storage
29 (5" CSG Section)



Baker Atlas

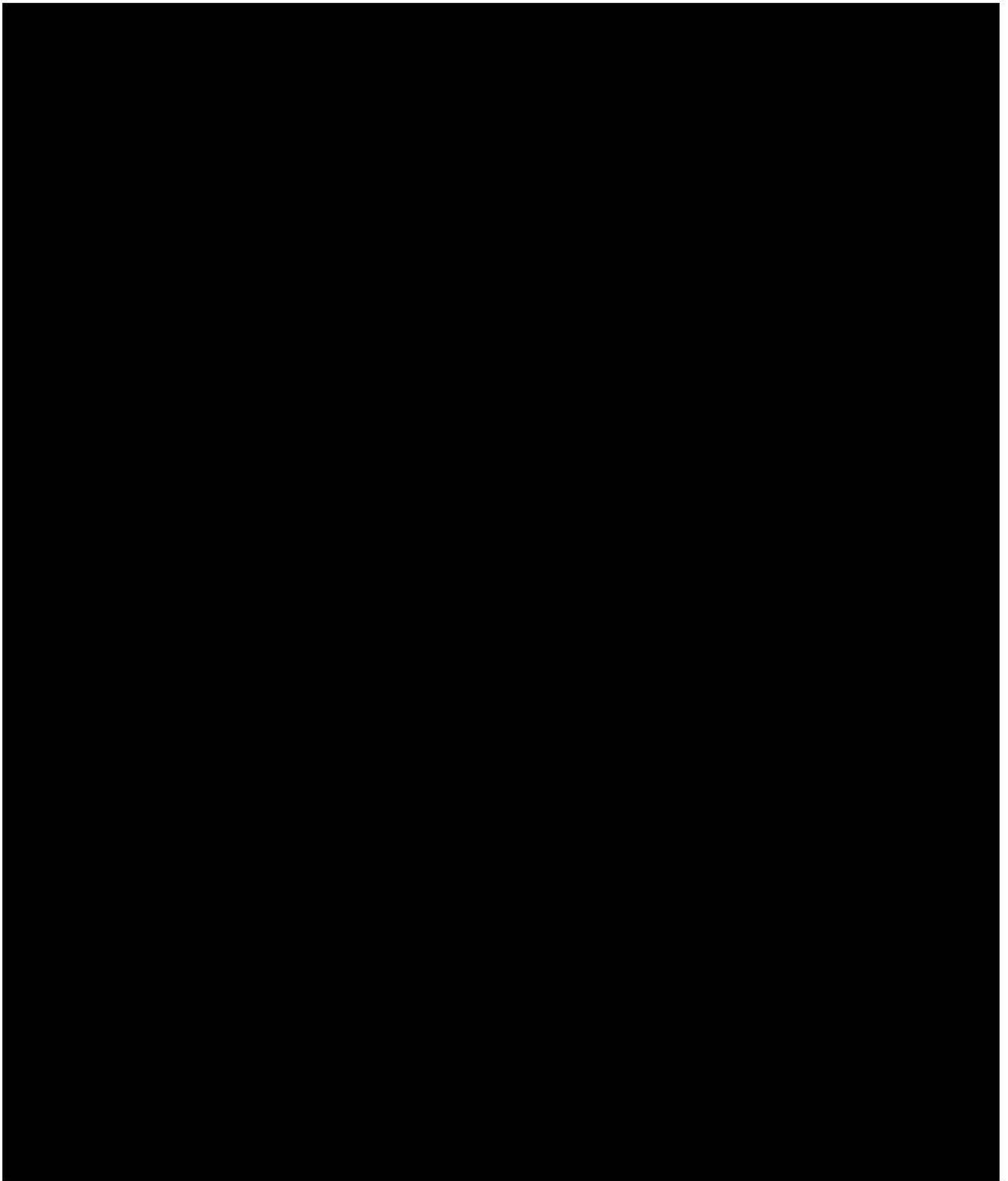


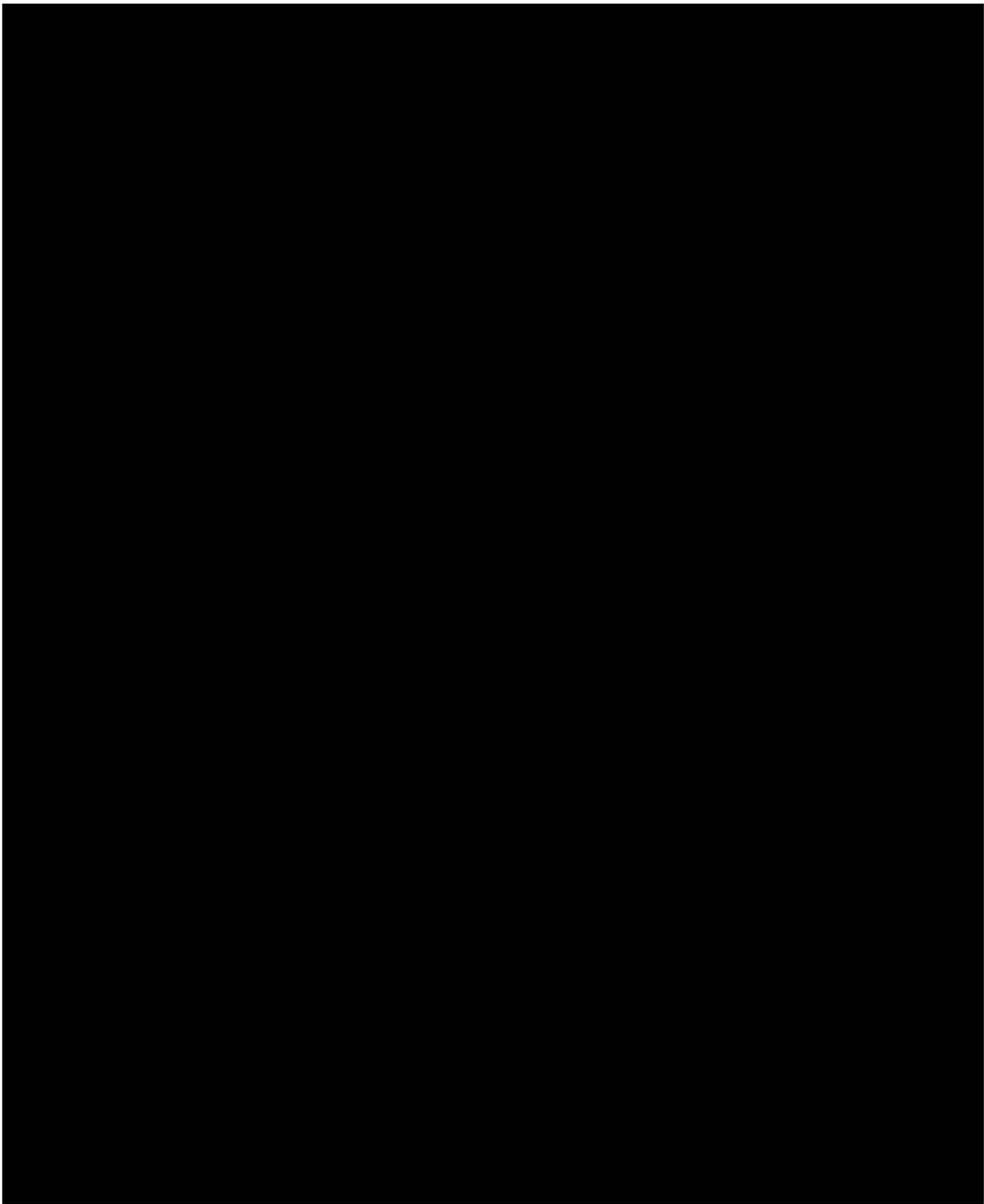
Conducted for:

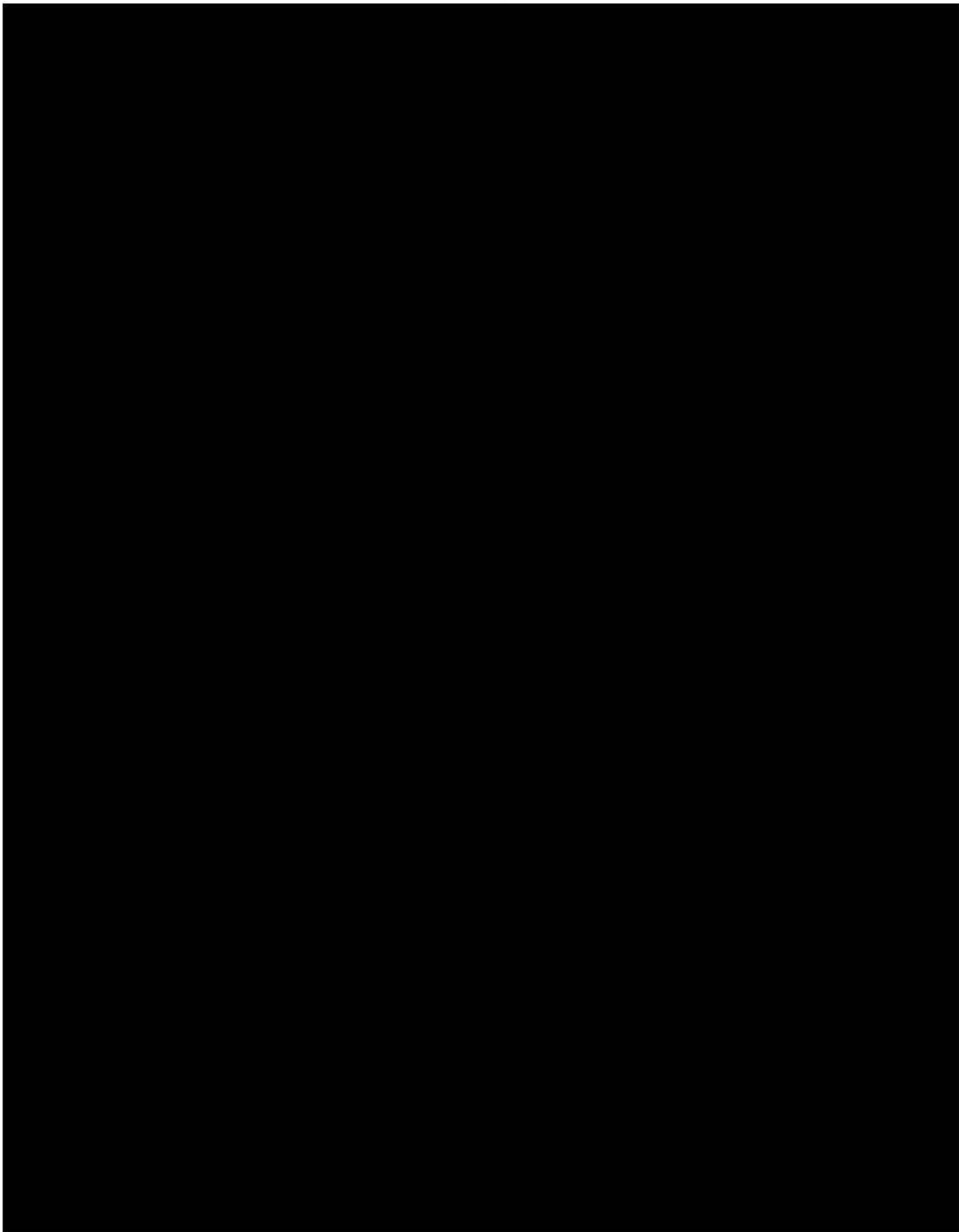
Inergy Midstream
US Salt
#29 8.625" CSG Survey



Baker Atlas









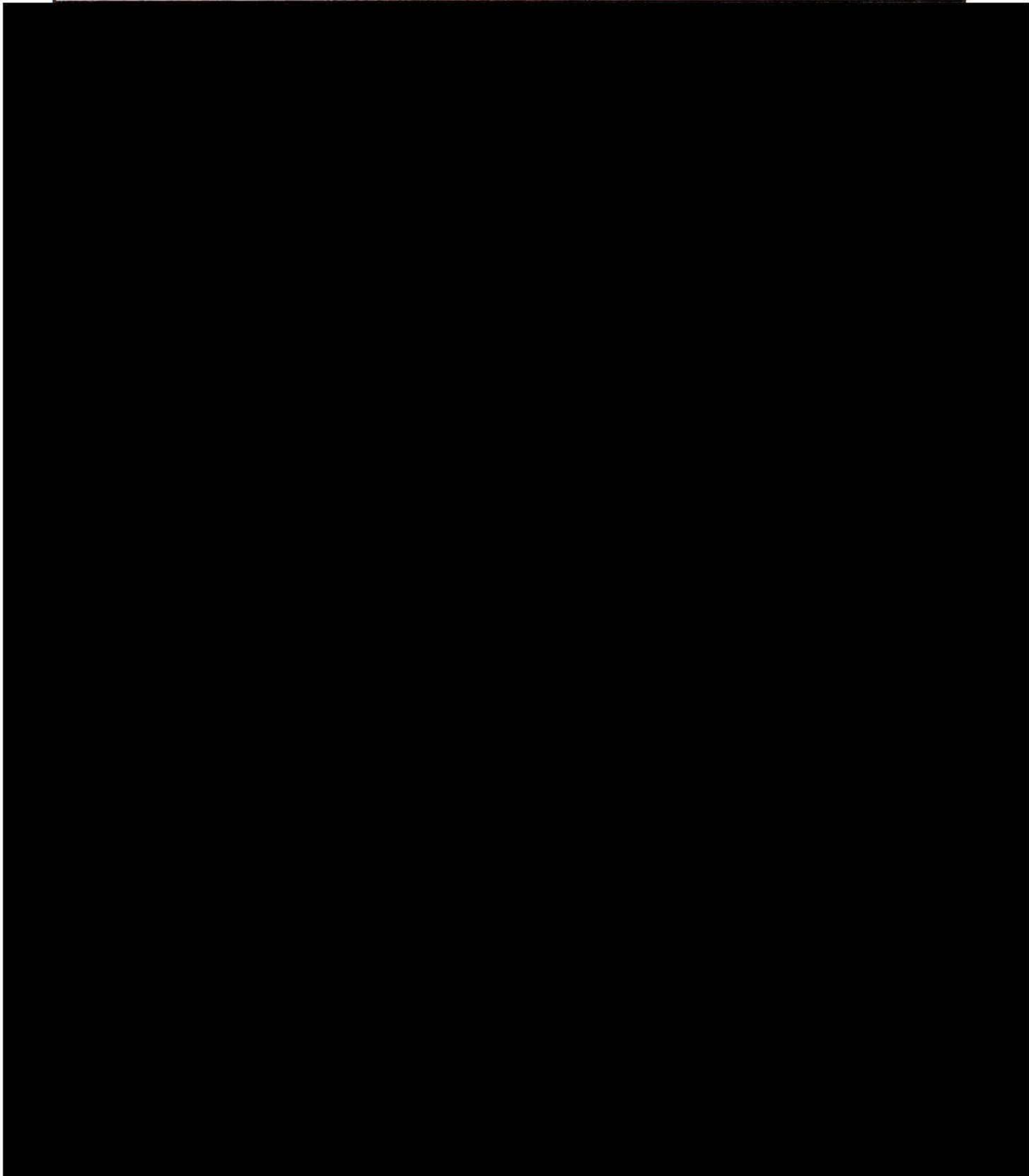
PRINT OR TYPE IN BLACK INK

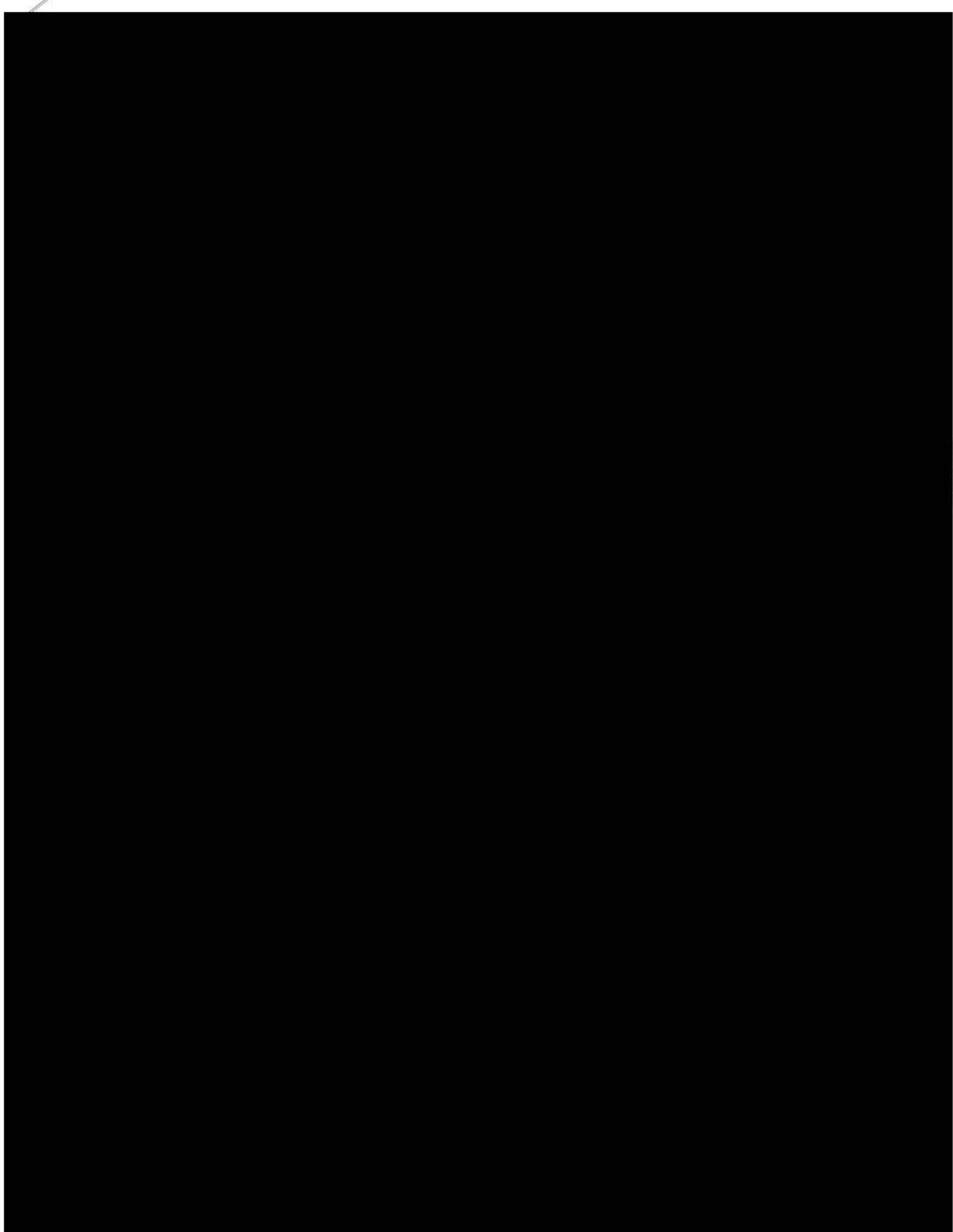
WELL DRILLING AND COMPLETION REPORT

For instructions on completing this form, visit the Division's website at www.dec.ny.gov/energy/205.html or contact your local Regional office.

FOR DEPARTMENT USE ONLY

Reviewed by _____ Date _____ Well Type _____







SOCON Sonar Well Services, Inc.

Well #18

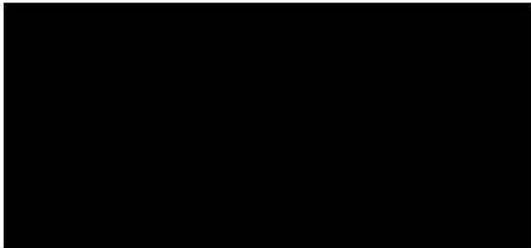


**Results of the Cavern Survey
By means of Echo-Sounding
In the cavern**

Well #18



**Customer: Inergy Midstream
Watkins Glen, New York**



Responsible for the survey:

Surveyor:	Richard Lawrence
Leadership:	Barry Moon
Interpreter:	Richard Lawrence
Control:	HL Van Metre



SOCON Sonar Well Services, Inc.

Well No: 29



**Results of the Cavern Survey
by means of Echo-Sounding
in the cavern**

Well No: 29



Customer:

Inergy Midstream

Watkins Glen, New York



Responsible for the survey:

Surveyor : Mr. Richard Lawrence
Leadership : Mr. Barry Moon
Interpreter : Mr. Richard Lawrence
Control : HL Van Metre



SOCON Sonar Well Services, Inc.

Well #57



Results of the Cavern Survey

By means of Echo-Sounding

In the cavern

Well #57



Customer:

Inergy Midstream

Watkins Glen, New York

Responsible for the survey:

Surveyor:	Richard Lawrence
Leadership:	Barry Moon
Interpreter:	Richard Lawrence
Control:	HL Van Metre

EXHIBIT D

**Proposed Long Term Pressure Test for International Gallery 10, Wells
18, 52, 57**

