

September 12, 2012

**VIA ELECTRONIC MAIL AND
FIRST CLASS MAIL**

David L. Bimber
Deputy Regional Permit Administrator
Division of Environmental Permits
New York State Department of
Environmental Conservation
Region 8
6274 East Avon-Lima Road
Avon, NY 14414-9519

Re: *Finger Lakes LPG Storage Project
DEC Facility No. 8-4432-00085*

Dear Mr. Bimber:

In your letter dated April 2, 2012, the Department requested information detailing how Finger Lakes' brine ponds would interact with the US Salt operations. In our letter dated July 18, 2012, we described the injection and withdrawal procedures Finger Lakes would follow, explained how the movement of brine would interact with US Salt's existing pond and manufacturing process, and indicated that Finger Lakes' operations would not impact US Salt's SPDES permit.

The enclosed diagrams are intended to help clarify our July submission. The diagrams illustrate US Salt's existing process flow and US Salt's anticipated process flow after Finger Lakes is placed into operation. The diagrams include explanatory notes to further assist the Department in its understanding of how the two facilities will interact.

Please note that that the only physical connection between US Salt's and Finger Lakes' operations will occur *via* their brine systems. There is no wastewater discharge associated with the proposed Finger Lakes operation. Importantly, brine from Finger Lakes' ponds is considered feedstock for the salt manufacturing process and is not a wastewater or a waste stream under any definition of these words, including the definition set forth in 6 NYCRR section 750-1.2(a)(95).

A careful review of each element of the definition of "facility expansion" under 6 NYCRR section 750-1.2(a)(35) also makes clear that none of these scenarios apply to US Salt as a result of the contemplated interaction between the two brine systems. For

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example, neither the provision of brine by Finger Lakes to US Salt, nor the provision of brine by US Salt to Finger Lakes, expands US Salt's manufacturing operations – and certainly not within the meaning of "facility expansion" under 6 NYCRR section 750-1.2(a)(35). Similarly, the interaction will not increase production or discharges in a manner that would be unauthorized under US Salt's SPDES permit.

With respect to operational coordination, US Salt's personnel (the Plant Manager, Environmental Manager or Manager of Engineering) and Finger Lakes' personnel (Operations Manager) will communicate and coordinate whenever injections or withdrawals are scheduled that will result in brine being sent to Finger Lakes from US Salt or *vice versa*. The communication will be done in person, telephonically or electronically, and will occur on an on-going and active basis as these operations continue.

Finally, with regard to monitoring devices of brine flow and levels, Finger Lakes' brine pond design and Engineer's Report addresses the measurement of brine in its ponds and how that will be accomplished. Brine levels in the US Salt pond are accomplished using a staff gauge and through visual observation.

Thank you.

Sincerely,

BOND, SCHOENECK & KING, PLLC

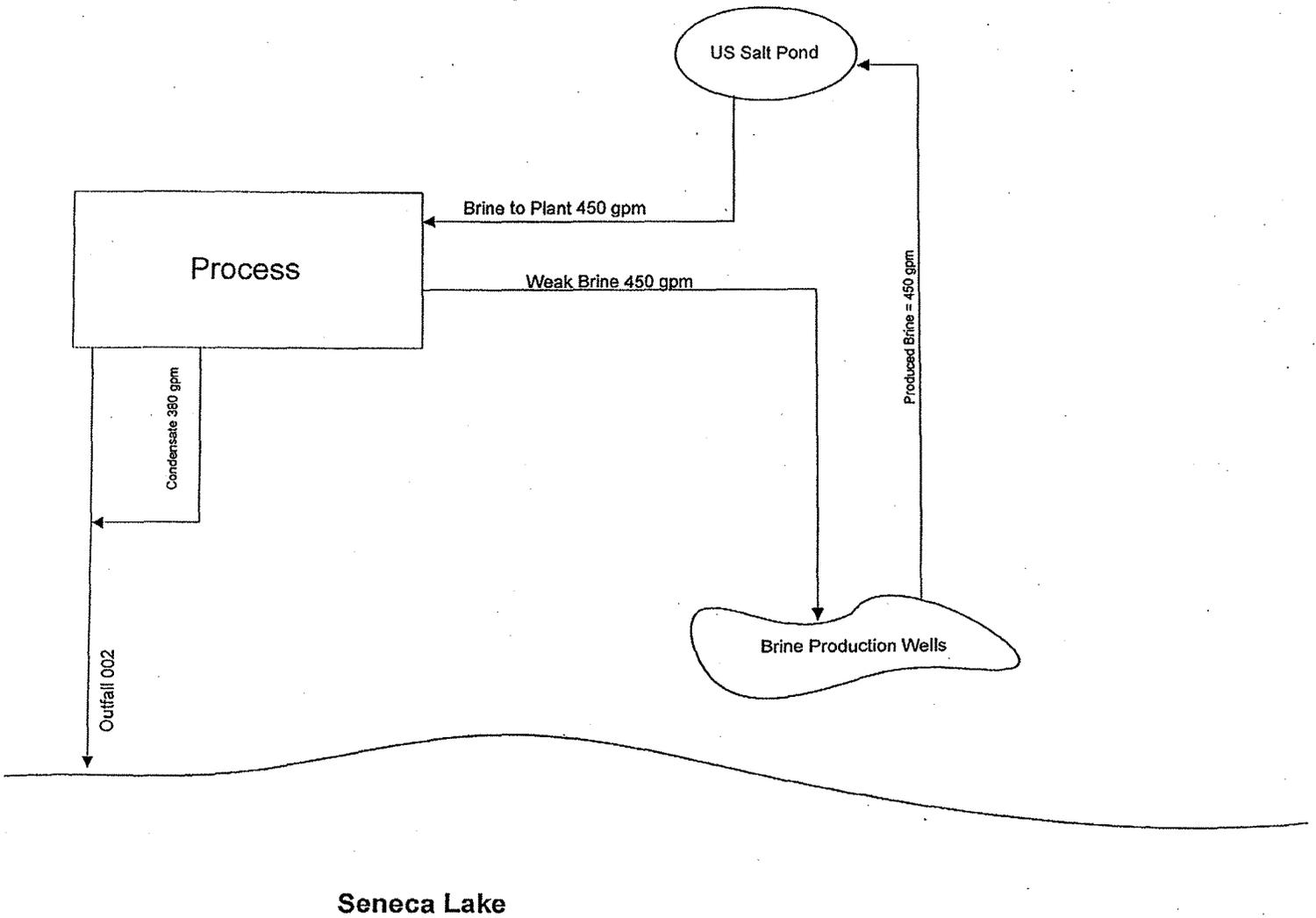


Kevin M. Bernstein

cc: Lisa Schwartz, Esq. (DEC)
Scott Sheeley (DEC)
Dixon Rollins, P.E. (DEC)
Barry Moon (Finger Lakes)
Frank Pastore/Robert Traver (US Salt)

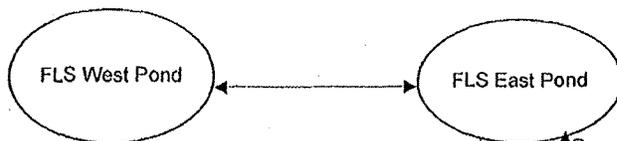
Existing Average Flows
Weak Brine = 450 gpm
Produced Brine = 450 gpm
Total Brine to Plant = 450 gpm
Condensate to Lake = 380 gpm

Total Vol @ US Salt = 1730 gpm



**US Salt LLC
Process Flow Diagram
Existing Average Flows**

August 2012



Propane Injection Season

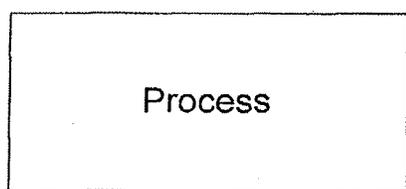
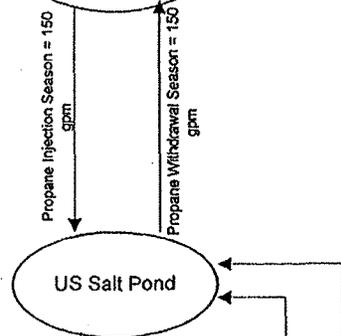
Weak Brine = 300 gpm
 Produced Brine = 300 gpm
 FLS Return Brine = 150 gpm
 FLS Supply Brine = 0 gpm
 Total Brine to Plant = 450 gpm
 Condensate to Lake = 530 gpm

Total Vol @ US Salt = 1730 gpm

Propane Withdrawal Season

Weak Brine = 600 gpm
 Produced Brine = 600 gpm
 FLS Return Brine = 0 gpm
 FLS Supply Brine = (- 150 gpm)
 Total Brine to Plant = 450 gpm
 Condensate to Lake = 230 gpm

Total Vol @ US Salt = 1730 gpm



Brine to Plant 450 gpm

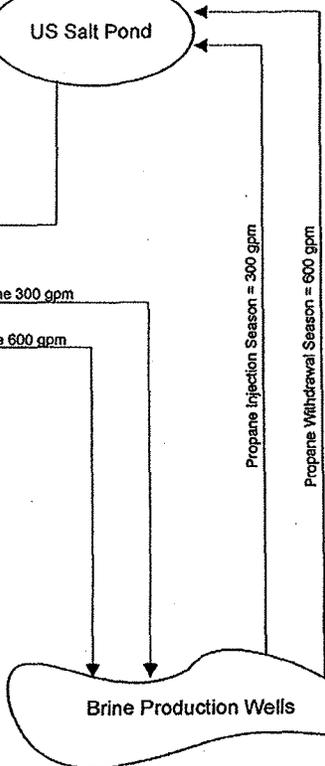
Propane Injection Season Weak Brine 300 gpm

Propane Withdrawal Season Weak Brine 600 gpm

Propane Withdrawal Season
 Condensate 230 gpm

Propane Injection Season
 Condensate 530 gpm

Outfall 002



Seneca Lake

**US Salt LLC and Finger Lakes
 Process Flow Diagram
 South Brinefield and Brine Ponds
 Propane Injection/Withdrawal**

August 2012

Notes to Finger Lakes/US Salt Schematic Drawing

Notes:

1. Injection season is generally from March-September and withdrawal season is generally from September-March.
2. Production from the South Brine Field does not use water from Seneca Lake to produce brine for production; undersaturated or weak brine at 300 gpm plus condensate at 150 gpm, total 450 gpm, is used to solution the wells to produce brine.
3. During the injection season, Finger Lakes will move 150 gpm of brine to the US Salt Pond. This will displace the 150 gpm of condensate added to the 300 gpm of weak brine so the total brine to the plant remains at 450 gpm. This will result in an increase of 150 gpm of condensate to Outfall 002 during the injection season.
4. During the withdrawal season, US Salt will move 600 gpm of brine from its production wells (instead of 450 today) to its pond by adding 300 gpm of condensate to the 300 gpm of weak brine for a total of 600 gpm. From there, 450 gpm will go to US Salt for production and 150 gpm will go to the Finger Lakes brine ponds. This will result in a reduction of 150 gpm of condensate to Outfall 002 during the withdrawal season.