

ENERGY INTERNATIONAL QUARTERLY



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Bobcat utilizes a gas pipeline to transport, compress, and inject natural gas into a salt cavern for storage.

Bobcat Natural Gas Storage

Offering natural-gas storage facilities that provide a buffer between supply and demand

AT A GLANCE

LOCATIONS:
HOUSTON, TX AND
PORT BARRE, LA

AREA OF SPECIALTY:
GAS-STORAGE
FACILITIES

EMPLOYEES:
33

CLIENTS:
NATURAL-GAS
PRODUCERS,
MARKETERS, LOCAL
DISTRIBUTORS, AND
LIQUEFIED-NATURAL-
GAS COMPANIES

BY CRISTINA ADAMS

OVER THE PAST SEVERAL YEARS, DEMAND for natural gas has soared across the United States. It is less expensive than heating oil and perceived to be a cleaner form of energy. As the supply is pumped up to meet that demand, producers, distributors, and marketers of natural gas must find a safe place to store it. But natural gas isn't like oil—you can't pour it into a barrel or stash it in a large-scale steel container. However, you can keep it underground in massive salt caverns, which is where Bobcat Natural Gas Storage comes in.

Paul Bieniawski, president and chief operating officer, says the easiest way to understand what the company does

is to think of it as a monthly rental storage facility, where people lease space to store things like furniture. "It's the same kind of concept," Bieniawski says. "But Bobcat operates a large underground warehouse where the 'value' we store is gas for our customers." Bobcat sells natural-gas storage services, both firm and interruptible, to a variety of customers, including natural-gas producers, marketers, and distributors, and liquefied-natural-gas companies, many of whom have a national presence. They can store their supply in Bobcat's facility and access it when they need to.

During the storage cycle, natural gas is

transported from pipelines, compressed, and injected into the salt cavern for storage. When it's time for a withdrawal, the gas is allowed to flow freely, without compression, from the cavern back into the pipeline. As Bieniawski points out, these kinds of storage services—easy deposit and immediate withdrawal—ensure that supply is always around to meet demand, whether during a normal seasonal shift, a weather event, or an unexpected change in market pricing. "Natural-gas storage has an important role in maintaining the reliability of supply," he says. "As a storage facility, we provide a buffer between supply and demand. Customers can use our facility to better manage their business."

Bobcat was founded in 2005 by Hadlington Ventures, LLC, an asset-management firm specializing in midstream investments. In 2007, GE Energy Financial Services joined the project as an equity partner. In the past three years, the company has drilled and solution-mined two underground salt-cavern wells—there are currently more than 30 in operation around the United States—approximately 3,900 feet below the Earth’s surface. Cavern 1 has been in commercial operation since November 2008, and Cavern 2 was slated to begin full commercial service in October 2009.

Bobcat has also constructed a compressor station, five interconnecting pipelines and meter stations, and a leaching plant, which essentially flushes fresh water from deep underground wells through the salt dome until enough salt is washed away to create a storage

space for the natural gas. The water that has been circulated out of the dome becomes briny and is injected into saltwater reservoirs some 6,000 feet underground.

The location of Bobcat’s facility has been critical to its success. While its corporate headquarters, along with 16 full-time employees, are in Houston, Texas, Bobcat’s remaining 17 full-time employees and its operations and construction center—the heart of its business—is in Port Barre, Louisiana. In Port Barre, Bobcat is within a stone’s throw of the Gulf of Mexico offshore supply, the Texas and Louisiana onshore supply, and the fabled Barnett Shale. Moreover, the firm can connect to five major interstate pipelines, allowing its customers easy access to consumers in five large natural-gas markets across the United States: the Northeast, the Midwest, the Mid-Atlantic, the Southeast, and Florida.

Bobcat’s seasoned management team, along with its years of industry experience, has also been a huge boon to the company. The citizens of Port Barre, many of whom make up its workforce, have also boosted the company. In an effort to give back to that community, Bobcat sponsors a number of local events, publishes a newsletter, and holds open houses to keep citizens informed on the project’s progress. Perhaps more significant is Bobcat’s Community Investment Fund, which was created specifically to fund Port Barre community projects.

For the future, Bobcat predicts on-going growth and expansion, which includes plans to add more storage capacity through the addition of new cavern wells. “Natural gas will continue to be the fuel of choice, and the demand for natural gas will continue to grow,” Bieniawski says. *EIQ*



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