



Janet Napolitano
Governor

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

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July 23, 2008

Dear Sirs:

Thank you for your letter dated June 5, 2008 regarding development of underground natural gas storage in Arizona. Director Owens has asked me to respond on his behalf. We understand the effort of your group to develop natural gas storage in Arizona for the four reasons stated in your letter, which would benefit energy utilities. Your letter provides little detail and no assurances about the direct benefit of additional natural gas storage to electricity and natural gas consumers in Arizona.

We understand the basic methodologies employed to develop salt cavern natural gas storage and to dispose of brine wastewater via aquifer injection which are described in your letter. In recent months, the Arizona Department of Environmental Quality (ADEQ) Water Quality Division has been presented two specific salt cavern development projects in two different areas of the state. Until those proposals were presented, ADEQ had not been a party to any discussion regarding new natural gas storage projects in Arizona nor do we have an APP application for such a project.

As you know, in 1986 the Arizona Legislature created the Aquifer Protection Permit (APP) program, a landmark state law designed to protect Arizona's aquifer for drinking water purposes.

Northern Regional Office
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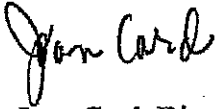
Southern Regional Office
400 West Congress Street • Suite 433 • Tucson, AZ 85701
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Mr. Bray, et al.

"All aquifers in this state identified and defined [by the Department of Water Resources] . . . shall be classified for drinking water protected use . . ." A.R.S. § 49-224(B). This important law recognized the value of Arizona's groundwater, in the face of limited water supplies to support existing and future uses, for the highest beneficial use of water, human consumption. ADEQ has implemented this law, in concert with the specific requirements in statute and rule for permitting the discharge of pollutants under the APP program for twenty years to prevent the intentional disposal of polluted wastewater in our aquifers. To date, ADEQ has not been presented with specific, compelling reasons that would justify a reversal of this longstanding water quality protection program.

We recognize that a dialog regarding this topic may be warranted. You may contact me directly at (602) 771-2306.

Sincerely,



Joan Card, Director
Water Quality Division