

## WARNING LETTER

### OVERNIGHT EXPRESS DELIVERY

November 19, 2018

Ms. Cheryl Campbell  
Senior Vice President  
Public Service Company of Colorado  
1800 Larimer St.  
Denver, CO 80202

CPF 1-2018-0006W

Dear Ms. Campbell:

From March 13 – 15, 2018, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected Public Service Company of Colorado's (Xcel) Asbury and Fruita Underground Natural Gas Storage (UGS) fields in Grand Junction, Colorado.

As a result of the inspection, it is alleged that you have committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations (CFR). The items inspected and the probable violations are:

**1. § 191.22 National Registry of Pipeline and LNG operators.**

**(a) ...**

**(c) Changes.** Each operator of a gas pipeline, gas pipeline facility, underground natural gas storage facility, LNG plant, or LNG facility must notify PHMSA electronically through the National Registry of Pipeline, Underground Natural Gas Storage Facility, and LNG Operators at <http://opsweb.phmsa.dot.gov> of certain events.

**(1) An operator must notify PHMSA of any of the following events not later than 60 days before the event occurs:**

**(iv) Construction of a new underground natural gas storage facility or the abandonment, drilling or well workover (including replacement of wellhead, tubing, or a new casing) of an injection, withdrawal, monitoring, or observation well for an**

**underground natural gas storage facility.**

Xcel failed to notify PHMSA in accordance with § 191.22(c)(1)(iv). Specifically, Xcel did not notify PHMSA when it installed new subsurface safety valves and packers in 2017.

**2. § 192.12 Underground natural gas storage facilities.**

(a) ...

**(d) Each underground natural gas storage facility that uses a depleted hydrocarbon reservoir or an aquifer reservoir for gas storage, including those constructed not later than July 18, 2017 must meet the operations, maintenance, integrity demonstration and verification, monitoring, threat and hazard identification, assessment, remediation, site security, emergency response and preparedness, and recordkeeping requirements and recommendations of API RP 1171, sections 8, 9, 10, and 11 (incorporated by reference, see § 192.7) by January 18, 2018.**

Xcel failed to monitor annular pressure, as directed by API RP 1171 Section 9.3.2, at 1 well at the Asbury UGS field.

API RP 1171, Section 9.3.2, states in part “The operator shall monitor for presence of annual gas by measuring and recording annular pressure and/or annular gas flow.”

During the field inspection at Asbury UGS field, PHMSA discovered that Xcel was unable to monitor the annular pressure at the surface casing at Well #9 due to not being able to locate the surface casing. Xcel stated that they excavated 6 feet but could not find any surface casing and concluded there may not be any surface casing. However, information found on the Colorado Oil and Gas Conservation Commission’s (COGCC) website showed there was surface casing but the surface casing may be deeper than excavated.

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$209,002 per violation per day the violation persists, up to a maximum of \$2,090,022 for a related series of violations. For violations occurring prior to November 2, 2015, the maximum penalty may not exceed \$200,000 per violation per day, with a maximum penalty not to exceed \$2,000,000 for a related series of violations. We have reviewed the circumstances and supporting documents involved in this case, and have decided not to conduct additional enforcement action or penalty assessment proceedings at this time. We advise you to correct the items identified in this letter. Failure to do so will result in Xcel being subject to additional enforcement action.

No reply to this letter is required. If you choose to reply, in your correspondence please refer to **CPF 1-2018-0006W**. Be advised that all material you submit in response to this enforcement action is subject to being made publicly available. If you believe that any portion of your responsive material qualifies for confidential treatment under 5 U.S.C. 552(b), along with the complete original document you must provide a second copy of the document with the portions you believe qualify for confidential treatment redacted and an explanation of why you believe the redacted information qualifies for confidential treatment under 5 U.S.C. 552(b).

Please note, the address for the PHMSA Eastern Region, Office of Pipeline Safety, has changed:

**PHMSA, Eastern Region, Office of Pipeline Safety  
840 Bear Tavern Road, Suite 300  
West Trenton, NJ 08628**

Please make a note of this new information in your records. If you have any questions, please contact us at 609-771-7800.

Sincerely,

Robert Burrough  
Director, Eastern Region  
Pipeline and Hazardous Materials Safety Administration