

## WARNING LETTER

### OVERNIGHT EXPRESS DELIVERY

May 23, 2019

Mr. Greg Bell  
General Manager  
Citizens Gas Utility District  
12519 Scott Hwy, PO Box 320  
Helenwood TN, 37755

**CPF 1-2019-0009W**

Dear Mr. Bell:

From December 11 through 13, 2018, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code (U.S.C.) inspected Citizens Gas Utility District's (CGUD) Indian Creek Underground Natural Gas Storage Field in Morgan County, TN.

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. § 192.12 Underground natural gas storage facilities.**

**(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.**



CGUD failed to meet the applicable requirements and recommendations of API RP 1171, Section 10. Specifically, CGUD did not have permanent weatherproof signs installed at the Indian Creek UGS Field at each well site for identification purposes, as required by API RP 1171, Section 10.4.1.

API RP 1171, Section 10.4.1, Minimum Signage Information, states in part:

Permanent weatherproof signage shall be installed at each well site for identification purposes.

During the field inspection at the Indian Creek UGS Field, PHMSA discovered that CGUD did not have permanent weatherproof signs installed at the following well sites:

- 674
- 714
- 821
- 770
- 780

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

**(e) Operators of underground gas storage facilities must establish and follow written procedures for operations, maintenance, and emergencies implementing the requirements of API RP 1170 and API RP 1171, as required under this section, including the effective dates as applicable, and incorporate such procedures into their written procedures for operations, maintenance, and emergencies established pursuant to § 192.605.**

CGUD failed to follow its written procedures for operations, maintenance, and emergencies implementing the requirements of API RP 1170 and API RP 1171. Specifically, CGUD failed to install proper signage at each well site at the Indian Creek UGS Field as required in CGUD’s UGS Compliance Plan, Section 5.4.

CGUD’s UGS Compliance Plan, Section 5.4, Signage, states in part:

Permanent weatherproof signage shall be installed at each well site for identification, and include:

- Storage facility name, well name, and/or identification number
- Operator name; and,
- Operator’s 24-hour emergency contact number.

During the field inspection at the Indian Creek UGS Field, PHMSA discovered that CGUD had signage that did not include some of the required elements installed at the following well sites:

- 601
- 643
- 698
- 684
- 1043

**3. § 192.12 Underground natural gas storage facilities.**

**(e) Operators of underground gas storage facilities must establish and follow written procedures for operations, maintenance, and emergencies implementing the requirements of API RP 1170 and API RP 1171, as required under this section, including the effective dates as applicable, and incorporate such procedures into their written procedures for operations, maintenance, and emergencies established pursuant to § 192.605.**

CGUD failed to follow its written procedures for operations, maintenance, and emergencies implementing the requirements of API RP 1170 and API RP 1171. Specifically, CGUD failed to include all wells into the integrity program as required in CGUD's UGS-01, Section 5.4.1.

CGUD's UGS-01, Section 5.4.1 Plugged Wells, and Other Active Wells stated, in part:

Plugged and other active wells must be included in the integrity program and include all other wells within the Indian Creek Field. .... These plugged and other wells will be inspected at least annually, and inspections documented.

CGUD stated that not all plugged and active wells within the Indian Creek Field had been identified at the time of the inspection. During the field inspection, a well with a 7466 sticker on the wellhead was identified as one of the wells that was not yet included in the integrity program.

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$213,268 per violation per day the violation persists, up to a maximum of \$2,132,679 for a related series of violations. For violation occurring on or after November 2, 2015 and before November 27, 2018, the maximum penalty may not exceed \$209,002 per violation per day, with a maximum penalty not to exceed \$2,090,022. 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 item(s) identified in this letter. Failure to do so will result in Citizens Gas Utility District being subject to additional enforcement action.

Please 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).

No reply to this letter is required. If you choose to reply, please submit all correspondence in this matter to Robert Burrough, Director, PHMSA Eastern Region, 840 Bear Tavern Road, Suite 300, West Trenton, NJ 08628. Please refer to **CPF 1-2019-0009W** on each document you submit, and whenever possible provide a signed PDF copy in electronic format. Smaller files may be emailed to [robert.burrough@dot.gov](mailto:robert.burrough@dot.gov). Larger files should be sent on USB flash drive accompanied by the original paper copy to the Eastern Region Office.

Sincerely,

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