U.S. Department
of Transportation

**Pipeline and
Hazardous Materials
Safety Administration**

840 Bear Tavern Road, Suite 300
West Trenton, NJ 08628
609.771.7800

WARNING LETTER

OVERNIGHT EXPRESS DELIVERY

July 22, 2019

Mr. Royce Ramsay
Vice President, Operations
Northern Natural Gas Company
1111 South 103rd Street
Omaha, NE 68124

CPF 1-2019-1013W

Dear Mr. Ramsay:

On May 15-17, 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 Northern Natural Gas Company's (NNG) Redfield Underground Storage Facility (UGS) in Redfield, IA.

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

NNG failed to meet the monitoring requirements of API RP 1171, section 9. Specifically, NNG failed to evaluate each annular gas occurrence that exceeded operator-defined threshold levels determined from well integrity evaluation and from risk assessment, as directed by API RP 1171, Section 9.3.2.

Section 9.3.2 of API RP 1171, Well Integrity Monitoring, states in part:

> The operator shall evaluate each annular gas occurrence that exceeds operator- or regulatory-defined threshold levels determined from well integrity evaluation and from risk assessment.

NNG's Procedure 6.15.1, Annulus Pressure Monitoring, required a follow-up for 10 psi and greater annular pressure changes recorded during monthly readings.

NNG's Procedure OI-003, Annulus Pressure Recording, dated 4/28/16 (OI-003), stated in part:

> 6.5.4 The storage field will evaluate each occurrence that exceeds the established threshold levels determined from well integrity evaluation and from risk assessment. The operator should test wellhead seals when annulus pressure is detected and where injectable packing and/or test ports are present.
>
> 6.5.5 The storage field will prepare a monthly report to Pipeline Safety with the past two monthly pressure readings per well with an assessment on whether the pressure readings exceed defined threshold levels and if a threshold was exceeded, actions taken or being taken to address. The report will be stored in P8.

During the field inspection at Redfield UGS facility, the PHMSA inspector reviewed records of NNG's annular gas monitoring. The records demonstrated that NNG had not evaluated each annular gas occurrence that exceeded its established threshold of 10 psi and greater changes during monthly monitoring, as required in NNG's Procedure 6.15.1 and OI-003 Sections 6.5.4-6.5.5.

Therefore, NNG failed to meet the monitoring requirements of API RP 1171, section 9.

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 Northern Natural Gas Company 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 1-2019-1013W** 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. 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