

WARNING LETTER

OVERNIGHT EXPRESS DELIVERY

March 27, 2020

Mr. Richard Keyser
Senior Vice President of Operations
Gulf South Pipeline Company, LLC
9 Greenway Plaza, Suite 2800
Houston, TX 77046

CPF 1-2020-1008W

Dear Mr. Keyser:

From August 13 – 15 and September 10 – 12, 2019, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code (U.S.C.), inspected Gulf South Pipeline Company, LLC's (GSP) Petal and Lake Bistineau underground natural gas storage facilities in Forrest County, Mississippi and Bienville County, Louisiana.

As a result of the inspections, 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.**
 - (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, 2018.¹**

¹ The final rule, Pipeline Safety: Safety of Underground Natural Gas Storage Facilities, 85 FR 8104 (February 12, 2020), revised § 192.12. This requirement is still present but is now contained in § 192.12(b)(2).

GSP's failed to meet the requirements of API RP 1171 Section 9. Specifically, GSP failed to request third-party well integrity evaluation data, as required by API RP 1171, Section 9.3.1 Well Integrity Evaluation (Section 9.3.1).

Section 9.3.1 states in part:

The operator shall evaluate the mechanical integrity of each active well, including each third-party well, that penetrates the storage reservoir and buffer zone or areas influenced by storage operations.

Well integrity evaluation methods typically used by operators include but are not limited to review of design, completion, and well work records, wellhead and downhole inspection, well pressure monitoring and testing, and gas sampling.

The operator shall request well integrity evaluation data from third-party well owner/operators following the frequency established using conclusions from the risk assessment.

Active well mechanical integrity evaluations shall include initial and subsequent evaluations as determined using the risk assessment and the information derived from the initial evaluation:

During the inspection of the Lake Bistineau storage facility, GSP was asked to provide records showing that they had requested third-party well integrity information. GSP could not provide any records documenting that they requested this information. Therefore, GSP failed to meet the requirements of Section 9.3.1.

2. § 192.12 Underground natural gas storage facilities.

(a)

(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 § 192.605.²

GSP failed to follow its written procedures for operations, maintenance and emergencies implementing the requirements of API RP 1170. Specifically, GSP failed to follow its Storage Integrity Procedures requirement that all emergency shutdown devices (ESD) be installed at or very near the manual valves, in accordance with API RP 1170, Section 9.2.2 ESD Equipment (Section 9.2.2).

Section 9.2.2 states in part:

Each outlet shall have an Emergency Shutdown (ESD) Valve installed at or very near the manual valves (wing valves). These valves should be part of an ESD system that automatically shut in the cavern in the event of an emergency.

An instrument flange may be used between the wing valve and ESD valve to gather real-time pressure data when the cavern is not in use. The flange shall be rated for the same pressure as the valves (see 6.4.11 and 8.4.1).

² This requirement is still present but is now contained in § 192.12(c).

At the time of the field inspection in GSP's Petal Storage, it was observed that the ESD on Cavern 7 was installed approximately 20 feet from the manual valve. Therefore, GSP failed to follow its written procedures for implementing the requirements of Section 9.2.2.

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 Gulf South Pipeline Company, LLC 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 1-2020-1008W** 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