

WARNING LETTER

VIA ELECTRONIC MAIL TO: mick.rafter@tallgrassenergyllp.com

March 5, 2021

Mick Rafter
Sr. VP Engineering & Operations
Tallgrass Interstate Gas Transmission, LLC
370 Van Gordon St
Lakewood, CO 80228

CPF 1-2021-015-WL

Dear Mr. Rafter:

On July 21-23 and August 10, 2020, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code (U.S.C.) inspected Tallgrass Interstate Gas Transmission, LLC's (Tallgrass) Huntsman Gas Storage field in Cheyenne County, Nebraska.

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.**
 - (a) ...
 - (b) *Depleted hydrocarbon and aquifer reservoir UNGSFs.*
 - (1) ...
 - (2) **Each UNGSF that uses a depleted hydrocarbon reservoir or an aquifer reservoir for natural gas storage and was constructed on or before July 18, 2017, must meet the provisions of API RP 1171 (incorporated by reference, see § 192.7), sections 8, 9, 10, and 11, and paragraph (c) of this section, by January 18, 2018, and must meet all provisions of paragraph (d) of this section by March 13, 2021.**

Tallgrass failed to meet the provisions of API RP 1171, Section 8. Specifically, Tallgrass failed to

include potential threats and hazards impacting the reservoir in its risk management model in accordance with API RP 1171, Section 8.4.2 (Section 8.4.2).

Section 8.4.2 states in part, “The operator shall evaluate the potential threats and hazards impacting storage wells and reservoirs.”

During the inspection, Tallgrass reported that potential threats and hazards impacting the reservoir had not been incorporated into the risk management model. Tallgrass stated that they planned to add threats to the reservoir from plugged and abandoned wells and 3rd party wells within the reservoir boundary to their risk model in the fourth quarter of 2020. Therefore, Tallgrass failed to meet the provisions of Section 8.4.2.

2. §192.12 Underground natural gas storage facilities.

(a) ...

(b) *Depleted hydrocarbon and aquifer reservoir UNGSFs.*

(1) ...

(2) Each UNGSF that uses a depleted hydrocarbon reservoir or an aquifer reservoir for natural gas storage and was constructed on or before July 18, 2017, must meet the provisions of API RP 1171 (incorporated by reference, see § 192.7), sections 8, 9, 10, and 11, and paragraph (c) of this section, by January 18, 2018, and must meet all provisions of paragraph (d) of this section by March 13, 2021.

Tallgrass failed to meet the provisions of API RP 1171, Section 11. Specifically, Tallgrass failed to notify and train operating personnel whenever changes were made to the operating procedures in accordance with API RP 1171, Section 11.12.2 (Section 11.12.2).

Section 11.12.2 states in part:

Whenever changes are made to the operating procedures specified in 11.3, operating personnel shall be notified and trained as necessary in the changes and training documented before operating storage wells and reservoirs.

During the inspection, which occurred the week of July 21, 2020, Tallgrass was not able to provide records showing that operating personnel were notified and trained on the changes to operating procedures resulting from its new Gas Storage Integrity Monitoring Plan (GSIMP). It was also noted that the GSIMP presented was dated 08-01-2020, but Tallgrass stated that it was in effect at the time of the inspection. Therefore, Tallgrass failed to meet the provisions of Section 11.12.2.

3. §192.12 Underground natural gas storage facilities.

(a) ...

(b) *Depleted hydrocarbon and aquifer reservoir UNGSFs.*

(1) ...

(2) Each UNGSF that uses a depleted hydrocarbon reservoir or an aquifer reservoir for natural gas storage and was constructed on or before July 18, 2017, must meet the provisions of API RP 1171 (incorporated by reference, see § 192.7), sections 8, 9, 10, and 11, and

paragraph (c) of this section, by January 18, 2018, and must meet all provisions of paragraph (d) of this section by March 13, 2021.

Tallgrass failed to meet the provisions of API RP 1171, Section 8. Specifically, Tallgrass failed to review its risk assessment results in accordance with API RP 1171, Section 8.5.2 (Section 8.5.2).

Section 8.5.2 states in part:

The operator shall review the results of the risk assessment to determine whether the risk assessment, resulting prioritization, or ranking represents its facilities and characterizes the risks.

During the inspection, Tallgrass was not able to provide records that the risk assessment results were reviewed to determine whether the risk assessment, resulting prioritization, or ranking represented its facilities and characterized the risks. Therefore, Tallgrass failed to meet the provisions of Section 8.5.2.

4. §192.12 Underground natural gas storage facilities.

(a) ...

(b) *Depleted hydrocarbon and aquifer reservoir UNGSFs.*

(1) ...

(2) Each UNGSF that uses a depleted hydrocarbon reservoir or an aquifer reservoir for natural gas storage and was constructed on or before July 18, 2017, must meet the provisions of API RP 1171 (incorporated by reference, see § 192.7), sections 8, 9, 10, and 11, and paragraph (c) of this section, by January 18, 2018, and must meet all provisions of paragraph (d) of this section by March 13, 2021.

Tallgrass failed to meet the provisions of API RP 1171, Section 9. Specifically, Tallgrass failed to evaluate the mechanical integrity of each active third-party well that penetrated the storage reservoir and buffer zone or areas influenced by storage operations in accordance with API RP 1171, Section 9.3.1 (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.

During the inspection, Tallgrass reported that they had not completed the evaluation of each active third-party well that penetrated its storage reservoir and buffer zone or areas influenced by its storage operations. Therefore, Tallgrass failed to meet the provisions of Section 9.3.1.

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$222,504 per violation per day the violation persists, up to a maximum of \$2,225,034 for a related series of violations. For violation occurring on or after July 31, 2019 and before January 11, 2021, the maximum penalty may not exceed \$218,647 per violation per day the violation persists, up to

a maximum of \$2,186,465 for a related series of violations. For violation occurring on or after November 27, 2018 and before July 31, 2019, the maximum penalty may not exceed \$213,268 per violation per day, with a maximum penalty not to exceed \$2,132,679. 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.

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 Tallgrass Interstate Gas Transmission, LLC 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 1-2021-015-WL**. 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).

Sincerely,

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