

## WARNING LETTER

### OVERNIGHT EXPRESS DELIVERY

December 10, 2021

Mr. Glenn Jennings  
President  
Delta Natural Gas Company Inc.  
3617 Lexington Road  
Winchester, Kentucky 40391

CPF 1-2021-070-WL

Dear Mr. Jennings:

From March 22, 2021 to March 26, 2021, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code (U.S.C.) inspected Delta Natural Gas Company Inc.'s (DNG) records and well sites for its Canada Mountain Storage, located in Bell County, Kentucky.

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.**

DNG's records were insufficient to demonstrate compliance with the provisions of API RP 1171, Section 9. Specifically, DNG records do not demonstrate that the operation of the master valve and wellhead pipeline isolation valve, for proper function and ability to isolate the well, is being tested at least annually in accordance with API RP 1171 Section 9.3.2

Section 9.3.2 states in part that “The operator shall test the operation of the master valve and wellhead pipeline isolation valve at least annually for proper function and ability to isolate the well.”

During the inspection, PHMSA reviewed DNG’s records of annual wellhead valve operation, which were documented on its “Facility and Well Inspection Form 670”. However, these records of well inspection did not specify which valves were operated; namely the master valve, isolation valve, or any other valve on the wellhead.

Therefore, DNG’s documentation was insufficient to demonstrate compliance with the provisions of Section 9.3.2.

**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.**

DNG failed to meet the provisions of API RP 1171, Section 10. DNG’s wellsite signage did not include all required signage elements specified by API RP 1171, Section 10.4.1 (Section 10.4.1).

Section 10.4.1 states:

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

Signage should contain the following information, at a minimum:

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

During the well site inspection, PHMSA observed DNG’s signage at various well sites. The well site signage did not include the storage facility name, well name, and/or identification number. All signage was located at the well head and could not be seen from a safe distance in the event of a blowout or fire.

Therefore, DNG failed to meet the provisions of Section 10.4.1.

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$225,134 per violation per day the violation persists, up to a maximum of \$2,251,334 for a related series of violations. For violation occurring on or after January 11, 2021 and before May 3, 2021, the maximum penalty may not 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 items identified in this letter. Failure to do so will result in Delta Natural Gas Company 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 1-2021-070-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, Office of Pipeline Safety  
Pipeline and Hazardous Materials Safety Administration