

NOTICE OF AMENDMENT

VIA ELECTRONIC MAIL TO: gjennings@deltagas.com

December 29, 2021

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

CPF 1-2021-071-NOA

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) procedures for its Canada Mountain Storage Field, located in Bell County, Kentucky.

On the basis of the inspection, PHMSA has identified the apparent inadequacy found within DNG's procedures, as described below:

1. § 192.12 Underground natural gas storage facilities.

(a) ...

(c) *Procedural manuals.* Each operator of a UNGSF must prepare and follow for each facility one or more manuals of written procedures for conducting operations, maintenance, and emergency preparedness and response activities under paragraphs (a) and (b) of this section. Each operator must keep records necessary to administer such procedures and review and update these manuals at intervals not exceeding 15 months, but at least once each calendar year. Each operator must keep the appropriate parts of these manuals accessible at locations where UNGSF work is being performed. Each operator must have written procedures in place before commencing operations or beginning an activity not yet implemented.

DNG's written procedures for conducting operations and maintenance activities were inadequate to ensure safe operation of a pipeline facility. Specifically, DNG's written procedures did not describe the process for evaluating each annular gas occurrence that exceeds operator- or regulatory-defined threshold levels in accordance with API RP 1171, Section 9.3.2 (Section 9.3.2).¹

During the inspection, PHMSA requested DNG's procedures for evaluating annular gas occurrences that exceed operator- or regulatory-defined thresholds. DNG's *Storage Field Integrity Management Plan* (SFIMP) was presented. The SFIMP discussed monitoring, recording, and venting excessive pressure buildup in the annulus of wells. However, the SFIMP did not describe the process for evaluating each annular gas occurrence exceeding operator- or regulatory-defined threshold levels.

Therefore, DNG's written procedures, required by § 192.12(c), were inadequate. DNG must revise its procedures to address the evaluation process for wells exceeding annular threshold limits.

Response to this Notice

This Notice is provided pursuant to 49 U.S.C. § 60108(a) and 49 C.F.R. § 190.206. Enclosed as part of this Notice is a document entitled Response Options for Pipeline Operators in Enforcement Proceedings.

Please refer to this document and note the response options. 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).

Following the receipt of this Notice, you have 30 days to submit written comments, revised procedures, or a request for a hearing under §190.211. If you do not respond within 30 days of receipt of this Notice, this constitutes a waiver of your right to contest the allegations in this Notice and authorizes the Associate Administrator for Pipeline Safety to find facts as alleged in this Notice without further notice to you and to issue an Order Directing Amendment. If your plans or procedures are found inadequate as alleged in this Notice, you may be ordered to amend your plans or procedures to correct the inadequacies (49 C.F.R. § 190.206). If you are not contesting this Notice, we propose that you submit your amended procedures to my office within 30 days of receipt of this Notice. This period may be extended by written request for good cause. Once the inadequacies identified herein have been addressed in your amended procedures, this enforcement action will be closed.

¹ API RP 1171, Section 9.3.2, Well Integrity Monitoring
[T]he operator shall monitor for presence of annular gas by measuring and recording annular pressure and/or annular gas flow. 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....

It is requested (not mandated) that Delta Natural Gas Company, Inc. (DNG) maintain documentation of the safety improvement costs associated with fulfilling this Notice of Amendment (preparation/revision of plans, procedures) and submit the total to Robert Burrough, Director, Eastern Region, Pipeline and Hazardous Materials Safety Administration, 840 Bear Tavern Road, Suite 300, West Trenton, NJ 08628. In correspondence concerning this matter, please refer to **CPF 1-2021-071-NOA** and, for each document you submit, please provide a copy in electronic format whenever possible. 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

Enclosure: Response Options for Pipeline Operators in Enforcement Proceedings