

WARNING LETTER

OVERNIGHT EXPRESS DELIVERY

March 11, 2021

Mr. Bobby Cayton
Senior Vice President Operations
Diversified Midstream LLC
125 Industry Rd
Waynesburg, PA 15370

CPF 1-2021-022-WL

Dear Mr. Cayton:

From May 19 to 20, 2020, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code (U.S.C.) inspected Cranberry Pipeline Corporation's (CPC) Heizer Creek Storage and Maxton underground natural gas storage facilities (UNGSF) in Putnam County and Raleigh County, West Virginia. Effective May 27, 2020, CPC divested operatorship of these UNGSFs to Diversified Midstream LLC (Diversified).

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. **§ 191.17 Transmission systems; gathering systems; liquefied natural gas facilities; and underground natural gas storage facilities: Annual report.**
 - (a) ...
 - (c) *Underground natural gas storage facility.* Each operator of a UNGSF must submit an annual report through DOT Form PHMSA 7100.4-1. This report must be submitted each year, no later than March 15, for the preceding calendar year.

Diversified failed to report injection volumes for Heizer Creek Storage on its annual report filed for calendar year 2019.

During the inspection, Diversified reported that they had injected approximately 1.2 BCF of natural gas into Heizer Creek Storage but had not included the information on the annual report submitted on 3/11/2020 for calendar year 2019.

Therefore, Diversified failed to meet the requirements of § 191.17(c).

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.**

Diversified failed to meet the provisions of API RP 1171, Section 9. Specifically, Diversified failed to perform annual visual inspection of each wellhead assembly for leaks during 2018 in accordance with API RP 1171, Section 9.3.2 (Section 9.3.2).

Section 9.3.2 states in part, “The operator shall visually inspect each wellhead assembly at least annually for leaks.”

During the inspection, Diversified was not able to provide records of visual inspection of each wellhead assembly for leaks for 2018.

Therefore, Diversified failed to meet the provisions of Section 9.3.2.

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.**

Diversified failed to meet the provisions of API RP 1171, Section 9. Specifically, Diversified was not monitoring for the presence of annular gas in accordance with API RP 1171, Section 9.3.2 (Section 9.3.2).

Section 9.3.2 states in part, “The operator shall monitor for presence of annular gas by measuring and recording annular pressure and/or annular gas flow.”

During the inspection, Diversified reported that they were not monitoring for the presence of annular gas.

Therefore, Diversified failed to meet the provisions of Section 9.3.2.

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 Diversified Midstream 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 1-2021-022-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