



U.S. Department
of Transportation
**Pipeline and
Hazardous Materials
Safety Administration**

840 Bear Tavern Road, Suite 300
West Trenton, NJ 08628
609.771.7800

NOTICE OF AMENDMENT

OVERNIGHT EXPRESS DELIVERY

May 6, 2021

Mr. Linn Evans
President and CEO
Rocky Mountain Natural Gas LLC
7001 Mt. Rushmore Rd
Po Box 1400
Rapid City, SD 57709

CPF 1-2021-025-NOA

Dear Mr. Evans:

From June 23 to June 25, 2020, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected Rocky Mountain Natural Gas LLC's (RMNG) procedures for Wolf Creek underground natural gas storage operations in Pitkin County, Colorado.

On the basis of the inspection, PHMSA has identified the apparent inadequacies found within RMNG's plans or 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.

RMNG's written procedures for conducting operations, maintenance, and emergency preparedness and response activities under § 192.12(b)¹ were inadequate. Specifically, RMNG's procedures failed to address a unique situation with the annular space on some wells, and failed to require consideration of this unique situation when determining annular gas threshold levels in accordance with API RP 1171, Section 9.2.1 (Section 9.2.1) and Section 9.3.2 (Section 9.3.2).

Section 9.2.1 states in part:

The operator shall maintain functional integrity of storage wells and reservoirs. Storage wells and reservoirs can have different characteristics resulting in unique requirements in approaching integrity demonstration, verification, and monitoring.

Section 9.3.2 states in part:

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.

During the inspection, RMNG reported that annular gas pressures were being affected by expanding fluid during withdrawal in some wells in the storage field. However, this particular situation was not addressed in RMNG's procedures, nor was it considered in its process for determining annular gas threshold levels.

Therefore, RMNG's written procedures required by § 192.12(c) were inadequate. RMNG must revise its procedures to address unique requirements stemming from this well characteristic, including in its procedures related to Section 9.3.2.

2. § 192.12 Underground natural gas storage facilities.

(a) ...

(d) *Integrity management program—*

(1) ...

(4) *Integrity management procedures and recordkeeping.* Each UNGSF operator must establish and follow written procedures to carry out its integrity management program under API RP 1171 (incorporated by reference, *see* §192.7), section 8 (“Risk Management for Gas Storage Operations”), and this paragraph (d). The operator must also maintain, for the useful life of the UNGSF, records that demonstrate compliance with the requirements of this paragraph (d). This includes records developed and used in support of any identification, calculation, amendment, modification, justification, deviation,

¹ §192.12 Underground natural gas storage facilities.

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

(1) Each UNGSF that uses a depleted hydrocarbon reservoir or an aquifer reservoir for natural gas storage and was constructed after July 18, 2017, must meet all provisions of API RP 1171 (incorporated by reference, *see* §192.7), and paragraphs (c) and (d) of this section, prior to commencing operations.

(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.

and determination made, and any action taken to implement and evaluate any integrity management program element.

RMNG's written procedures for carrying out its integrity management program under API RP 1171, Section 8 were inadequate. Specifically, RMNG's written procedures did not detail how the effectiveness of risk monitoring and risk management programs would be assessed in accordance with API RP 1171, Section 8.7.1 (Section 8.7.1).

Section 8.7.1 states in part:

The operator shall assess the effectiveness of risk monitoring and risk management programs and maintain a continual review and improvement cycle in risk management activities to provide functional integrity of the storage operation.

During the inspection, RMNG presented procedures from their Storage Integrity Management Plan (SIMP), Section 133.6.1.2. Those procedures failed to explain how the effectiveness of risk monitoring and risk management programs would be assessed. Therefore, RMNG's written procedures required by § 192.12(d)(4) were inadequate. RMNG must revise its procedures to include details on how it will comply with Section 8.7.1.

3. § 192.12 Underground natural gas storage facilities.

(a) ...

(d) *Integrity management program—*

(1) ...

(4) ***Integrity management procedures and recordkeeping.*** Each UNGSF operator must establish and follow written procedures to carry out its integrity management program under API RP 1171 (incorporated by reference, *see* §192.7), section 8 ("Risk Management for Gas Storage Operations"), and this paragraph (d). The operator must also maintain, for the useful life of the UNGSF, records that demonstrate compliance with the requirements of this paragraph (d). This includes records developed and used in support of any identification, calculation, amendment, modification, justification, deviation, and determination made, and any action taken to implement and evaluate any integrity management program element.

RMNG's written procedures for carrying out its integrity management program under API RP 1171, Section 8 were inadequate. Specifically, RMNG's procedures did not detail how potential threats and hazards would be evaluated in accordance with API RP 1171, Section 8.4.2.

Section 8.4.2 states in part that, "[t]he operator shall evaluate the potential threats and hazards impacting storage wells and reservoirs."

During the inspection, RMNG presented procedures from Section 133.6.1.2, Integration of Risk Information, of their SIMP. Those procedures failed to explain how potential threats and hazards impacting storage wells and reservoirs would be evaluated.

Therefore, RMNG's written procedures required by § 192.12(d)(4) were inadequate. RMNG must revise

its procedures to include details on how it evaluates potential threats and hazards in accordance with Section 8.4.2.

Response to this Notice

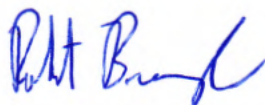
This Notice is provided pursuant to 49 U.S.C. § 60108(a) and 49 C.F.R. § 190.206. Enclosed as part of this Notice is a document entitled Response Options for Pipeline Operators in Enforcement Proceedings.

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.

It is requested (not mandated) that Rocky Mountain Natural Gas LLC 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 1-2021-025-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