

WARNING LETTER

VIA ELECTRONIC DELIVERY TO: simon.dupere@rockpointgs.com

April 23, 2021

Mr. Simon Dupere
President & CEO
Wild Goose Storage LLC
Suite 400, 607-8th Ave. SW
Calgary, T2P 0A7

CPF 1-2021-041-WL

Dear Mr. Dupere:

From June 2 through June 4, 2020, an inspector from the California Geologic Energy Management Division (CalGEM), acting as an agent for the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code (U.S.C.) inspected Wild Goose Storage LLC's (WG) Wild Goose Storage Field in Gridley, California.

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.

WG failed to meet the provisions of API RP 1171, Section 8. Specifically, WG failed to assess risk related to the storage operation using a consistent process, in accordance with AP RP 1171, Section 8.5.2 (Section 8.5.2).

Section 8.5.2 states in part that “The operator shall assess risk related to the storage operation using a consistent process.”

During the inspection, WG provided an attendee roster for the risk assessment meeting. However, the records did not show what was discussed or any meeting notes to demonstrate that a consistent methodology was used in performing the risk assessment, including arriving at conclusions or using data in making decisions. Therefore, WG failed to meet the provisions of Section 8.5.2.

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.

WG failed to meet the provisions of API RP 1171, Section 8. Specifically, WG failed to maintain a continual risk management review and improvement cycle in accordance with API RP 1171, Section 8.71 (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, WG did not have records to demonstrate that any risk management review and improvement cycle had been performed. Therefore, WG failed to meet the provisions of Section 8.7.1.

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 items identified in this letter. Failure to do so will result in Wild Goose Storage 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 1-2021-041-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