

NOTICE OF AMENDMENT

OVERNIGHT EXPRESS DELIVERY

August 12, 2021

Mr. Jack Sutton
SVP Operations Services
Central Valley Gas Storage, LLC
10 Peachtree Place NE
Atlanta, Georgia 30309

CPF 1-2021-055-NOA

Dear Mr. Sutton:

From July 7 through July 10, 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 inspected Central Valley Gas Storage, LLC's (CVGS) procedures for its underground natural gas storage facility (UNGSF) wellpad near Princeton, California.

On the basis of the inspection, PHMSA has identified apparent inadequacies found within CVGS's plans or procedures, as described below:

1. § 192.12 Underground natural gas storage facilities.

Underground natural gas storage facilities, as defined in § 192.3, are not subject to any requirements of this part aside from this section.

(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.

CVGS's written procedures for conducting operations, maintenance, and emergency preparedness and response activities under § 192.12(b) failed to include various reporting requirements in 49 C.F.R. Part 191. Specifically, CVGS's *Reporting and Control of Incidents Procedure 1.01* (Incidents Procedure) dated 2017 lacked the following reporting requirements set forth in Part 191:

1. The procedure defined incidents on a pipeline but did not address incidents occurring in UNGSFs. (§ 191.3)
2. The procedure regarding immediate notice of certain incidents did not address incidents occurring in UNGSFs. (§ 191.5(a))
3. The procedure regarding 30-day incident reports did not address incidents occurring in UNGSFs. (§ 191.15(c))
4. The procedure regarding supplemental or revised reports did not address incidents occurring in UNGSFs. (§ 191.15(d))
5. The procedure did not address safety related conditions for UNGSFs. (§ 191.23(a))

Therefore, CVGS's written procedures for operations, maintenance, and emergency preparedness and response activities were inadequate because they failed to address reporting requirements for UNGSFs. CVGS must revise its Incidents Procedure to address the deficiencies in reporting procedures outlined above.

2. § 192.12 Underground natural gas storage facilities.

Underground natural gas storage facilities, as defined in § 192.3, are not subject to any requirements of this part aside from this section.

(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.

CVGS's written procedures for conducting operations, maintenance, and emergency preparedness and response activities under § 192.12(b) failed to adequately address the requirements of API RP 1171, Section 11.9.1 (Section 11.9.1).¹ Section 11.9.1 states that "The operator shall develop

¹ See 49 C.F.R. § 192.12(b)(2)

programs incorporating safeguards to the environment, site security, and safety and health into storage design, construction, and operations.” CVGS’s *Integrity and Risk Management Plan* (RMP), dated March 2019, failed to state what the referenced programs were or how they incorporated the required safeguards, nor did it provide any information regarding the location of the programs within either the RMP or elsewhere.² CVGS must revise its manuals to adequately address the requirements set forth in API RP 1171 Section 11.9.1.

3. § 192.12 Underground natural gas storage facilities.

Underground natural gas storage facilities, as defined in § 192.3, are not subject to any requirements of this part aside from this section.

(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.

CVGS’s written procedures for carrying out its integrity management program failed to address threat and hazard interactions as required by API RP 1171 Section 8.3.2. Section 8.3.2 states: “The operator shall use available information such as performance data collected through the field history, operations and maintenance (O&M) activities, geotechnical data such as well logs, engineering data, and completion reports to determine susceptibility to threat and hazard-related events and to assess threat and hazard interaction.”

During the inspection, the CalGEM inspectors reviewed CVGS’s RMP. The RMP did not include a process addressing threat and hazard interactions as required by Section 8.3.2. Therefore, CVGS’s written procedures required by § 192.12(d)(4) were inadequate. CVGS must revise its RMP procedure to address threat and hazard interactions in accordance with API RP 1171 Section 8.3.2.

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

² Instead, CVGS’s procedures generally stated that “CVGS has developed programs incorporating safeguards to the environment, site security, and safety and health into storage design, construction, and operations. CVGS’s programs incorporate established procedures that are founded on industry recommended practices and are applicable to process safety in storage operations.” RMP, Section 4.4.3 *Safety and Environmental Programs*.

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 Central Valley Gas Storage, 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 1-2021-055-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