

NOTICE OF AMENDMENT

OVERNIGHT EXPRESS DELIVERY

December 16, 2021

Mr. Scott Drury
Chief Executive Officer
Southern California Gas Company
555 W. Fifth Street
Los Angeles, California 90013

CPF 1-2021-073-NOA

Dear Mr. Drury:

From October 20, 2020 to October, 23, 2020, 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 Southern California Gas Company's (SCG) procedures for their Aliso Canyon, Honor Rancho, and Playa Del Rey Underground Natural Gas Storage Facilities (UNGSF) located in Los Angeles County, California and their La Goleta UNGSF located in Santa Barbara County, California.

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

1. § 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.

SCG's written procedures for carrying out its integrity management program under API RP 1171, Section 8 were inadequate to ensure safe operation of a pipeline facility. Specifically, SCG's *Storage Integrity Management Plan 2* (SIMP2) did not provide specific information to be collected and used to assess threat and hazard interactions in accordance with API RP 1171, Section 8.3.2 (Section 8.3.2).¹

During the inspection, CalGEM reviewed SCG's SIMP2 procedure. The SIMP2 procedure stated in part:

SoCalGas has identified appropriate sources of information for the required data elements. The data sources are typically associated with design, construction, operational, or maintenance records in compliance with the Sempra's Information Management Policy. The following databases are utilized to capture data:

3.2.1. WellView: A well data management system containing data related to planning, drilling, completion, abandonment, testing and workovers.

3.2.2. RigView: A rig and well project scheduling system for drilling, completions, workovers and testing.

3.2.3. OSI Soft PI: The repository for process information such as storage field injection and withdrawal rates, and well pressures.

3.2.4. Maximo: The maintenance management system for storage facilities. Inspection activities for the following well components are scheduled and recorded in Maximo:

3.2.4.1. Wellhead valve

3.2.4.2. Surface safety valve

3.2.4.3. Surface-controlled subsurface safety valve

3.2.5. SAP: Invoice management system.

3.2.6. Petrel: Geology software platform.

SCG's SIMP2 procedure identified appropriate sources of information under Section 8.3.2 but did not sufficiently specify what data and information would, at a minimum, be collected from these sources and used to assess threat and hazard interactions. Additionally, SCG's SIMP2 procedure currently states that the data collected will be used to "determine susceptibility to threat and hazard-related events and to assess threat interaction."² Section 8.3.2 requires operators to use available information to determine susceptibility to threat and hazard-related events and assess threat and hazard interaction. SCG must amend its procedures to clarify that the data collected under Section 3 of the SIMP2 procedure will be used to assess threat and hazard interactions.

¹ API RP 1171, Section 8.3.2 Data Sources

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.

² SIMP2, 3. Data Collection, at 4 (on file with PHMSA).

Therefore, SCG's written procedures, required by § 192.12(d)(4), were inadequate. SCG must revise its procedures to more clearly specify what information will be collected and used to assess threat and hazard interaction in accordance with 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 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 Southern California Gas Company 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 1-2021-073-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