

WARNING LETTER

OVERNIGHT EXPRESS DELIVERY

February 24, 2022

Mr. Ramon Harris
Vice President
National Fuel Gas Supply Corporation
6363 Main Street
Williamsville, New York 14221

CPF 1-2022-025-WL

Dear Mr. Harris:

From August 23 to 27, 2021, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code (U.S.C.) inspected National Fuel Gas Supply Corporation's (NFG) Perrysburg and Derby underground natural gas storage facilities in Perrysburg, New York.

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.**

NFG failed to meet the provisions of API RP 1171, section 9. Specifically, NFG failed to

demonstrate that risk assessments were used to determine frequency requirements for integrity demonstration, verification, and monitoring tasks in accordance with API RP 1171, Section 9.2.2 (Section 9.2.2).

Section 9.2.2 states in part that “Risk assessments shall be used as a basis for developing the integrity demonstration, verification, and monitoring tasks and evaluating their frequency requirements.”

During the inspection, it was noted that 21 Perrysburg storage wells have conductor casing and production casing with no intermediate casing. NFG did not have cement bond log records of these wells for integrity demonstration. No wells were shown to be selected for future casing inspections and/or cement bond log inspections.

Therefore, NFG failed to meet the provisions of Section 9.2.2.

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.

NFG failed to meet the provisions of API RP 1171, Section 11. Specifically, NFG failed to demonstrate adequate site security was provided at each well location in accordance with API RP 1171, Section 11.9.1 (Section 11.9.1).

Section 11.9.1 states in part that “The operator shall develop programs incorporating safeguards to the environment, site security, and safety and health into storage design, construction, and operations.”

During the field inspection, Derby Well 1331 was observed. It was located within an active agriculture field. There were no barriers to protect the well even though there were many indications that the well had been impacted by farm equipment.

Therefore, NFG failed to meet the provisions of Section 11.9.1.

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$225,134 per violation per day the violation persists, up to a maximum of \$2,251,334 for a related series of violations. For violation occurring on or after January 11, 2021 and before May 3, 2021, the maximum penalty may not 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 National Fuel Gas Supply Corporation 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 1-2022-025-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