

## WARNING LETTER

### OVERNIGHT EXPRESS DELIVERY

March 15, 2022

Mr. Stanley Chapman III  
EVP & President US & MX Natural Gas PL  
ANR Pipeline Co  
7000 Louisiana Street  
Houston, Texas 77002

**CPF 1-2022-032-WL**

Dear Mr. Chapman:

From July 27 to July 29, 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 ANR Pipeline Co's (ANR) Lincoln-Freeman Underground Natural Gas Storage Facility in Lake, Michigan.

As a result of the inspection, it is alleged that you have committed a probable violation of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations (CFR). The item inspected and the probable violation is:

1. **§ 191.17 Transmission systems; gathering systems; liquefied natural gas facilities; and underground natural gas storage facilities: Annual report**
  - (a) ...
  - (c) *Underground natural gas storage facility.* Each operator of a UNGSF must submit an annual report through DOT Form PHMSA 7100.4-1. This report must be submitted each year, no later than March 15, for the preceding calendar year.

ANR failed to submit accurate underground natural gas storage facility annual reports to PHMSA from 2017 to 2021 by failing to include two wells in the total well count for Lincoln-Freeman.

During the inspection of Lincoln-Freeman, it was found that ANR had two wells that were unique

to the storage facility. Upon discussion, the wells were identified as observations wells that were installed due to a previous incident. The wells do not see formation pressure but were installed to observe the storage horizon. These wells were not included into the annual reports submitted to PHMSA from 2017 to 2021.

Therefore, ANR failed to meet the requirements of § 191.17(c).

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 item(s) identified in this letter. Failure to do so will result in ANR Pipeline Co 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 1-2022-032-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