



**Stagecoach Gas
Services LLC**
a Kinder Morgan company

April 25, 2022

Robert T. Burrough
Director, Eastern Region
Office of Pipeline Safety
U.S. Department of Transportation
Pipeline and Hazardous Materials Safety Administration
84 Bear Tavern Road, Suite 300
West Trenton, NJ 08628

Re: CPF 1-2022-034-WL

Dear Mr. Burrough:

Stagecoach Gas Services LLC ("SGS") acknowledges receipt of the referenced Warning Letter of March 16, 2022. As an initial matter, Kinder Morgan ("KM") purchased SGS on July 9, 2021. The alleged non-compliances all occurred under prior ownership and therefore Kinder Morgan's focus is on implementing our procedures and processes to manage future compliance. While the Warning Letter states that no reply is required, SGS would like to provide information concerning each item. For the avoidance of confusion, each item is restated below, with SGS's response immediately following.

1. **§ 192.12 Underground natural gas storage facilities.**
 - (a) ***Salt cavern UNGSFs.***
 - (1) ...
 - (3) **Each UNGSF that uses a solution-mined salt cavern for natural gas storage and was constructed on or before July 18, 2017, must meet the provisions of API RP 1170 (incorporated by reference, see §192.7), sections 9, 10, and 11, and paragraph (c) of this section, by January 18, 2018, and must meet all provisions of section 8 of API RP 1171 (incorporated by reference, see §192.7) that are applicable to the physical characteristics and operations of a solution-mined salt cavern UNGSF, and paragraph (d) of this section, by March 13, 2021.**

SGS failed to meet the provisions of API RP 1171, Section 9. Specifically, SGS failed to test and calibrate the pressure gauges and transmitters for the Seneca Lake storage cavern annually in accordance with API RP 1170, Section 9.4.11. During the inspection, SGS's records for Seneca Lake showed three pressure gauges were installed, tested, and calibrated on January 2017. SGS was not able to provide any records of testing and calibration of these pressure gauges in 2018, 2019 and 2020.



Therefore, SGS failed to meet the provisions of Section 9.4.1 (Section 9.4.1).

Response: As mentioned above, KM purchased these assets in July 2021 and has implemented our procedures and preventative management/work flow system, known as Maximo, to establish work orders to track and assure the proper testing and calibration of gauges and transmitters.

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.

SGS failed to meet the provisions of API RP 1171, Section 9. Specifically, SGS's records did not demonstrate that functional integrity of reservoirs were maintained in an ongoing basis in accordance with API RP 1171, Section 9.2.1.

During the inspection, SGS records were not able to demonstrate the stability of the reservoir gas inventory at Steuben and Thomas Corners storage fields. The storages did not have a long enough shut-in period to establish a stabilized pressure. Due to the lack of stabilization during shut-ins for the storage fields, SGS could not demonstrate functional integrity.

Therefore, SGS failed to meet the provisions of API RP 1171, Section 9.2.1.

Response: KM respectfully disagrees that the regulation and/or Recommended Practice (RP) require that a storage field be shut in to demonstrate functional integrity. API RP 1171, Section 9.2.1, as adopted by PHMSA speaks to the need to "maintain functional integrity" and acknowledges that "[s]torage wells and reservoirs can have different characteristics resulting in unique requirements in approaching integrity demonstration, verification and monitoring." It goes on to give "examples of methods" to maintain functional integrity. Notably, "shut in" is not one of those examples. In other words, the RP and the regulation recognize that there is not a one-size fits all approach and do not require a shut in. In accordance with the regulation and the RP, KM is following its procedure for inventory verification in the future to demonstrate functional integrity.



3. **§ 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.

SGS failed to meet the provisions of API RP 1171, Section 9. Specifically, SGS failed to maintain records demonstrating how it had established its threshold level for annular gas determined from well integrity evaluation and from risk assessment, in accordance with API RP1171, Section 9.3.23 (Section 9.3.2).

During the inspection, SGS reported their threshold for annular gas was 100 psi less than injection or withdrawal pressure plus tracking synchronously with storage gas pressure movement. SGS was unable to demonstrate how this threshold was determined from well integrity evaluation and from risk assessment.

Therefore, SGS failed to meet the provisions of API RP 1171, Section 9.3.2.

Response: KM has implemented our procedure O&M 2633 Annulus Monitoring to establish threshold levels for annular gas.

4. **§ 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.

SGS failed to follow its written procedures to carry out its integrity management program under API RP 1171, Section 8. Specifically, SGS failed to perform an annual



**Stagecoach Gas
Services LLC**
a Kinder Morgan company

review of its 2020 risk assessments in accordance with its SIMP, section 2.2.1 procedural requirement, developed pursuant to API RP 1171, Section 8.5.2.

During the inspection, SGS was not able to provide records of the annual review of the 2020 risk assessments for the Steuben and Thomas Corners depleted hydrocarbon reservoir storage fields. SGS was also unable to provide the same 2020 risk assessment annual review records for its Seneca Lake salt cavern storage field. SGS's SIMP section 2.2.1 specified a requirement of an annual risk assessment review. Additionally, SGS was not able to provide the 2020 risk assessment records of Raish 2A well from Steuben field and Mullins 4 from Thomas Corners field.

Therefore, SGS failed to follow its SIMP, Section 2.2.1 requirement as required by § 192.12(d)(4).

Response: KM will follow its processes and procedures to ensure that baseline risk assessments of all wells are completed per the scheduled outlined in the PHMSA regulation, and that future reviews of storage field risk assessments occur on an annual basis.

SGS is committed to regulatory compliance and operating in a safe manner and appreciates the opportunity to respond to the Warning Letter. Should you wish to discuss SGS's response, please contact me at 713-369-8763 or by email at kenneth_grubb@kindermorgan.com or Eric Gentles at 713-420-2389 or eric_gentles2@kindermorgan.com.

Sincerely,

Kenneth W. Grubb
Chief Operating Officer

jt/kh

cc: Eric Gentles