

NOTICE OF AMENDMENT

OVERNIGHT EXPRESS DELIVERY

January 12, 2023

Mr. Mark Stauss
President
Gill Ranch Storage LLC
10000 Memorial Drive, Suite 330
Houston, Texas 77024

CPF 1-2023-002-NOA

Dear Mr. Stauss:

From June 21, 2021, through June 25, 2021, inspectors 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 Gill Ranch Storage LLC's (GRS) procedures for the Gill Ranch Storage LLC underground natural gas storage (UNGS) facility in Madera County, California.

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

1. § 192.12 Underground natural gas storage facilities.

(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.

GRS written procedures for conducting operations and maintenance activities were inadequate to ensure safe operation of a pipeline facility. Specifically, GRS's *UNGS Task Procedures Task 0331* (Valve Procedure), presented as its process for maintenance, repair, or replacement of isolation valves, did not address maintenance, repair, or replacement of isolation valves pursuant to API RP 1171, Section 9.3.2 Well Integrity Monitoring.

API RP 1171, Section 9.3.2 states, in part, that "The valves shall be maintained, repaired, or replaced in accordance with the operator's valve maintenance program for isolation valves." During the inspection, PHMSA reviewed the Valve Procedure. Based on that review, PHMSA determined that GRS's Valve Procedure failed to adequately describe a process on how GRS maintains its valves, remediates inoperable valves, and designates the use of alternate valves. The reviewed procedures, *UNGS Task Procedures Task 0331*, did not describe the process for repairing and replacing valves. The reviewed procedures stated that a notification would be made to the area manager but did not go on to describe the repair or replacement methodologies.

Therefore, GRS's written procedures required by § 192.12(c) were inadequate. GRS must revise its to address the deficiency outlined above.

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 Gill Ranch 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 1-2023-002-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