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March 24, 2023

Robert Burrough
Director, Eastern Region
Pipeline and Hazardous Materials Safety Administration
840 Bear Tavern Road, Suite 300
West Trenton, NJ 08628
robert.burrough@dot.gov

VIA ELECTRONIC MAIL

RE: Notice of Amendment CPF 1-2023-010-NOA

Dear Mr. Burrough:

Lodi Gas Storage, L.L.C. (LGS) submits this written response to the Pipeline and Hazardous Materials Safety Administration (PHMSA) regarding the subject Notice of Amendment. Acting as an agent of PHMSA, the California Geologic Energy Management Division (CalGEM) conducted an inspection of LGS procedures from August 9-13, 2021. On the basis of the inspection, PHMSA identified apparent inadequacies found within LGS's procedures and issued a Notice of Amendment which was received by LGS on February 23, 2023.

LGS responds to the subject Notice of Amendment in accordance with option (c) located within the "Response Options for Pipeline Operators in Enforcement Proceedings" guidance document:

- c. If you are contesting the Notice of Amendment but are not requesting an oral hearing, submit written explanations, information, or other materials in answer to the allegations in the Notice and stating your reasons for objecting to the Notice of Amendment items in whole or in part;*

Specifically, LGS addresses the Notice of Amendment findings as noted by PHMSA in the following enclosed documents:

- **Attachment #1** – LGS responses to Notice of Amendment findings
- **Attachment #2** – Excerpt from LGS Risk Management Plan for the Wells and Reservoirs of the Lodi Underground Gas Storage Project (RMP) highlighting revisions to address active well mechanical integrity evaluations.
- **Attachment #3** – Excerpt from LGS Operations & Maintenance Manual (O&M Manual) highlighting revisions to address wellhead isolation valves.
- **Attachment #4** – Excerpt from LGS Emergency Response Plan (ERP) highlighting revisions to address ERP accessibility.

If you have any questions, or require more information, please contact me at **greg.clark@rockpointgs.com** or at (209) 368-9277 x3.

Sincerely,

A handwritten signature in blue ink, appearing to read "Gregory N. Clark".

Gregory N. Clark
Senior Compliance Manager

Enclosures

cc: A. Anderson, M. Fournier, H. Gold, K. Peterson, D. Smolinski (via e-mail)

Attachment #1





LGS responses to Notice of Amendment findings

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.

LGS written procedures for conducting maintenance and normal operations were inadequate to ensure safe operation of a pipeline facility. Specifically, LGS's procedures must include the provisions of API RP 1171, Section 9 pursuant to § 192.12(b). However, LGS's manual Risk Management Plan for the Wells and Reservoirs of the Lodi Underground Gas Storage Project (RMP) did not include a process to evaluate the mechanical integrity of active wells in accordance with API RP 1171, Section 9.3.1.

API RP 1171, Section 9.3.1 states, in part, "Active well mechanical integrity evaluations shall include initial and subsequent evaluations as determined using the risk assessment and the information derived from the initial evaluation."

During inspection, PHMSA reviewed the RMP and found RMP, Section 4.3, Mechanical Integrity: Schedule for Verification and Demonstration did not contain a process to evaluate the mechanical integrity of active wells.

Therefore, LGS's written procedures required by § 192.12(c) were inadequate. LGS must revise its written procedures to include a process to evaluate the mechanical integrity of active wells that includes initial and subsequent evaluations as determined by the risk assessment.

LGS Response:

LGS has updated Section 5.1 of its RMP to include additional detail regarding active well mechanical integrity evaluations. Please see Attachment #2.



2. § 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.

LGS's written procedures for conducting maintenance and normal operations were inadequate to ensure safe operation of a pipeline facility. As stated above LGS's procedures must include the provisions of API RP 1171, Section 9 pursuant to § 192.12(b). However, LGS's Operations and Maintenance Manual, Procedure 7.01, Inspect and Maintain Emergency Valves (Valve Procedure) did not include a process to maintain, repair, or replace isolation valves in accordance with API RP 1171, Section 9.3.2.

Section 9.3.2, states in part, "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. The Valve Procedure failed to include a process for maintaining, repairing, or replacing wellhead isolation valves. The Valve Procedure also failed to include a process detailing the prompt remedial action required to correct any inoperable valves.

Therefore, LGS's written procedures required by § 192.12(c) were inadequate. LGS must revise its written procedures to include a process to maintain, repair, or replace isolation valves.

LGS Response:

LGS has updated Section 7.01 of its Operations and Maintenance Manual to include additional detail regarding maintaining, repairing, or replacing wellhead isolation valves. Please see Attachment #3.



3. § 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.

LGS' s written procedures for conducting maintenance and normal operations were inadequate to ensure safe operation of a pipeline facility. Specifically, LGS' s Emergency Response Plan (ERP) did not include a process for keeping the ERP manuals accessible at locations where UNGSF work is being performed in accordance with§ 192.12(c).

During the inspection, PHMSA reviewed the ERP. The ERP failed to include any requirements for maintaining the appropriate parts of the manual accessible at locations where UNGSF work is being performed.

Therefore, LGS' s written procedures required by were inadequate. LGS must revise its written procedures to include a process for keeping the ERP manuals accessible at locations where UNGSF work is being performed.

LGS Response:

LGS has updated Section 1.1 of its Emergency Response Plan (ERP) to include additional detail regarding ERP accessibility. Please see Attachment #4.