

NOTICE OF AMENDMENT

VIA ELECTRONIC MAIL TO: toby.mckenna@rockpointgs.com

June 15, 2023

Mr. Tobias McKenna
President and Chief Executive Officer
Lodi Gas Storage, LLC
607 8th Avenue SW, Suite 400
Calgary, AB T2P 0A7

CPF 1-2023-041-NOA

Dear Mr. McKenna:

From September 26, 2022 to September 30, 2022, an inspector 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 (U.S.C.) inspected Lodi Gas Storage, LLC's (LGS) procedures for Kirby Hills Storage and Lodi Storage depleted hydrocarbon Underground Natural Gas Storage Facilities (UNGSF) in Solano County and San Joaquin County California, respectively. LGS has been operating these fields since 2001.

As a result of the inspection, PHMSA has identified the apparent inadequacy found within LGS' plans or procedures. The item inspected and the inadequacy is described below:

1. **49 CFR § 192.12 Underground natural gas storage facilities.**
 - (a) ...
 - (b) *Depleted hydrocarbon and aquifer reservoir UNGSFs*
 - (1) **Each UNGSF that uses a depleted hydrocarbon reservoir or an aquifer reservoir for natural gas storage and was constructed after July 18, 2017, must meet all provisions of API RP 1171 (incorporated by reference, see § 192.7), and paragraphs (c) and (d) of this section, prior to commencing operations.**

LGS' procedures were inadequate because they failed to meet the provisions of API RP 1171,

Section 11.2.1¹ and Section 6 as required. Specifically, LGS' procedures failed to define a records retention period in accordance with API RP 1171, Section 6.11.2.

API RP 1171, Section 6.11.2 states in part:

Records relating to permitting, procedures, personnel, and equipment shall be retained for a period that meets regulatory requirements, or where no regulatory requirements exist, intervals as determined by the operator. These records shall include, as applicable and available, the items listed below as referenced in each subsection.

- 6.8 Environmental, Health, and Safety
- On-site safety meeting records.
- 6.10 Monitoring of Construction Activities
- Supervisor qualifications.
- Contractor personnel qualifications.
- Equipment suitability records.
- Contractor safety orientation

During the inspection, PHMSA reviewed LGS' *Record Management Program, Lodi Gas Storage LLC ("RMP")*, which failed to list a retention period for records relating to permitting, procedures, personnel, and equipment.

Therefore, LGS' procedures required by § 192.12(b)(1) were inadequate. LGS must revise its procedures to include a records retention period as 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 Compliance 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

¹ API RP 1171 Sec. 11.2.1 requires, in part "[t]he operator shall develop and follow procedures for the construction, operation, and maintenance of natural gas storage wells and reservoirs to establish and maintain functional integrity."

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 LGS 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. In correspondence concerning this matter, please refer to **CPF 1-2023-041-NOA** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Robert Burrough
Director, Eastern Region
Pipeline and Hazardous Materials Safety Administration

Enclosure: Response Options for Pipeline Operators in Enforcement Proceedings