



U.S. Department
of Transportation

**Pipeline and
Hazardous Materials
Safety Administration**

840 Bear Tavern Road, Suite 300
West Trenton, NJ 08628
609.771.7800

NOTICE OF AMENDMENT

VIA ELECTRONIC MAIL TO: jsutton@southernco.com

October 18, 2023

Mr. Jack Sutton
Senior Vice President Operations Services
Central Valley Gas Storage, LLC
10 Peachtree Place NE
Atlanta, Georgia 30309

CPF 1-2023-055-NOA

Dear Mr. Sutton:

From February 28, 2022 to March 4, 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 Central Valley Gas Storage, LLC's (CVGS) procedures for Central Valley Gas Storage depleted hydrocarbon Underground Natural Gas Storage Facility (UNGSTF) in Colusa County, California..

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

1. **49 C.F.R. § 192.12 Underground natural gas storage facilities.**
 - (a) ...
 - (b) *Depleted hydrocarbon and aquifer reservoir UNGSTFs*
 - (1) **Each UNGSTF 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.**

CVGS' construction procedures required by § 192.12(b)(1) were inadequate. Specifically, CVGS' *CVGS Integrity and Risk Management Plan* (RMP), Section 2.1.1 Eddy-current/Magnetic Flux Leakage and Table 6 Annular Vent Pressure Thresholds failed to satisfy API RP 1171 Sections

11.2.1 (Section 11.2.1) and 6.6.1 (Section 6.6.1).

Section 11.2.1 states in part “The 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.”

Correspondingly, as to those procedures governing the construction, operation, and maintenance of the Central Valley Gas Storage UNGS, Section 6.6.1 states, in part, “A well identified as having compromised mechanical integrity shall be evaluated and responsive action implemented within a timeframe and by method(s) determined by the operator and corresponding to the severity of the integrity risk.”

During the inspection, PHMSA reviewed CVGS’ RMP Section 2.1.1 Eddy-current/Magnetic Flux Leakage and Table 6 Annular Vent Pressure Thresholds procedures governing certain and found that they lacked responsive procedures under Section 6.6.1. Specifically, those procedures lacked timeframes and relevant descriptions of the integrity evaluation outcomes that might trigger such evaluation and responsive actions when compromised mechanical integrity is identified in a well.

Therefore, CVGS written procedures required by §192.12(b)(1) and API 1171 Sections 11.2.1 and 6.6.1 were inadequate. CVGS must revise its procedures 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 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 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 CVGS 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 1-2023-055-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