

WARNING LETTER

VIA ELECTRONIC MAIL TO: robinson@sigecom.net

December 21, 2023

Mr. Charles Robinson
President
Egyptian Gas Storage Corp
1410 North Cullen Avenue
Evansville, Indiana 47715

CPF 1-2023-065-WL

Dear Mr. Robinson:

From October 4, 2022 to October 6, 2022, inspectors from the Illinois Department of Natural Resources acting as a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code (U.S.C.), conducted an on-site inspection of Egyptian Gas Storage Corp's (EGSC) Mills underground natural gas storage facility in Gallatin County, Illinois.

As a result of the inspection, it is alleged that you have committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations (CFR). The items inspected and the probable violations are:

- 1. § 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.**

EGSC failed to meet the provisions of API RP 1171, Section 11. Specifically, EGSC failed to train operating personnel when changes were made to its operating procedures pursuant to API RP 1171, Section 11.12.2.

API 1171, Section 11.12.2 requires in part that "Whenever changes are made to the operating procedures specified in 11.3, operating personnel shall be notified and trained as necessary in the changes and training documented before operating storage wells and reservoirs."

During the inspection, EGSC was unable to provide documentation demonstrating that operating personnel were trained when an applicable change was made to the operating procedures.

Therefore, EGSC failed to comply with § 192.12(b)(2) by failing to meet the provisions of API RP 1171, Section 11.

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.

EGSC failed to meet the provisions of API RP 1171, Section 8. Specifically, EGSC failed to perform a review on either the risk assessment for the ranked wells or the resulting prioritization to determine whether they represented the facility as required by API RP 1171, Section 8.5.2.

API RP 1171, Section 8.5.2 requires in part that "The operator shall review the results of the risk assessment to determine whether the risk assessment, resulting prioritization, or ranking represents its facilities and characterizes the risks."

During the inspection, EGSC was unable to provide a risk ranking analysis for the wells.

Therefore, EGSC failed to comply with § 192.12(b)(2) by failing to meet the provisions of API RP 1171, Section 8.

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.

EGSC failed to meet the provisions of API RP 1171, Section 11. Specifically, EGSC's Re-Work Plan for Spence #1 failed to address the safety and health of workers and the public pursuant to API RP 1171, Section 6.8.1.

API RP 1171, Section 11.2.1 requires in part that "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." API 1171, Section 6.8.1 requires in part that "Safeguards to the environment, safety, and health of workers and the public shall be incorporated into well design and well work activities."

During the inspection EGSC provided a document titled Well Re-Work Plan for Spence #1. The documentation did not include safeguards to the safety and health of workers and the public.

Therefore, EGSC failed to comply with § 192.12 (b)(1) by failing to meet the provisions of API RP 1171, Section 11.

4. § 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.

EGCS failed to meet the provisions of API RP 1171, Section 11. Specifically, EGSC was unable to demonstrate that storage personnel communicated guidelines for maintaining reservoir and well functional integrity pursuant to API RP 1171, Section 11.7.1.

API RP 1171, Section 11.7.1 states "Storage personnel shall be responsible for preparing and communicating guidelines for maintaining reservoir and well functional integrity."

During the inspection, EGSC was unable to demonstrate that there were communications between storage personnel and the control room for maintaining reservoir and well functional integrity during normal, abnormal, and emergency conditions.

Therefore, EGSC failed to comply with § 192.12(b)(2) by not meeting the provisions of API RP 1171 Section 11.

5. § 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.

EGSC failed to meet the provisions of API RP 1171, Section 10. Specifically, EGSC failed to train storage facility staff in the use of the emergency preparedness/response plan pursuant to API RP 1171, Section 10.6.2.

API RP 1171, Section 10.6.2 requires in part that "Storage operations and applicable staff shall receive training in the use of the emergency preparedness/response plan."

During the inspection, records of training storage operations and applicable staff in the use of EGSC's emergency response plan were requested. EGSC was unable to provide any documentation demonstrating that it had completed training.

Therefore, EGSC failed to comply with § 192.12(b)(2) by not meeting the provisions of API RP 1171, Section 10.

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$257,664 per violation per day the violation persists, up to a maximum of \$2,576,627 for a related series of violations. For violation occurring on or after March 21, 2022, and before January 6, 2023, the maximum penalty may not exceed \$239,142 per violation per day the violation persists, up to a maximum of \$2,391,142 for a related series of violations. For violation occurring on or after May 3, 2021, and before March 21, 2022, the maximum penalty may not exceed \$225,134 per violation per day the violation persists, up to a maximum of \$2,251,334 for a related series of violations. For violation occurring on or after January 11, 2021, and before May 3, 2021, the maximum penalty may not exceed \$222,504 per violation per day the violation persists, up to a maximum of \$2,225,034 for a related series of violations. For violation occurring on or after July 31, 2019, and before January 11, 2021, the maximum penalty may not exceed \$218,647 per violation per day the violation persists, up to a maximum of \$2,186,465 for a related series of violations. For violation occurring on or after November 27, 2018, and before July 31, 2019, the maximum penalty may not exceed \$213,268 per violation per day, with a maximum penalty not to exceed \$2,132,679. For violation occurring on or after November 2, 2015, and before November 27, 2018, the maximum penalty may not exceed \$209,002 per violation per day, with a maximum penalty not to exceed \$2,090,022.

We have reviewed the circumstances and supporting documents involved in this case and have decided not to conduct additional enforcement action or penalty assessment proceedings at this time. We advise you to correct the items identified in this letter. Failure to do so will result in Egyptian Gas Storage Corp being subject to additional enforcement action.

No reply to this letter is required. If you choose to reply, in your correspondence please refer to **CPF 1-2023-065-WL**. 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).

Sincerely,

P.P.

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