

WARNING LETTER

OVERNIGHT EXPRESS DELIVERY

February 15, 2024

Ms. Cynthia Hansen
President and Chief Executive Officer
Saltville Gas Storage, LLC
915 North Eldridge Parkway
Houston, Texas 77079

CPF 1-2024-009-WL

Dear Ms. Hansen:

On August 1, 2023, and August 3, 2023, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code (U.S.C.) inspected Saltville Gas Storage, LLC's (Saltville) Early Grove Underground Natural Gas Storage Facility in Washington County, Virginia.

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

1. **§ 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.**

Saltville failed to meet the provisions of API RP 1171, Section 6. Specifically, Saltville did not maintain records indicating that surface casing was stored, transported, lifted and installed as specified by the manufacturer and in accordance with API 5C1 and API RP 1171, Section 6.3.6 (Section 6.3.6) and as required to be maintained by API RP 1171, Section 6.11.1 (Section 6.11.1).

API RP 1171, Section 6.3.6 states in part that “Casing shall be stored, transported, lifted and installed as specified by the manufacturer and in accordance with API 5C1.” Additionally, Section 6.11.1 states in part:

Records of well completion (as-built), well construction and well work activities shall be maintained for the life of the facility. These records shall include, as applicable and available, the items listed below as referenced in each subsection.

...

6.3 Well Casing

...

- Design evaluations.

During the inspection, Saltville was not able to provide records to verify that surface casing was stored, transported, lifted and installed as specified by the manufacturer and in accordance with API 5C1 for casings used in wells EG-1 and EG-2 that were drilled in 2018.

Therefore, Saltville failed to meet the provisions of API RP 1171, Section 6.11.1.

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 item identified in this letter. Failure to do so will result in Saltville Gas Storage, LLC 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 1-2024-009-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,

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