

WARNING LETTER

OVERNIGHT EXPRESS DELIVERY

April 4, 2024

Ms. Lauren Gilliland
Vice President Gas
Public Service Co of Colorado
1123 W. 3rd Avenue
Denver, Colorado 80223

CPF 1-2024-024-WL

Dear Ms. Gilliland:

From August 22, 2023 to August 24, 2023 a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code (U.S.C.) inspected Public Service Co of Colorado's (PSCC) Asbury Creek Storage and Fruita Storage Facilities in Mesa County, Colorado.

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. **§191.22 - National Registry of Pipeline and LNG operators.**
 - (a) ...
 - (c) ***Changes.*** Each operator of a gas pipeline, gas pipeline facility, UNGSF, LNG plant, or LNG facility must notify PHMSA electronically through the National Registry of Operators at <https://portal.phmsa.dot.gov> of certain events.
 - (1) An operator must notify PHMSA of any of the following events not later than 60 days before the event occurs:
 - (i) ...
 - (iv) Maintenance of a UNGSF that involves the plugging or abandonment of a well, or that requires a workover rig and costs \$200,000 or more for an individual well, including its wellhead. If 60-days' notice is not feasible due to an emergency, an operator must

promptly respond to the emergency and notify PHMSA as soon as practicable;

PSCC failed to submit notifications for the plugging and abandonment of Asbury 4 and Asbury 5 in 2020 in accordance with § 191.22(c)(1)(iv).

During the inspection, PHMSA reviewed notifications submitted by PSCC and found that notifications for the plugging and abandonment of Asbury 4 and Asbury 5 were not submitted to PHMSA. Asbury 4 was plugged and abandoned on July 2, 2020 and Asbury 5 was plugged and abandoned on July 8, 2020.

Therefore, PSCC failed to meet the requirements of § 191.22(c)(1)(iv).

2. § 192.12 Underground natural gas storage facilities.

(a) ...

(b) *Depleted hydrocarbon and aquifer reservoir UNGSFs.*

(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.

PSCC failed to meet the provisions of API RP 1171, Section 9. Specifically, PSCC did not have inventory assessment reports available for its Asbury and Fruita fields nor did it have any assessment information for its Fruita field in accordance with API RP 1171, Section 9.8.2 (Section 9.8.2).

Section 9.8.2 states in part, “The operator shall maintain records of storage inventory assessments for the life of the facility.”

During the inspection, PHMSA requested to review the data gathered from PSCC’s bi-annual shut-in tests for bottom hole pressures and the resulting plots to determine possible migration issues, but PSCC did not have an assessment report available for its Asbury and Fruita fields. Also, PSCC did not have any assessment information for its Fruita field, which has not been utilized since 2020.

Therefore, PSCC failed to meet the provisions of Section 9.8.2 as required by § 192.12(b)(2).

3. § 192.12 Underground natural gas storage facilities.

(a) ...

(b) *Depleted hydrocarbon and aquifer reservoir UNGSFs.*

(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.

PSCC failed to meet the provisions of API RP 1171, Section 9. Specifically, PSCC failed to test the operation of the master valves and wellhead isolation valves at least annually for proper function and ability to isolate the well in accordance with API RP 1171, Section 9.3.2 (Section 9.3.2).

Section 9.3.2 states in part “The operator shall test the operation of the master valve and wellhead pipeline isolation valve at least annually for proper function and ability to isolate the well.”

During the inspection, PSCC did not have records available of the testing of the operation of the master valves and wellhead pipeline isolation valves at least annually for proper function and ability to isolate the well.

Therefore, PSCC failed to meet the provisions of Section 9.3.2 as required by § 192.12(b)(2).

4. § 192.12 Underground natural gas storage facilities.

(a) ...

(b) *Depleted hydrocarbon and aquifer reservoir UNGSFs.*

(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.

PSCC failed to meet the provisions of API RP 1171, Section 8. Specifically, PSCC had not included interactive threats into its risk model in accordance with API RP 1171, Section 8.3.2 (Section 8.3.2).

Section 8.3.2 states in part:

The operator shall use available information such as performance data collected through the field history, operations and maintenance (O&M) activities, geotechnical data such as well logs, engineering data, and completion reports to determine susceptibility to threat and hazard-related events and to assess threat and hazard interaction.

During the inspection, PHMSA reviewed PSCC’s risk model and found that interactive threats had not been incorporated into the model and assessed.

Therefore, PSCC failed to meet the provisions of Section 8.3.2 as required by § 192.12(b)(2).

5. § 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.

PSCC failed to review and update its O&M manuals at intervals not to exceed 15 months, but at least once each calendar year in accordance with § 192.12(c).

During the inspection, PHMSA requested records demonstrating PSCC had reviewed and updated its O&M manuals during calendar years 2021 to 2023. PSCC did not have records available of reviews of its O&M manuals other than the General Work Plan and the Kill and Plug plan that were included in the annual Storage Integrity Management Plan (SIMP) review done on December 14, 2022.

Therefore, PSCC failed to meet the requirements of § 192.12(c) regarding reviewing and updating its manuals of procedures.

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$266,015 per violation per day the violation persists, up to a maximum of \$2,660,135 for a related series of violations. For violation occurring on or after January 6, 2023 and before December 28, 2023, the maximum penalty may not 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.

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 Public Service Co of Colorado 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 1-2024-024-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