

WARNING LETTER

OVERNIGHT EXPRESS DELIVERY

April 23, 2024

Mr. Paul Bieniawski
Chief Executive Officer
Grama Ridge Storage and Transportation LLC
10375 Richmond Avenue Suite 1900
Houston, TX, 77042

CPF 1-2024-043-WL

Dear Mr. Bieniawski:

From December, 4th, 2023 to December 7th, 2023, and on February 20th, 2024 a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code (U.S.C.) inspected Grama Ridge Storage & Transportation, LLC's (Grama Ridge) Grama Ridge Storage Facility in Eunice, New Mexico.

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) . . .
 - (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.

Grama Ridge failed to meet the provisions of API RP 1171, Section 8. Specifically, Grama Ridge failed to use all available information to determine its facilities susceptibility to threat and hazard-related events pursuant to API RP 1171, Section 8.3.2.

Section 8.3.2 states in part that “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 Grama Ridge’s risk matrix and found that there were variables that were marked as unknown, such as master valve age and previous logs such as CBL’s. Upon reviewing records, it was found that the unknown data entries in the risk matrix were available in paper records, but the data had not been reviewed and entered into the risk matrix. The risk matrix with incomplete data assumed the worst-case scenario scoring for that specific data entry. As all the wells had unknown variables at the time of review, this led to the same score being applied to all the wells. Thus, the risk matrix may be giving false risk scores due to the incomplete data review and incorporation.

Therefore, Grama Ridge failed to meet the provisions of API RP 1171, Section 8.3.2.

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 item identified in this letter. Failure to do so will result in Grama Ridge Storage & Transportation, 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 1-2024-043-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