

NOTICE OF AMENDMENT

OVERNIGHT EXPRESS DELIVERY

May 7, 2024

Mr. Greg Bell
General Manager
Citizens Gas Util Dist
Highway 27, South
PO BOX 320
Helenwood, Tennessee 37755

CPF 1-2024-046-NOA

Dear Mr. Bell:

From October 23 Through October 27, 2023 of the onsite inspection, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code (U.S.C.) inspected Citizens Gas Util Dist (Citizens) procedures for Indian Creek Underground Natural Gas Storage in Morgan County, Tennessee.

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

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.**

Citizens' construction procedures required by § 192.12(b)(1) were inadequate. Specifically, Citizens failed to have procedures that ensure that ground waters and other possible producing horizons are properly sealed to ensure there is no migration of gas, oil or brine water to other zones

pursuant to API RP 1171, Sections 11.2.1 (Section 11.2.1) and 6.7.1 (Section 6.7.1).

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.” Section 6.7.1 states “The operator shall design a well abandonment for long-term isolation of the storage zone in order to prevent fluid flow between the storage zone and any other penetrated zone and the surface.”

During the inspection, PHMSA reviewed Citizens’ records and procedures on the Plug and Abandonment of wells 695 and 696. Citizens lacked a procedure addressing Section 6.7.1. Citizens did provide records that showed the that the primary production piping was cemented from bottom to surface inside the piping to plug the well. However, there was no evidence provided, such as Gamma Ray/Neutron logs run, to determine possible zones that would produce oil, gas, or water. Similarly, there were no Casing Inspection Logs to ensure the well piping integrity or a Cement Bond Log to determine if the cement on the outside of the production piping was adequate.

Therefore, Citizens’ written procedures required by § 192.12(b)(1) pursuant to meeting the requirements of API 1171 Section 6.7.1 were inadequate. Citizens must revise its procedures to address how it will comply with Section 6.7.1.

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 Enforcement 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 Citizens Gas Util Dist 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 1-2024-046-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