WARNING LETTER

VIA ELECTRONIC MAIL TO: dan_Mcvey@theenergycoop.com

May 20, 2025

Mr. Dan McVey
Vice President and Chief Operating Officer
NGO Transmission, Incorporated
1500 Grandville Road
Newark, Ohio 43058

CPF 1-2025-011-WL

Dear Mr. McVey:

From June 24 through June 27, 2024, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code (U.S.C.), inspected NGO Transmission, Inc. (NGO)'s underground natural gas storage records and procedures for the Perry, Muskie, and Zane storage fields in Perry County and Muskingum County, Ohio.

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) …

(d) Integrity management program

(1) …

(4) Integrity management procedures and recordkeeping. Each UNGSF operator must establish and follow written procedures to carry out its integrity management program under API RP 1171 (incorporated by reference, see § 192.7), section 8 ("Risk Management for Gas Storage Operations"), and this paragraph (d). The operator must also maintain, for the useful life of the UNGSF, records that demonstrate compliance with the requirements of this paragraph (d).

This includes records developed and used in support of any identification, calculation, amendment, modification, justification, deviation, and determination made, and any action taken to implement and evaluate any integrity management program element.

NGO failed to maintain, for the useful life of the UNGSF, records that demonstrate compliance with the requirements of § 192.12(d). Specifically, NGO failed to maintain records of its risk management effectiveness reviews required under American Petroleum Institute Recommended Practice 1171 (API RP 1171), Section 8.7.1 (Section 8.7.1).

Section 8.7.1 states in part that "[t]he operator shall assess the effectiveness of risk monitoring and risk management programs and maintain a continual review and improvement cycle in risk management activities to provide functional integrity of the storage operation. The interval of review and reassessment should be short enough to identify operational and monitoring trends and measure the effectiveness of P&M measures, but long enough that the data and information that can be brought into the analysis are meaningful."

During the inspection, PHMSA requested records of the Risk Management effectiveness reviews conducted pursuant to Section 8.7.1. NGO stated that the reviews were not documented.

Therefore, NGO failed to maintain records demonstrating compliance with § 192.12(d) as required by § 192.12(d)(4).

2. § 192.12 Underground natural gas storage facilities.

(a) …

(d) Integrity management program

(1) …

(4) Integrity management procedures and recordkeeping. Each UNGSF operator must establish and follow written procedures to carry out its integrity management program under API RP 1171 (incorporated by reference, see § 192.7), section 8 ("Risk Management for Gas Storage Operations"), and this paragraph (d). The operator must also maintain, for the useful life of the UNGSF, records that demonstrate compliance with the requirements of this paragraph (d). This includes records developed and used in support of any identification, calculation, amendment, modification, justification, deviation, and determination made, and any action taken to implement and evaluate any integrity management program element.

NGO failed to maintain, for the useful life of the UNGSF, records that demonstrate compliance with the requirements of § 192.12(d). Specifically, NGO failed to maintain records of its risk assessment records and reviews for 2021 and 2022 that are required pursuant to API RP 1171, Section 8.5.2 (Section 8.5.2).

Section 8.5.2 states in part that "[t]he 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. Review may be performed by personnel familiar with storage operations, risk management, and methods of analyzing risk and results."

During the inspection, PHMSA requested the records tracking the risk assessments and reviews conducted pursuant to Section 8.5.2. NGO stated that the Risk Assessment files for 2021 and 2022 did not save in their database system.

Therefore, NGO failed to maintain records demonstrating compliance with § 192.12(d) as required by § 192.12(d)(4).

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 NGO Transmission, Inc. 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 1-2025-011-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