

WARNING LETTER

VIA ELECTRONIC MAIL TO: david_brast@tcenergy.com

May 29, 2025

Mr. David Brast
President and Chief Executive Officer
ANR Pipeline Co
700 Louisiana Street
Houston, Texas 77002

CPF 1-2025-019-WL

Dear Mr. Brast:

From September 9, 2024 through December 10, 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 ANR Pipeline Co's (ANR) Loreed underground natural gas storage facility (UNGSF) in Osceola, Michigan.

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) ...
 - (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.

ANR failed to meet the provisions of American Petroleum Institute's Recommended Practice 1171 (API RP 1171), section 8 in accordance with § 192.12(b)(2). Specifically, ANR failed to properly evaluate the potential threats impacting the reservoir in accordance with section 8.4.2 in API RP 1171.

Section 8.4.2 states in part that "[t]he operator shall evaluate the potential threats and hazards impacting storage wells and reservoirs."

During the inspection, PHMSA's review of ANR's Reservoir Risk Assessment tool indicated that it considered less than 10 third-party wells as potential threats and hazards. However, PHMSA reviewed records indicating that there are 93 third-party wells that are potential threats and hazards that must be considered in the risk assessment.

Therefore, ANR failed to meet the provisions of API RP 1171, section 8 in accordance with § 192.12(b)(2).

2. § 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.

ANR failed to meet the provisions of API RP 1171, section 9 in accordance with § 192.12(b)(2). Specifically, ANR failed to request well integrity evaluation data from all third-party owner/operators in accordance with section 9.3.1 in API RP 1171.

Section 9.3.1 states in part that "[t]he operator shall request well integrity evaluation data from third-party well owner/operators following the frequency established using conclusions from the risk assessment."

During the inspection, PHMSA identified a discrepancy between the number of third-party wells at the storage field and the number of letters sent by ANR to request third-party well integrity evaluation data. ANR failed to send well integrity evaluation data requests to all third-party well

owner/operators in 2023 due to a software issue. ANR stated that they will correct the software issue.

Therefore, ANR failed to meet the provisions of API RP 1171, section 9 in accordance with § 192.12(b)(2).

3. § 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.

ANR failed to meet the provisions of API RP 1171, section 9 in accordance with § 192.12(b)(2). Specifically, ANR failed to monitor for the presence of annular gas by measuring annular pressure or annular gas flow in accordance with section 9.3.2 in API RP 1171.

Section 9.3.2 states in part that “[t]he operator shall monitor for presence of annular gas by measuring and recording annular pressure and/or annular gas flow.”

During the inspection, PHMSA reviewed ANR’s records for annular gas monitoring via the well’s primary annulus. For wells 8739, 9687, and 9439 the storage gas from pipeline was being introduced into the primary annulus for well operation purposes. Gas pressure monitored within the primary annulus of the three wells was thereby pipeline storage gas. The primary annulus of these three wells were not being used to monitor for the presence of annular gas.

Therefore, ANR failed to meet the provisions of API RP 1171, section 9 in accordance with § 192.12(b)(2).

4. § 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.

ANR failed to follow its manual of written procedures for conducting operations, maintenance, and emergency preparedness and response activities in accordance with § 192.12(c). Specifically, ANR failed to monitor the wellhead pressure on a monthly basis for four plugged wells at its Loreed UNGSF between 2020 and 2024 as required by its procedure, *Gauging Storage well Pressure and Flow*, section 4 Frequency (Dec. 1, 2023) (Monitoring Procedure).

ANR's Monitoring Procedure has required monthly wellhead pressure monitoring since at least 2020. ANR's procedure, *Storage Integrity Records Management*, section 3.2 "Storage Well Records" (Rev 2, Feb. 1, 2023) stated that well integrity monitoring records must be retained for the life of facility.

During the inspection, PHMSA reviewed wellhead pressure records of four plugged wells within the Loreed UNGSF. ANR failed to provide wellhead pressure records for wells 9151, 8733, and 8934 for most months between 2020 to 2024, and for several months in 2024 for well 8865. During the field inspection, PHMSA noted pressure at the wellhead of these wells, which indicates a possible failure of the plugs.

Therefore, ANR failed to follow its manual of written procedures for conducting operations, maintenance, and emergency preparedness and response activities in accordance with § 192.12(c). Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$272,926 per violation per day the violation persists, up to a maximum of \$2,729,245 for a related series of violations. For violation occurring on or after December 28, 2023 and before December 30, 2024, the maximum penalty may not 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.

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 may result in ANR Pipeline Co 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 1-2025-019-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