



U.S. Department
of Transportation
**Pipeline and Hazardous
Materials Safety
Administration**

1200 New Jersey Avenue, S.E.
Washington, D.C. 20590

April 21, 2026

VIA ELECTRONIC MAIL TO: bgray@dgoc.com

Bradley Gray
Executive VP/COO
Cranberry Pipeline Corporation
1800 Corporate Drive
Birmingham, AL 35242

Re: CPF No. 1-2026-022-NOPV

Dear Mr. Gray:

Enclosed please find the Final Order issued in the above-referenced case. It makes a finding of violation and specifies actions that need to be taken to comply with the pipeline safety regulations. When the terms of the compliance order are completed, as determined by the Director, Eastern Region, this enforcement action will be closed. Service of the Final Order by e-mail is effective upon the date of transmission and acknowledgement of receipt as provided under 49 CFR § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

Linda Daugherty
Acting Associate Administrator
for Pipeline Safety

Enclosures (Final Order and NOPV)

cc: Robert Burrough, Director, Eastern Region, Office of Pipeline Safety, PHMSA
James S. Bailey, VP, Midstream Operations (Compliance), Diversified Energy,
jsbailey@dgoc.com

CONFIRMATION OF RECEIPT REQUESTED

extension of time to comply with any of the required items upon a written request timely submitted by the Respondent and demonstrating good cause for an extension. Upon completion of the ordered actions, Respondent may request that the Director close the case. Failure to comply with this Order may result in the assessment of civil penalties under 49 CFR § 190.223 or in referral to the Attorney General for appropriate relief in a district court of the United States.

The terms and conditions of this order are effective upon service in accordance with 49 CFR § 190.5.

Linda Daugherty
Acting Associate Administrator
for Pipeline Safety

Date Issued



U.S. Department
of Transportation

**Pipeline and
Hazardous Materials
Safety Administration**

840 Bear Tavern Road, Suite 300
West Trenton, NJ 08628
609.771.7800

**NOTICE OF PROBABLE VIOLATION
and
PROPOSED COMPLIANCE ORDER**

VIA ELECTRONIC MAIL TO: bgray@dgoc.com

February 24, 2026

Bradley Gray
Executive VP/COO
Cranberry Pipeline Corporation
1800 Corporate Drive
Birmingham, AL 35242

CPF 1-2026-022-NOPV

Dear Mr. Gray:

From August 12 through 14, 2025, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code (U.S.C.) inspected Cranberry Pipeline Corporation's (CPC)¹ Heizer Creek Storage and Maxton underground natural gas storage facilities (UNGSEFs) in Putnam and Raleigh Counties, West Virginia.

As a result of the inspection, it is alleged that CPC has 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.

Underground natural gas storage facilities (UNGSEFs), as defined in § 192.3, are not subject to any requirements of this part aside from this section.

(a)

(d) *Integrity management program* —

(1)

(2) *Integrity management baseline risk-assessment intervals.* No later than March 13, 2024, each UNGSEF operator must complete the baseline risk assessments of all reservoirs and caverns, and at least 40% of the baseline risk assessments for each of its UNGSEF wells (including wellhead assemblies), beginning with the highest-risk wells, as identified by the risk analysis process.

¹ CPC is a subsidiary of Diversified Midstream LLC.

No later than March 13, 2027, an operator must complete baseline risk assessments on all its wells (including wellhead assemblies). Operators may use prior risk assessments for a well as a baseline (or part of the baseline) risk assessment in implementing its initial integrity management program, so long as the prior assessments meet the requirements of API RP 1171 (incorporated by reference, *see* § 192.7), section 8, and continue to be relevant and valid for the current operating and environmental conditions. When evaluating prior risk-assessment results, operators must account for the growth and effects of indicated defects since the time the assessment was performed.

CPC failed to complete the baseline risk assessment for at least 40% of its UNGSF wells by March 13, 2024, in accordance with section 192.12(d)(2). Specifically, CPC failed to evaluate the mechanical integrity of any of its wells with a downhole inspection and failed to incorporate the results of any of these evaluations into the baseline risk assessments.

As a subsidiary, CPC uses Diversified Midstream LLC's *Storage Integrity Management Plan* (02/01/2025) (SIMP) and section 8.3.3 notes in part that:

[CPC] shall evaluate the mechanical integrity of each active well, including each third-party well, that penetrates the storage reservoir and buffer zone, or areas influenced by storage operations.

- Well integrity evaluation methods typically used include but are not limited to review of design, completion and well work records, wellhead and downhole inspection, well pressure monitoring and testing, and gas sampling.
- . . .
- Active well mechanical integrity evaluations shall include initial and subsequent evaluations as determined using the risk assessment and the information derived from the initial evaluation.

During the inspection, PHMSA noted that CPC's baseline risk assessments did not incorporate downhole mechanical integrity inspection methods into the risk evaluation for any of the 16 active wells in the two fields, which would have allowed CPC to monitor for tubular corrosion and evaluate corrosion impact on well integrity and operating pressure. Consequently, without the downhole inspection method such as a casing corrosion log to support the assumptions made and the methodology used to complete the calculations in the risk model, CPC lacked any historical data that may have been relevant and valid for current operating and environmental conditions, or any current data. No downhole mechanical integrity evaluations (casing logs) had been conducted by March 13, 2024.

Therefore, CPC failed to complete the baseline risk assessment for at least 40% of its UNGSF wells by March 13, 2024, in accordance with section 192.12(d)(2).

Proposed Civil Penalty

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 \$2,391,412 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 propose a civil penalty assessment at this time.

Proposed Compliance Order

With respect to Item 1, pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Cranberry Pipeline Corporation. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

Response to this Notice

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. All material you submit in response to this enforcement action may be 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 your receipt of this Notice, you have 30 days to respond as described in the enclosed *Response Options*. 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 a Final Order. If you are responding to this Notice, we propose that you submit your correspondence to my office within 30 days from receipt of this Notice. The Region Director may extend the period for responding upon a written request timely submitted demonstrating good cause for an extension.

In your correspondence on this matter, please refer to **CPF 1-2026-022-NOPV** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Robert Burrough
Director, Eastern Region, Office of Pipeline Safety
Pipeline and Hazardous Materials Safety Administration

Enclosures: *Proposed Compliance Order*
Response Options for Pipeline Operators in Enforcement Proceedings

PROPOSED COMPLIANCE ORDER

Pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to Cranberry Pipeline Corporation (CPC) a Compliance Order incorporating the following remedial requirements to ensure the compliance of CPC with the pipeline safety regulations:

- A. In regard to Item 1 of the Notice pertaining to CPC's failure to complete the baseline risk assessment for at least 40% of its UNGSF wells by March 13, 2024, CPC must complete the baseline risk assessment for the seven highest-risk wells by September 26, 2026, or within **180** days of receipt of the Final Order, whichever is later.

- B. It is requested (not mandated) that CPC maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Robert Burrough, Director, Eastern Region, Pipeline and Hazardous Materials Safety Administration. It is requested that these costs be reported in two categories: 1) total cost associated with preparation/revision of plans, procedures, studies and analyses, and 2) total cost associated with replacements, additions and other changes to pipeline infrastructure.