



U.S. Department
of Transportation

**Pipeline and
Hazardous Materials
Safety Administration**

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

WARNING LETTER

VIA ELECTRONIC MAIL TO: drm@calichestorage.com

February 13, 2026

Dave Marchese
Chief Executive Officer
Caliche Development Partners, LLC
919 Milam Street, Suite 2425
Houston, TX 77002

CPF 1-2026-026-WL

Dear Mr. Marchese:

From March 10 to 21, 2025, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code (U.S.C.), conducted an inspection of Central Valley Gas Storage LLC's (CVGS) procedures in Colusa County, California.

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) ...
 - (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.**

CVGS failed to review and update its manuals of written procedures for conducting operations, maintenance, and emergency preparedness and response activities at intervals not exceeding 15

months, but at least once each calendar year in accordance with section 192.12(c). Specifically, CVGS failed to review and update its procedure *Management of Change* (05/10/2021) (MOC Procedure) in 2022, 2023, and 2024.

2. § 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.

CVGS failed to meet all provisions of API RP 1171 in accordance with section 192.12(b)(1). Specifically, CVGS failed to revise its program documentation, framework, and procedures before changes were implemented and failed to notify and train operating personnel before operating wells and reservoirs in accordance with sections 11.11.1 and 11.12.2, respectively.

Section 11.11.1 states, in part, that “[r]evision of procedures and processes is an acceptable practice, but the operator shall require changes to be accomplished in a controlled manner. The program documentation, framework, and procedures shall be revised before the change can be implemented.”

Section 11.12.2 states, in part, that “[w]henver changes are made to the operating procedures specified in 11.3, operating personnel shall be notified and trained as necessary in the changes and training documented before operating storage wells and reservoirs.”

During the inspection, PHMSA reviewed Central Valley Gas Storage record *Snubbing Workover Procedure, VI.4.1.4* (08/22/2024) (Snubbing Workover Procedure), which was a snubbing workover procedure for well 1L and the associated *Management of Change Form #2024-1L-3* (08/22/2024) (MOCF). The MOCF has the description of change as “Remove X nipple from planned 1-L completion. Change is required to enable retrieval of TRB plugs from below the planned location of the X nipple.” MOCF, Section D (Safety & Health Review and Approval) and Section G (Final Request for Change Approval by Director or Designee) are both dated August 23, 2024, meaning these reviews occurred after the Snubbing Workover Procedure was finalized. However, MOCF, Section B (Action Items with the boxes checked for “Operating Procedure Changes” and “Notification/Training of Employees Required (and Contactors if Applicable)”) are both dated September 12, 2024. These dates indicate that the Notification/Training of Employees Required (and Contractors if Applicable) was completed after work on the well began on August 23, 2024.

Therefore, CVGS failed to meet all provisions of API RP 1171 in accordance with section 192.12(b)(1).

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 Central Valley Gas Storage 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 1-2026-026-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