

WARNING LETTER

VIA ELECTRONIC MAIL TO: clif.simonson@calnrg.com

May 21, 2024

Mr. Clif Simonson
President/COO
California Natural Resources Group (CalNRG)
1746-F South Victoria Avenue #245
Ventura, CA 93003

CPF 5-2024-005-WL

Dear Mr. Simonson:

From November 13 through 17, 2023, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code (U.S.C.), inspected the CalNRG Type B Gas Gathering (GG) inspection system located in Ventura 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 item inspected and the probable violation is:

1. **§ 192.9 What requirements apply to gathering pipelines?**
 - (a)
 - (d) *Type B lines*. An operator of a Type B regulated onshore gathering line must comply with the following requirements:
 - (1)
 - (2) If the pipeline is metallic, control corrosion according to requirements of subpart I of this part applicable to transmission lines, except the requirements in §§

192.461(f) through (i), 192.465(d) and (f), 192.473(c), 192.478, 192.485(c), and 192.493;

CalNRG failed to comply with all Type B gas-gathering metallic pipeline corrosion control requirements pursuant to §192.9(d)(2).

Specifically, CalNRG failed to demonstrate adequate levels of cathodic protection (CP) as required by §192.463(a). CalNRG did not collect instant-off (IR free) measurement data while performing 2022 CP Annual Surveys on PL-8396-2, PL-8402, PL-8403, PL-8444, and PL-8540. Additionally, the November 6, 2023 CP Annual Survey results for PL-8444 did not meet the -0.85 V instant off (IR free) or any other Appendix D criteria.

Accordingly, CalNRG failed to demonstrate that each cathodic protection system provided a level of cathodic protection that complies with one or more of the applicable criteria contained in Appendix D of Part 192 as required by § 192.9(d)(2) & § 192.463(a).

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 item identified in this letter. Failure to do so will result in California Natural Resources Group (CalNRG) 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 5-2024-005-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,

Dustin Hubbard
Director, Western Region, Office of Pipeline Safety
Pipeline and Hazardous Materials Safety Administration

cc: PHP-60 Compliance Registry
PHP-500 M. Mulligan, M. Flaherty (#23-264044)
Matt Pearson – CalNRG Facilities Manager, matt.pearson@calnrg.com
Sarah D’Avella – DOT Contractor, sarah@specterandcypress.com