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 AMENDMENT

OVERNIGHT EXPRESS DELIVERY

November 29, 2018

Mr. John Lau
Vice President of Operations
Cook Inlet Natural Gas Storage Alaska
3000 Spenard Road
Anchorage, AK 99503

CPF 1-2018-0008M

Dear Mr. Lau:

From July 31 to August 2, 2018, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected Cook Inlet Natural Gas Storage Alaska (Cook Inlet) procedures and records for the Cannery Row Underground Natural Gas Storage field in Kenai Peninsula County, Alaska.

On the basis of the inspection, PHMSA has identified the apparent inadequacies found within Cook Inlet's plans or procedures, as described below:

1. **§192.12 (e) Underground natural gas storage facilities.**

   (e) Operators of underground gas storage facilities must establish and follow written procedures for operations, maintenance, and emergencies implementing the requirements of API RP 1170 and API RP 1171, as required under this section, including the effective dates as applicable, and incorporate such procedures into their written procedures for operations, maintenance, and emergencies established pursuant to §192.605.

Cook Inlet's procedures for operations, maintenance and emergencies implementing the requirements of API RP 1170 and API RP 1171 were inadequate. Specifically, Cook Inlet's procedures do not define an annular pressure threshold to determine if additional evaluation is required as stated in API RP 1171, Section 9.3. In addition, Cook Inlet's procedures do not state what measures must be undertaken if that threshold is met as stated in API RP 1171, Section 9.3.

2. **§192.12 (e) Underground natural gas storage facilities.**

   (e) Operators of underground gas storage facilities must establish and follow written procedures for operations, maintenance, and emergencies implementing the requirements of API RP 1170 and API RP 1171, as required under this section, including the effective dates as applicable, and incorporate such procedures into their written procedures for operations, maintenance, and emergencies established pursuant to §192.605.

Cook Inlet's procedures for operations, maintenance and emergencies implementing the requirements of API RP 1170 and API RP 1171 were inadequate. Specifically, Cook Inlet does not have the proper definition of an incident as stated in Part 192.3.

3. **§192.12 (e) Underground natural gas storage facilities.**

   (e) Operators of underground gas storage facilities must establish and follow written procedures for operations, maintenance, and emergencies implementing the requirements of API RP 1170 and API RP 1171, as required under this section, including the effective dates as applicable, and incorporate such procedures into their written procedures for operations, maintenance, and emergencies established pursuant to §192.605.

Cook Inlet's procedures for operations, maintenance and emergencies implementing the requirements of API RP 1170 and API RP 1171 were inadequate. Specifically, Cook Inlet is missing procedures to address Accidental Releases, Equipment Failure, Third Party Emergencies, and Natural Disasters as stated in API RP 1171, Section 10.6.1.

4. **§192.12 (e) Underground natural gas storage facilities.**

   (e) Operators of underground gas storage facilities must establish and follow written procedures for operations, maintenance, and emergencies implementing the requirements of API RP 1170 and API RP 1171, as required under this section, including the effective dates as applicable, and incorporate such procedures into their written procedures for operations, maintenance, and emergencies established pursuant to §192.605.

Cook Inlet's procedures for operations, maintenance and emergencies implementing the requirements of API RP 1170 and API RP 1171 were inadequate. Specifically, Cook Inlet does not have a procedure for the mitigation of external corrosion on casing in exposed piping within their well pits as stated in API RP 1171, Section 9.3.

Response to this Notice

This Notice is provided pursuant to 49 U.S.C. § 60108(a) and 49 C.F.R. § 190.206. Enclosed as part of this Notice is a document entitled *Response Options for Pipeline Operators in Compliance Proceedings*. Please refer to this document and note the response options. 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).

Following the receipt of this Notice, you have 30 days to submit written comments, revised procedures, or a request for a hearing under §190.211. 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 an Order Directing Amendment. If your plans or procedures are found inadequate as alleged in this Notice, you may be ordered to amend your plans or procedures to correct the inadequacies (49 C.F.R. § 190.206). If you are not contesting this Notice, we propose that you submit your amended procedures to my office within 90 days of receipt of this Notice. This period may be extended by written request for good cause. Once the inadequacies identified herein have been addressed in your amended procedures, this enforcement action will be closed.

It is requested (not mandated) that Cook Inlet Natural Gas Storage Alaska maintain documentation of the safety improvement costs associated with fulfilling this Notice of Amendment (preparation/revision of plans, procedures) and submit the total to Robert Burrough, Director, Eastern Region, Pipeline and Hazardous Materials Safety Administration. In correspondence concerning this matter, please refer to **CPF 1-2018-0008M** and, for each document you submit, please provide a copy in electronic format whenever possible.

Please note, the address for the PHMSA Eastern Region, Office of Pipeline Safety, has changed:

PHMSA, Eastern Region, Office of Pipeline Safety
840 Bear Tavern Road, Suite 300
West Trenton, NJ 08628

Please make a note of this new information in your records. If you have any questions, please contact us at 609-771-7800.

Sincerely,

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

cc: Mr. Rusty Allen, Compliance Engineer, Cook Inlet Natural Gas Storage Alaska

Enclosure: *Response Options for Pipeline Operators in Compliance Proceedings*