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December 21, 2018

Mr. Robert Burrough  
Director, Eastern Region  
Pipeline and Hazardous Materials Safety Administration  
840 Bear Tavern Road, Suite 300  
West Trenton, NJ 08628

2018 CINGSA Natural Gas Storage PHMSA Audit

**RE: Notice of Amendment Response CPF 1-2018-0008M**

Mr. Burrough,

In response to your letter to Mr. John Lau dated November 29, 2018 and received on December 4, 2018, ENSTAR respectfully submits the following response.

On the basis of the inspection, PHMSA identified four alleged inadequacies in CINGSA's procedures, as described below:

**Item 1**

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

*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.*

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## PHMSA Allegations

*CINGSA's procedures do not define an annular pressure threshold to determine if additional evaluation is required as stated by API RP 1171, Section 9.3. In addition, CINGSA procedures do not state what measures must be undertaken if that threshold is met as stated in API RP 1171, section 9.3*

## CINGSA's Actions Taken

The concerns and recommendations PHMSA expressed during the audit were taken into account and CINGSA published CINGSA's Best Practice titled "CINGSA Well Pad Integrity Inspections" into Standard Operating Procedure 2805. Below is an excerpt of SOP 2805:

### Procedure

- A. Perform the following checks on normal daily rounds:
- Verify main gate operation and station signage.
  - Site security checks, including fence line gates. API 1171 10.2, 10.5, 6.2
  - Verify each well's permit signage is in place and legible.
  - Check for fluid in the Vent Silencer.
  - Check for gas leaks at each wellhead.
  - Check well cellars for abnormal fluids. Pump as necessary. Record time in log book.
  - Verify hydraulic pressures for the SSV and SSSV. API 1171 6.2, 9.3
  - Verify valves are in the correct positions for the safety valves.
  - Record inner and outer annulus pressures for each well. API 1171 9.3
    - Immediately report to supervisor if annulus and tubing pressures have equalized.
    - Immediately report to supervisor if annulus pressure is 0 psig
    - Immediately report to supervisor any substantial gain or loss in pressure not associated with temperature fluctuations due to injection or withdrawal modes.
    - Immediately report to supervisor if casing pressure is greater than or equal to 2180 psig.

CINGSA has included SOP 2805 in its entirety as attachment A.

### Item 2

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

*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*

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*their written procedures for operations, maintenance, and emergencies established pursuant to §192.605.*

## **PHMSA Allegations**

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

## **CINGSA's Actions Taken**

The concerns and recommendations PHMSA expressed during the audit were taken into account and ENSTAR began discussing the revision of its Standard Operating Procedures (SOP) before the audit had concluded. On July 31, 2018, ENSTAR published a revision to SOP 1110 titled "Reporting Incidents" to include the definition as defined in §191.5. Below is an excerpt of SOP 1110, as revised:

### **Procedure:**

#### **I. Definition of an Incident**

An incident is an event that involves a release of gas from a pipeline, underground natural gas storage facility or of liquefied natural gas, liquefied petroleum gas, refrigerant gas or gas from an LNG facility, and results in one or more of the following consequences.

- A. A death, or personal injury necessitating in patient hospitalization.
- B. Estimated property damage of \$50,000 or more, including loss to the operator and others but excluding the cost of gas lost.
- C. Unintentional estimated gas loss of three million cubic feet (3000MCF) or more
- D. An incident is also an event that results in an emergency shutdown of an underground natural storage facility or LNG facility. Activation of an emergency shutdown system for reasons other than an emergency does not constitute an incident.
- E. Additionally, any event that is significant in the judgement of the operator, even though it does not meet the criteria above shall be reported as an incident.

CINGSA has included SOP 1110 in its entirety as attachment B.

### Item 3

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

*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.*

### PHMSA Allegations

*Specifically, CINGSA is missing procedures to address accidental releases, equipment failure, third party emergencies and natural disasters as stated in API 1171 Section 10.6.1.*

### CINGSA's Actions Taken

The concerns and recommendations PHMSA expressed during the audit were taken into account and CINGSA began discussing the revision of its Standard Operating Procedures (SOP) before the audit had concluded. On November 16, 2018, ENSTAR published a revision to SOP 1105 titled "ENSTAR Emergency Operating Plan" to include accidental releases, equipment failure, third party emergencies and natural disasters as stated in API 1171 section 10:6:1.

Below is an excerpt of SOP 1105, as revised:

- C. **Level III Emergency** – Are natural or man-made catastrophic disasters that affect large portions of the Company's distribution and transmission system and require most, if not all, of the Company's employees and significant resources to control and repair.
- D. Examples of Level III Emergencies include:
  - 1. Major earthquakes.
  - 2. Major volcanic eruptions.
  - 3. Floods, tsunamis.
  - 4. High winds.
  - 5. Prolonged periods of cold weather.
  - 6. Enemy attack.
  - 7. Riot.
  - 8. Pandemic Outbreak.
  - 9. CINGSA Wild Well

CINGSA has included SOP 1105 in its entirety as attachment C.

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**Item 4**

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

*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.*

**PHMSA Allegations**

*Specifically, CINGSA does not have a procedure for mitigation of external corrosion on casing in exposed piping within their well pad as stated in API 1171, Section 9.3*

**CINGSA's Response**

The exposed material the inspector is referring to is the conductor pipe used during initial construction of the well. The conductor pipe identified is not a casing and is not integral to the operation or safety of the well.

Should you have any questions regarding our response, please feel free to call me at 907-334-7736 between 8:00 AM and 5:00 PM AST.

Sincerely  
ENSTAR Natural Gas Company



John Lau, P.E.  
Vice President of Operations  
John.Lau@EnstarNaturalGas.com

Cc: John Sims

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