



March 6, 2019

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

RE: Notice of Amendment CPF 1-2019-0001M

Mr. Burrough,

NorthWestern Energy is responding to the Notice of Amendment (NOA) issued from your office on February 4, 2019 (received February 7, 2019) with regards to the inspection of NorthWestern's Dry Creek Storage Facility.

In the NOA it is noted that NorthWestern is in potential violation of §192.12 for Underground Natural Gas Storage Facilities; specifically, in establishing a written blow-out contingency plan (BCP) as required per API 1171. NorthWestern is not contesting the findings of the NOA, but does hope to clarify some of the context within the findings. At the time of the inspection, the storage engineering and operations group believed that a blow-out response contract was in place between our insurance underwriting broker and Wild Well Control. The contract was requested by the inspection team, which through the retrieval process it was determined that the insurance underwriter had been changed and the previous agreement with Wild Well Control no longer existed. However, NorthWestern does believe that a BCP existed within NorthWestern's emergency manual. The manual details the processes of how an emergency should be approached, which includes storage facilities, but does not specifically address BCP. The emergency manual directs employees how to address an emergency in the storage field, in general this is a stepped approach to response that allows NorthWestern to respond and attempt to control the issue with internal personnel, equipment and processes. Once it is determined the NorthWestern cannot address the issue adequately (knowledge, equipment, etc.), NorthWestern would continue to monitor and make safe while implementing the well control response contract with the underwriter. Because of how the emergency manual is structured, NorthWestern believes that a BCP existed and that a deficiency within the BCP was what was discovered by the inspection process.

NorthWestern is not contesting the NOA. In fact, NorthWestern has taken the inspection very seriously and has improved from this experience and input from the inspection team. NorthWestern has continued conversations and follow-up with the inspection team about the concerns from the inspection. NorthWestern has determined that the emergency manual is the correct mechanism to respond to the emergencies, including storage facilities. However, the emergency manual is lacking in the full context of a BCP that the inspectors have seen with other operators. We have also discovered the same through industry organization meetings. Because of the

suggestions and what we have learned from industry, NorthWestern has completed the following since the inspection in regards to the BCP:

1. Established a contract with Wild Well Control for emergency response as well as engineering support for development of a BCP that meets what the inspection team expected to see – the contract with Wild Well was complete and in place 01/16/2019.
 - a. This allows NorthWestern to continue to utilize the emergency plan until a formal BCP is developed with the assistance of the contractor.
2. Signed a letter of intent to have Wild Well Control provide a BCP.
3. Held meetings with Wild Well Control to review emergency procedures, O&M standards, and Underground Natural Gas Storage Integrity Management Plan – complete 02/13/2019
4. Completed field visits to complete data gathering, due diligence, and background work with Wild Well Control to all storage facilities and 99% of well sites – complete 02/28/2019.
 - a. Could not visit 3 wells because of weather conditions and impassable road conditions.
5. Received a Draft BCP (revision A) from Wild Well Control – complete 02/28/2019
6. Actively working with Wild Well Control to have a fully implemented and published BCP (appropriate revision) by March 15, 2019.
7. Training on the initial published version of the BCP will be completed with Management and Well Site Supervisors by April 30, 2019 or prior to starting work on NorthWestern facilities as directed per the plan.
8. Field review of the initial BCP will be completed by April 30, 2019. Any updates will be issued as additional versions.
9. Will continue to work with Wild Well Control throughout 2019 for continued improvements to the BCP and publish (appropriate revision) with amendments in early 2020.

Included is Revision A of the BCP for your review. Please note that this is an initial draft that will be finalized with the upcoming work with Wild Well Control.

Although NorthWestern does not contest the NOA and is taking steps to correct the noted deficiency within the NOA, this letter included important context that we felt needed clarification. Through what is documented in this response, it is hoped that the effort that is being put into development of a new BCP shows the dedication to continual improvement that PHSMA is looking for from gas system operators. NorthWestern respectfully

requests that PHMSA consider the efforts outlined in this letter and development of an updated BCP as satisfaction of the NOA issued by your office.

If you have any further concerns or questions please feel free to contact me directly.

Sincerely,

A handwritten signature in black ink, appearing to read "Keith Meagor", written in a cursive style.

Keith Meagor

Senior Engineer, Gas Transmission and Storage

O 406-497-2214

C 406-461-1211

Keith.Meagor@northwestern.com