

NOTICE OF AMENDMENT

OVERNIGHT EXPRESS DELIVERY

April 30, 2020

Mr. Dan McVey
Chief Operating Officer
NGO Transmission, Inc.
1500 Granville Road
Newark, OH 43058-4970

CPF 1-2020-1016M

Dear Mr. McVey:

From October 8 - 10, 2019, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code (U.S.C.), inspected NGO Transmission, Inc. (NGO)'s procedures for Underground Natural Gas Storage (UNGS) in Hebron, Ohio.

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

1. **§ 192.12 Underground natural gas storage facilities.**
 - (a) ...
 - (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 § 192.605.¹**

NGO's written procedures for implementing the requirements of API RP 1171 were inadequate. Specifically, NGO's Storage Risk Management Plan (SRMP) did not require a periodic review of the risk assessment to update information and evaluate risk management effectiveness in accordance with API RP 1171, Section 8.5.2 Methodology (Section 8.5.2).

¹ The final rule, Pipeline Safety: Safety of Underground Natural Gas Storage Facilities, 85 FR 8104 (February 12, 2020), revised § 192.12. The requirement cited in this Notice of Amendment is still present but is now codified in § 192.12(c).

Section 8.5.2 states in part:

The operator shall assess risk related to the storage operation using a consistent process.

The operator should determine the risk assessment method applicable for the facilities. A risk assessment method should include the following characteristics in the risk assessment protocol:

- (a) ...
- (f) regular, periodic risk assessment reviews to update information and evaluate risk management effectiveness.

At the time of the inspection, NGO’s SRMP did not define a regular frequency for performing reviews of risk assessment results in accordance with Section 8.5.2.

2. § 192.12 Underground natural gas storage facilities.

(a) ...

(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.

NGO’s written procedures for implementing the requirements of API RP 1171 were inadequate. Specifically, NGO’s SRMP did not describe how preventive and mitigative (P&M) measures were identified and implemented, in accordance with API RP 1171, Section 8.6.2 Methodology (Section 8.6.2).

Section 8.6.2 states in part:

The operator shall develop P&M measures to manage risks.

At the time of the inspection, NGO’s written procedures failed to address how P&M measures were determined to manage risk, based on site-specific conditions, in accordance with Section 8.6.2.

3. § 192.12 Underground natural gas storage facilities.

(a) ...

(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.

NGO's written procedures for implementing the requirements of API RP 1171 were inadequate. Specifically, NGO's SRMP requirements did not adequately account for site specific characteristics for each reservoir and well, in accordance with API RP 1171, Section 9.2.1 Integrity Maintenance (Section 9.2.1).

Section 9.2.1 states:

The operator shall maintain functional integrity of storage wells and reservoirs. Storage wells and reservoirs can have different characteristics resulting in unique requirements in approaching integrity demonstration, verification, and monitoring.

During the inspection, it was established that Muskie storage field has 5 injection/withdrawal wells and 4 constant withdrawal-only wells that do not cycle with the field. These site-specific characteristics were not accounted for in the integrity monitoring program and may warrant unique requirements in approaching integrity demonstration, verification, and monitoring per section 9.2.1.

4. § 192.12 Underground natural gas storage facilities.

(a) ...

(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.

NGO's written procedures for implementing the requirements of API RP 1171 were inadequate. Specifically, NGO's SRMP did not use a risk-based approach for developing the integrity demonstration, verification, and monitoring tasks, as required by API RP 1171, Section 9.2.2 Risk-based Evaluation (Section 9.2.2).

Section 9.2.2 states in part:

Risk assessments shall be used as a basis for developing the integrity demonstration, verification, and monitoring tasks and evaluating their frequency requirements.

At the time of the inspection, NGO's written procedures failed to address how risk assessments fit into the risk management plan. Risk assessments shall drive storage reservoir and well integrity monitoring practices in accordance with Section 9.2.2.

5. § 192.12 Underground natural gas storage facilities.

(a) ...

(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.

NGO's written procedures for implementing the requirements of API RP 1171 were inadequate. Specifically, NGO's SRMP did not include a process to integrate initial and subsequent well integrity evaluations into the risk management program, as required by API RP 1171, Section 9.3.1 Well Integrity Evaluation (Section 9.3.1).

Section 9.3.1 states in part:

Active well mechanical integrity evaluations shall include initial and subsequent evaluations as determined using the risk assessment and the information derived from the initial evaluation.

At the time of the inspection, NGO's SRMP did not outline procedures to utilize NGO's integrity evaluations within its risk management program in accordance with Section 9.3.1.

6. § 192.12 Underground natural gas storage facilities.

(a) ...

(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.

NGO's written procedures for implementing the requirements of API RP 1171 were inadequate. Specifically, NGO's Emergency Response Plan (ER) did not address natural disasters and third party emergencies for site security and safety, as required by API RP 1171, Section 10.6.1 Emergency Preparedness/Emergency Response Plan (Section 10.6.1).

Section 10.6.1 states in part:

For site security and safety, the operator shall develop and implement a structured emergency preparedness/response plan in order to address accidental releases, equipment failures, natural disasters, and third-party emergencies.

At the time of the inspection, NGO's ER Plan addressed general emergencies but did not specifically address natural disasters and third-party emergencies in accordance with Section 10.6.1.

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 Enforcement 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 30 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 NGO Transmission, Inc. 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, PHMSA Eastern Region, 840 Bear Tavern Road, Suite 300, West Trenton, NJ 08628. Please refer to **CPF 1-2020-1016M** on each document you submit, and whenever possible provide a signed PDF copy in electronic format. Smaller files may be emailed to. Larger files should be sent on USB flash drive accompanied by the original paper copy to the Eastern Region Office.

Additionally, if you choose to respond to this (or any other case), please ensure that any response letter pertains solely to one CPF case number.

Sincerely,

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

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

CC: Don Wheeler, Operations Manager, NGO Transmission, Inc. (via email)