

WARNING LETTER

OVERNIGHT EXPRESS DELIVERY

May 10, 2022

Mr. Scott Doyle
President and Chief Executive Officer
Indiana Gas Company Inc.
211 NW Riverside Drive
Evansville, Indiana 47708

CPF 1-2022-055-WL

Dear Mr. Doyle:

From October 18 through 21, 2021, the Indiana Department of Natural Resources (IDNR) acting as a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code (U.S.C.) inspected Indiana Gas Company Inc. (IGC) Unionville Storage's Underground Natural Gas Facility in Evansville, Indiana.

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 items inspected and the probable violation are:

1. § 191.25 Filing safety-related condition reports.

(a) Each report of a safety-related condition under § 191.23(a)(1) through (9) must be filed (received by the Associate Administrator) in writing within 5 working days (not including Saturday, Sunday, or Federal holidays) after the day a representative of an operator first determines that the condition exists, but not later than 10 working days after the day a representative of an operator discovers the condition. Separate conditions may be described in a single report if they are closely related. Reporting methods and report requirements are described in paragraph (c) of this section.

IGC failed to file a safety related condition (SRC) report within the reporting requirements of § 191.25(a). Specifically, IGC failed to file a report within 5 working days after the day a

representative first determined that a condition existed, but not later than 10 working days after the day a representative of IGC discovered the condition for a 92% corrosion anomaly meeting § 191.23(a)(2) on its Well UND 13F.

Section 191.23(a)(2) states:

- (a) Except as provided in paragraph (b) of this section, each operator shall report in accordance with § 191.25 the existence of any of the following safety-related conditions involving facilities in service:
 - (1) ...
 - (2) In the case of a UNGSF, general corrosion that has reduced the wall thickness of any metal component to less than that required for the well's maximum operating pressure, or localized corrosion pitting to a degree where leakage might result.

During the inspection, IDNR was informed that IGC performed an integrity assessment on Well UND 13F on May 5, 2020. This assessment resulted in the discovery of a 92% corrosion anomaly on Well UND 13F on May 20, 2020. IGC provided a white paper detailing a potential inaccuracy with this result but took no additional action to verify the accuracy of the result. After the inspection, additional logs were run in December of 2021 and subsequently an SRC report was filed on January 6, 2022 for this condition.

Therefore, IGC failed to report safety related condition in accordance with the reporting requirements of § 191.25.

2. § 192.12 Underground natural gas storage facilities.

- (a) ...
- (b) *Depleted hydrocarbon and aquifer reservoir UNGSFs.*
 - (1) ...
 - (2) **Each UNGSF that uses a depleted hydrocarbon reservoir or an aquifer reservoir for natural gas storage and was constructed on or before July 18, 2017, must meet the provisions of API RP 1171 (incorporated by reference, see §192.7), sections 8, 9, 10, and 11, and paragraph (c) of this section, by January 18, 2018, and must meet all provisions of paragraph (d) of this section by March 13, 2021.**

IGC failed to meet the provisions of API RP 1171, Section 9. Specifically, IGC failed to monitor its wells for annular pressure or gas flow in accordance with API RP 1171, Section 9.3.2 (Section 9.3.2).

Section 9.3.2 states in part, “The operator shall monitor for presence of annular gas by measuring and recording annular pressure and/or annular gas flow. The operator shall evaluate each annular gas occurrence that exceeds operator- or regulatory-defined threshold levels determined from well integrity evaluation and from risk assessment. The operator should test wellhead seals when annulus pressure is detected and where injectable packing and/or test ports are present.”

During the inspection, IGC was unable to provide any records that it had monitored the annual pressure or gas flow from 2018 to the second quarter of 2021 for its wells.

Therefore, IGC failed to meet the provisions of Section 9.3.2 regarding monitoring the annular pressure or gas flows.

3. § 192.12 Underground natural gas storage facilities.

(a) ...

(c) *Procedural manuals.* Each operator of a UNGSF must prepare and follow for each facility one or more manuals of written procedures for conducting operations, maintenance, and emergency preparedness and response activities under paragraphs (a) and (b) of this section. Each operator must keep records necessary to administer such procedures and review and update these manuals at intervals not exceeding 15 months, but at least once each calendar year. Each operator must keep the appropriate parts of these manuals accessible at locations where UNGSF work is being performed. Each operator must have written procedures in place before commencing operations or beginning an activity not yet implemented.

IGC failed to review its manuals of written procedures at intervals not exceeding 15 months, but at least once each calendar year. Specifically, IGS failed to review its Blowout Contingency Plan during 2020.

During the inspection, IDNR requested records demonstrating that IGC had reviewed its manuals required by § 192.12(c). IGC was unable to produce a record demonstrating that the Blowout Contingency Plan had been reviewed in 2020.

Therefore, IGC failed to review its manuals of written procedures during calendar year 2020 in accordance with § 192.12(c).

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to 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. For violation occurring on or after November 2, 2015 and before November 27, 2018, the maximum penalty may not exceed \$209,002 per violation per day, with a maximum penalty not to exceed \$2,090,022.

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 items identified in this letter. Failure to do so will result in Indiana Gas Company Inc. 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 1-2022-055-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,

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