

WARNING LETTER

OVERNIGHT EXPRESS DELIVERY

April 30, 2020

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

CPF 1-2020-1018W

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 underground natural gas storage records for the Perry, Muskie and Zane storage fields in Perry County and Muskingum County, Ohio.

As a result of the inspection, it is alleged that NGO has committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations (CFR). The items inspected and the probable violations are:

1. § 192.12 Underground natural gas storage facilities.

(a) ...

(d) Each underground natural gas storage facility that uses a depleted hydrocarbon reservoir or an aquifer reservoir for gas storage, including those constructed not later than July 18, 2017 must meet the operations, maintenance, integrity demonstration and verification, monitoring, threat and hazard identification, assessment, remediation, site security, emergency response and preparedness, and recordkeeping requirements and recommendations of API RP 1171, sections 8, 9, 10, and 11 (incorporated by reference, see §192.7) by January 18, 2018.¹

¹ The final rule, Pipeline Safety: Safety of Underground Natural Gas Storage Facilities, 85 FR 8104 (February 12, 2020), revised § 192.12. This requirement is still present but is now codified in § 192.12(b)(2).

NGO failed to meet the applicable requirements and recommendations of API RP 1171, Section 8. Specifically, NGO's records did not demonstrate that appropriate data was collected and used to determine susceptibility to threats and hazard-related events for a well at the Perry storage field, as required by API RP 1171, Section 8.3.2 Data Sources (Section 8.3.2).

Section 8.3.2 states:

The operator shall use available information such as performance data collected through the field history, operations and maintenance (O&M) activities, geotechnical data such as well logs, engineering data, and completion reports to determine susceptibility to threat and hazard-related events and to assess threat and hazard interaction.

During the inspection, records failed to demonstrate that appropriate data was used for the Cotterman well-site assessment within the Perry storage field. The Cotterman well-site was assessed as a low risk well, however there was no data to support the low risk assessment.

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 failed to follow its written procedures for operations, maintenance and emergencies implementing the requirements of API RP 1171. Specifically, NGO's records did not demonstrate that their emergency preparedness/response plan (ER Plan) was evaluated for effectiveness within the defined frequency of its procedures that were developed to comply with API RP 1171, Section 11.4.2 Plan Effectiveness (Section 11.4.2).

Section 11.4.2 states:

The operator shall establish a program to determine operator familiarity with emergency plans and procedures and periodic testing of the effectiveness of the plan in accordance with 10.6 Emergency Preparedness/Emergency Response.

During the inspection, it was established that NGO's program requires annual evaluation of the ER Plan for effectiveness. However, NGO failed to produce records demonstrating that the ER Plan was evaluated for effectiveness in 2018.

² The final rule, Pipeline Safety: Safety of Underground Natural Gas Storage Facilities, 85 FR 8104 (February 12, 2020), revised § 192.12. This requirement is still present but is now codified in § 192.12(c).

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to 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. For violations occurring prior to November 2, 2015, the maximum penalty may not exceed \$200,000 per violation per day, with a maximum penalty not to exceed \$2,000,000 for a related series of violations. 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 item identified in this letter. Failure to do so will result in NGO being subject to additional enforcement action.

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).

No reply to this letter is required. If you choose to reply, please submit all correspondence in this matter to Robert Burrough, Director, PHMSA Eastern Region, 840 Bear Tavern Road, Suite 300, West Trenton, NJ 08628. Please refer to **CPF 1-2020-1018W** on each document you submit, and whenever possible provide a signed PDF copy in electronic format. Smaller files may be emailed to robert.burrough@dot.gov. Larger files should be sent on USB flash drive accompanied by the original paper copy to the Eastern Region Office.

Sincerely,

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

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