

NOTICE OF AMENDMENT

OVERNIGHT EXPRESS DELIVERY

January 12, 2023

Mr. Torrence Hinton
President
Peoples Gas Light and Coke Co
200 E Randolph Street
Chicago, Illinois 60601

CPF 1-2023-003-NOA

Dear Mr. Hinton:

From September 27, 2021 through September 30, 2021, the Illinois Department of Natural Resources, Office of Oil and Gas Resource Management (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 Peoples Gas Light and Coke Co's (PGL) procedures for the Manlove Underground Gas Storage Facility located in Champaign County, Illinois.

On the basis of the inspection, PHMSA has identified the apparent inadequacies found within PGL's plans or procedures, as described below¹:

1. § 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

¹ All citations are to Title 49 of the Code of Federal Regulations.

must have written procedures in place before commencing operations or beginning an activity not yet implemented.

PGL's written procedures for underground storage were inadequate to assure safe operation of a pipeline facility. Specifically, PGL's procedures, required by API RP 1171 (incorporated by reference, see § 192.7), Section 11.2.1 failed to address API RP 1171, Sections 6.3.6 and 6.3.7².

Section 11.2.1 states in part that "[t]he operator shall develop and follow procedures for the construction, operation, and maintenance of natural gas storage wells and reservoirs to establish and maintain functional integrity."

During the inspection, PGL was unable to provide procedures addressing how it follows and maintains records relative to the requirements of these sections of API RP 1171. PGL was unable to demonstrate that it had adopted procedures meeting the provisions of API 1171 by January 18, 2018, and prior to the construction/workovers of well numbers 1, 10, and 20, or the plugging and abandoning of well numbers 2 and 33.

Therefore, PGL's procedures were inadequate regarding portions of Section 6 of API RP 1171. PGL must develop and follow procedures relative to these portions of Section 6 as required by Section 11.2.1.

2. § 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.

² Section 6.3.6 states, in part:

Casing shall be stored, transported, lifted and installed as specified by the manufacturer and in accordance with API 5C1.

Section 6.3.7 states, in part:

Casing connections shall be designed to accommodate loads associated with placement. The operator should calculate the expected mechanical load conditions for casing in the vertical and/or directionally oriented conditions during running, cementing, drilling, and operations and design the casing to have mechanical properties in excess of the mechanical load conditions. The casing shall maintain a gas seal under anticipated wellbore flow conditions and subsequent work in the wellbore (drilling, stimulation, and remediation).

Casing connections shall be made up according to manufacturer specifications or in accordance with API 5CT.

Thread compound or lubricant shall be compatible with the expected wellbore environment and shall be consistent with the manufacturer's recommended lubricant or API 5A3.

PGL's written procedures for underground storage were inadequate to assure safe operation of a pipeline facility. Specifically, PGL's *Underground Storage Risk and Integrity Management Plan* (IMP) did not include an adequate emergency preparedness/emergency response plan in accordance with API RP 1171, Section 10.6.1 (Section 10.6.1).

Section 10.6.1 Emergency Preparedness/Emergency Response Plan states:

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. The operator should integrate natural gas storage emergency procedures with regulatory required procedures covering pipeline facilities where possible rather than creating storage-specific documents.

During the inspection, PGL's IMP was reviewed, and third-party emergencies were not addressed in those procedures.

Therefore, PGL's written procedures required by § 192.12(c) were inadequate. PGL must revise its procedures to include all required emergencies and potential possible responses to them in accordance with API 1171, 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 Peoples Gas Light and Coke Co 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, Eastern Region, Pipeline and Hazardous Materials Safety Administration, 840 Bear Tavern Road, Suite 300, West Trenton, NJ 08628. In correspondence concerning this matter, please refer to **CPF 1-2023-003-NOA** and, for each document you submit, please provide a copy in electronic format whenever possible. 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

Enclosure: Response Options for Pipeline Operators in Enforcement Proceedings