

February 9, 2023

Via United States Postal Service Registered Mail

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

Re: 12023003NOA Notice of Amendment 01122023_ (21-220263)

Reference 1: Letter from R Burrough (PHMSA) to T Hinton (PGL) dated January 12, 2023

Dear Mr. Burrough:

In Reference 1, the Pipeline and Hazardous Materials Safety Administration (PHMSA) issued a Notice of Amendment (NOA) to Peoples Gas Light and Coke Company (PGL). The NOA resulted from an inspection of the Manlove Field Underground Storage Facility conducted September 27, 2021 through September 30, 2021.

Reference 1 identified the following NOA and states, in part:

CPF 1-2023-003-NOA:

1. § 192.12 Underground natural gas storage facilities.

(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.

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.

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.

PGL's Response:

PGL does not contest these NOAs. In response, PGL has revised the following procedures:

Compliance Directive 1.000 Storage Integrity Management Plan Appendix 6, Step 6.3.6 has been revised to state:

"Casing shall be stored, transported, lifted and installed as specified by the manufacturer and in accordance with API 5C1. In addition, Appendix 6, step 6.3.7, was revised to state "Casing connections shall be made up according to manufacturer specifications or in accordance with API 5 CT" and was further revised to state "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".

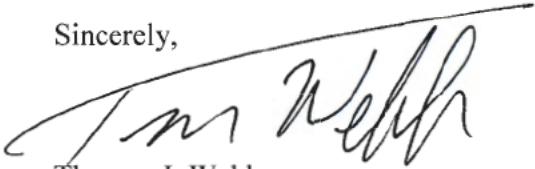
The Manlove Disaster Emergency Action Plan (DEAP) was revised to state the following:

There are currently no third party oil &/or gas operators using the same strata as PGL at Manlove Field. If a third party oil &/or gas operator is established, then the Asset Manager - Gas Storage or designee will establish and maintain mutual assistance regarding emergency response with the third party operator. The Plan further states: In case of other potential third party events (non-oil & gas) that may occur, such as fire, automobile accidents, natural disasters, etc., that may directly or indirectly impact Manlove Gas Storage Facilities, the Asset Manager - Gas Storage or designee will cooperate with local

authorities to identify and mitigate hazards to Facilities, including the compressor station, well sites and LNG.

Please contact me at your convenience if you have any questions regarding this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Tom Webb", with a long horizontal line extending from the end of the signature.

Thomas J. Webb

Compliance Manager

312-240-4650

The Peoples Gas Light and Coke Company

North Shore Gas Company