

WARNING LETTER

OVERNIGHT EXPRESS DELIVERY

September 26, 2023

Mr. Orville Cocking
Senior Vice President Gas Operations
Northern Indiana Public Service Co
801 E 86th Ave
Merrillville, Indiana 46410

CPF 1-2023-056-WL

Dear Mr. Cocking:

From November 15-17, 2022, in an on-site inspection, 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 Northern Indiana Public Service Co's (NIPSCO) Grass Creek and Royal Center storage facilities in Cass and Fulton Counties, Indiana.

As a result of the inspection, it is alleged that you have a committed probable violation of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations (CFR). The item inspected and the probable violation is:

1. **§192.12 Underground natural gas storage facilities.**
 - (a) . . .
 - (b) **Depleted hydrocarbon and aquifer reservoir UNGSFs.**
 - (1) **Each UNGSF that uses a depleted hydrocarbon reservoir or an aquifer reservoir for natural gas storage and was constructed after July 18, 2017, must meet all provisions of API RP 1171 (incorporated by reference, see § 192.7), and paragraphs (c) and (d) of this section, prior to commencing operations.**

NIPSCO failed to meet the provisions of API RP 1171, Section 9.3.2 (Section 9.3.2). Specifically, Northern failed to demonstrate that well integrity and monitoring practices were in place for multiple wells in Grass Creek and Royal Center UNGSF.

Section 9.3.2, Well Integrity Monitoring, states “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.

The operator shall visually inspect each wellhead assembly at least annually for leaks. The operator shall test the operation of the master valve and wellhead pipeline isolation valve at least annually for proper function and ability to isolate the well. The valves shall be maintained, repaired, or replaced in accordance with the operator’s valve maintenance program for isolation valves. Surface and subsurface safety valve systems, where installed, shall be function-tested at least annually. The tests shall be conducted in accordance with manufacturer’s recommendations and the operator’s procedures.”

During the inspection, PHMSA and the State of Indiana requested the records for the years 2018 through 2022 for the well integrity monitoring activities required by Section 9.3.2. NIPSCO could only provide records for 2022. NIPSCO acknowledged that it was not able to produce records for Grass Creek and Royal Center UNGSF that demonstrated the operation of the master valve and wellhead pipeline isolation valve for proper function for the years 2018-2021. Additionally, NIPSCO acknowledged that it was not able to produce records that demonstrate the surface and subsurface safety systems were function-tested for the years 2018-2021. Furthermore, NIPSCO could not produce records that demonstrated that they inspected wells for annular gas in the years 2018-2021. NIPSCO recognized the gap in 2021 and took action to revise their processes and procedures to ensure inspection documentation is completed, with associated inspection completion records available starting in 2022.

Therefore, NIPSCO failed to perform well integrity and monitoring activities during 2018-2021 in accordance with § 192.12(b)(1) and API RP1171, Section 9.3.2.

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$257,664 per violation per day the violation persists, up to a maximum of \$2,576,627 for a related series of violations. For violation occurring on or after March 21, 2022, and before January 6, 2023, the maximum penalty may not 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 item identified in this letter. Failure to do so will result in Northern Indiana Public Service Co 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 1-2023-056-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