

NOTICE OF AMENDMENT

OVERNIGHT EXPRESS DELIVERY

January 18, 2024

Mr. Charles Robinson
President
Egyptian Gas Storage Corp.
1410 North Cullen Avenue
Evansville, IN 47715

CPF 1-2024-002-NOA

Dear Mr. Robinson:

From October 3rd to 6th, 2022, inspectors from the Illinois Department of Natural Resources (ILDNR), acting as an agent for the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of Title 49 United States Code (U.S.C.), inspected Egyptian Gas Storage Corporation's (EGSC) procedures for the Egyptian Gas Storage Facility (Egyptian) in Gallatin County, Illinois.

As a result of the inspection, PHMSA has identified the apparent inadequacies found within EGSC's plans or procedures. The items inspected and the inadequacies are described below:

1. 49 C.F.R. § 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.

EGSC's written procedures for conducting emergency preparedness and response activities were inadequate to ensure safe operation of a pipeline facility. Specifically, EGSC's *Operations, Maintenance, and Emergency Manual*, Section 9 – Emergency Plan (Emergency Plan) failed to address accidental releases, equipment failures and third-party emergencies pursuant to API RP 1171, Section 10.6.1. API RP 1171 is incorporated by reference in § 192.7(b)(11) and is applicable to Egyptian's facility under § 192.12.

API RP 1171, Section 10.6.1 requires, in part, that "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."

During the inspection, EGSC's Emergency Plan was reviewed and determined to not address accidental releases, equipment failures, or third-party emergencies.

Therefore, EGSC's Emergency Plan was inadequate. EGSC must revise its written emergency procedures to address these aspects discussed above.

2. 49 C.F.R. § 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.

EGSC's manual of written procedures for emergency preparedness and responses activities were inadequate to assure safe operation of a pipeline facility. Specifically, EGSC did not have a written blowout contingency plan (BCP) in place pursuant to API RP 1171, Section 10.6.3.

API 1171, Section 10.6.3 requires in part that "The operator shall have a blowout contingency plan in place."

During the inspection, EGSC's BCP was requested, and EGSC was unable to provide a written BCP.

Therefore, EGSC failed to meet the requirements of § 192.12(c). EGSC must revise its emergency preparedness and responses procedures to include a written BCP.

3. 49 C.F.R. § 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.

EGSC's written procedures for conducting operations and maintenance activities were inadequate to ensure safe operation of a pipeline facility. Specifically, EGSC's *Operations, Maintenance, and Emergency Manual*, Section 9 – Integrity Demonstration, Verification and Monitoring Practices (Section 9 Procedures) failed to include procedures describing how to annually test the operation of the master valve and wellhead pipeline isolation valve for proper function and ability to isolate the well.

API 1171, Section 9.3.2 requires in part that "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."

During the inspection, EGSC's Section 9 Procedures were reviewed and found to not include a process for annually testing the operation of the master valve and wellhead pipeline isolation valve. There was no effective date included on the procedures presented at the time of the inspection. After the inspection updated procedures were submitted on 12/01/2022. However, these revised procedures also did not include requirements for annually testing the operation of the master valve and wellhead pipeline isolation valve, and also lacked an effective date for the procedure.

Therefore, EGSC's written procedures required by § 192.12(c) were inadequate. EGSC must revise its written procedures to include a process to maintain, repair, or replace isolation valves.

4. 49 C.F.R. § 192.12 Underground natural gas storage facilities.

(a) ...

(d) Integrity management program

(1) ...

(4) Integrity management procedures and recordkeeping. Each UNGSF operator must establish and follow written procedures to carry out its integrity management program under API RP 1171 (incorporated by reference, see § 192.7), section 8 ("Risk Management for Gas Storage Operations"), and this paragraph (d). The operator must also maintain, for the useful life of the UNGSF, records that demonstrate compliance with the requirements of this paragraph (d). This includes records developed and used in support of any identification, calculation, amendment, modification, justification,

deviation, and determination made, and any action taken to implement and evaluate any integrity management program element.

EGSC's written procedures for carrying out its integrity management program were inadequate to ensure safe operation of a pipeline facility. Specifically, EGSC's *Risk Management for Gas Storage Operations*, Section 8.6 – Preventive and Mitigative Measures failed to include a process to manage risks based on their risk ranking methodology.

API 1171, Section 8.6.2 requires in part that "The operator shall develop P&M measures to manage risks."

During the inspection, it was determined that EGSC ranks each well from low to high based on eight criteria, but the procedure did not state if and how these safety concerns are to be addressed with preventative & mitigative measures based on this ranking. Further, Table 4 in Section 8.6.1 of EGSC's *Risk Management for Gas Storage Operations* generically list preventative & mitigative measures from API RP 1171, but EGSC does not specify which ones will be used or applied to EGSC's wells or facility to manage risks.

Therefore, EGSC's written procedures required by § 192.12(d)(4) were inadequate. EGSC must revise its written procedures to include a process to manage risk based on this ranking and to develop preventative & mitigative measures to apply to the wells to address such risk.

5. 49 C.F.R. § 192.12 Underground natural gas storage facilities.

(a) ...

(d) Integrity management program

(1) ...

(4) Integrity management procedures and recordkeeping. Each UNGSF operator must establish and follow written procedures to carry out its integrity management program under API RP 1171 (incorporated by reference, see § 192.7), section 8 ("Risk Management for Gas Storage Operations"), and this paragraph (d). The operator must also maintain, for the useful life of the UNGSF, records that demonstrate compliance with the requirements of this paragraph (d). This includes records developed and used in support of any identification, calculation, amendment, modification, justification, deviation, and determination made, and any action taken to implement and evaluate any integrity management program element.

EGSC's written procedures to carry out its integrity management program were inadequate to ensure safe operation of a pipeline facility. Specifically, EGSC did not have a procedure that addressed utilizing the risk assessment process to determine frequency requirements for the mechanical integrity evaluation of each active well, including each third-party well that penetrates the storage reservoir and buffer zone or areas influenced by storage operations.

API 1171, Section 9.3.1 requires, in part, that "The operator shall evaluate the mechanical integrity of each active well, including each third-party well, that penetrates the storage reservoir and buffer

zone or areas influenced by storage operations.... Active well mechanical integrity evaluations shall include initial and subsequent evaluations as determined using the risk assessment and the information derived from the initial evaluation."

During the inspection, EGSC did not have a procedure that addressed utilizing the risk assessment process to determine frequency requirements for the mechanical integrity evaluation of each active well, including each third-party well that penetrates the storage reservoir and buffer zone or areas influenced by storage operations. EGSC also did not have a procedure that addressed the process to determine which methods are to be used for initial and subsequent mechanical integrity evaluations.

Therefore, EGSC's written integrity management procedures were inadequate pursuant to § 192.12(d)(4). EGSC must amend its procedures to include a risk assessment process for determining which methods are to be used for the initial and subsequent mechanical integrity evaluations of each well as required by API 1171 Section 9.3.1. The procedures must also be amended to include a process to determine the frequency requirements for integrity demonstration, verification, and monitoring tasks or activities.

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 Compliance 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 EGSC 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. In correspondence concerning this matter, please refer to **CPF 1-2024-002-NOA** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

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

Enclosure: Response Options for Pipeline Operators in Enforcement Proceedings