



James Hotinger
Manager, Regulatory
Compliance

1844 W Ferry Road
Naperville, IL 60563
804-514-7954 cell
jhoting@southernco.com

July 22, 2024

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

REFERENCE: CPF 1-2024-022-WL

Dear Director Burrough,

The following information is provided in response to the Warning Letter (WL), CPF-1-2024-022-WL, dated April 4, 2024, issued for Northern Illinois Gas Company d/b/a Nicor Gas Company's (Nicor or Company) Troy Grove underground natural gas storage facility (TG Facility). The WL arises from an inspection conducted at the Facility from May 23-25, 2023. This inspection was relative to compliance with the Minimum Federal Safety Standards in 49 C.F.R. Part 192, led by the Illinois Department of Natural Resources (IDNR). While Nicor is not required to respond to the WL, the Company respectfully seeks to make the Pipeline and Hazardous Materials Safety Administration (PHMSA) and IDNR aware of certain additional information, as well as actions that the Company is taking, to address the issue covered by the WL.

The alleged probable violation was identified by IDNR representatives, and subsequently outlined in the PHMSA-issued WL, relative to recordkeeping and the availability of pressure test documentation for the Weldon #7 well. Nicor restates the probable violation below, along with a reply.

Probable Violation: Pursuant 49 C.F.R. Section 192.12(b)(1), Nicor failed to meet the provisions of API RP 1171 (1171), Section 6.9.1, by failing to pressure test the tubing-casing annulus following a well workover with tubing and packer completion. PHMSA representatives reviewed documentation for Nicor's well workover program for multiple wells and found that the documentation associated with Weldon #7 failed to document a pressure test following installation of tubing and packer.

Nicor Response: As explained below, we do not believe this is a probable violation due to the age of the facility, but we understand PHMSA's concern and wish to explain why the Company took the actions it did relative to this well.

The probable violation cited in the WL involves 49 C.F.R. Section 192.12(b)(1). On the face of this rule, it applies to facilities constructed after July 18, 2017, but the TG Facility was constructed prior to July 18, 2017. Facilities constructed on or before July 18, 2017 are instead subject to Section 192.12(b)(2). Only API RP 1171, Sections 8, 9, 10 and 11 are applicable to facilities subject to Section 192.12(b)(2).

We also reviewed PHMSA's FAQs and they do not appear to clarify the plain language of the rule. FAQ #8 provides that replacement, expansion, or addition of components or appurtenances on existing storage wells requires compliance with all provisions of 1170 or 1171, as applicable, because they are considered maintenance activities, but maintenance activities is not a term used in 49 C.F.R. Section 192.12.

Nevertheless, Nicor always strives for safe operations and did not rest on the plain language of the rule. We performed significant due diligence before the workover on Well Weldon #7. The actions taken by Nicor on this well were carefully selected after a review of the available information regarding Weldon #7. Prior to performing the work, the Company reviewed the available data for this well, including information from the high resolution digital vertilog magnetic flux leakage tool run conducted on the Weldon #7 well at an earlier date. This information indicated that there may be significant external corrosion (80%+ metal loss) present in multiple locations on the production casing above the existing perforations and zone of interest for Weldon #7. A segmented bond tool was also run indicating a lack of competent cement in the area of the primary corrosion indications. This information guided Nicor's subject matter experts to make the determination that it would not be a prudent or safe operation to conduct a pressure test as the significant corrosion indications could compromise the integrity of the production casing. As a result of the review of information, Nicor performed the temporary workover to provide a greater level of safety for the well.

In addition, the Company is in the process of developing a permanent remedial plan to address the corrosion and remove the temporary tubing and packer assembly, to be implemented in 2025.

Thank you for considering this response. If there are any questions or further clarity is needed, please feel free to contact me.

Sincerely,

A handwritten signature in blue ink, appearing to read "James M. Hotinger".

James M. Hotinger, PE
Manager, Regulatory Compliance and Quality Assurance
Southern Company Gas

cc: Jared Rubsam, IDNR (Via E-Mail to jared.rubsam@illinois.gov)