

WARNING LETTER

OVERNIGHT EXPRESS DELIVERY

April 4, 2024

Mr. Melvin Williams
Senior Vice President & President Nicor Gas
Northern Illinois Gas Co
P.O. BOX 190, Rt. 59 & I-88
Aurora, Illinois, 60507

CPF 1-2024-022-WL

Dear Mr. Williams:

From May 23 – 25, 2023, inspectors from the Illinois Department of Natural Resources (IL DNR), acting as an agent of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code (U.S.C.), inspected Northern Illinois Gas Co's (Northern Illinois) Troy Grove underground natural gas storage facility in LaSalle County, Illinois.

As a result of the inspection, it is alleged that you have committed a 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.**

Northern Illinois failed to meet the provisions of API RP 1171, Section 6. Specifically, Northern Illinois failed to test the tubing-casing annulus for a well completed with tubing and packer as required by API RP 1171, Section 6.9.1.

Pursuant to API RP1171 Section 6.9.1, a well that has had its existing production casing modified from its previous condition during workover activities shall be tested to demonstrate mechanical integrity and suitability for the designed operating conditions prior to commissioning. For a well completed with tubing and packer, the tubing-casing annulus shall be tested.

During the inspection, PHMSA representatives reviewed documentation for Northern Illinois' well workover program for multiple wells at the Troy UNGS facility, including Weldon #7. Northern Illinois provided information for the well workover program for the Weldon #7. This information indicated that, following the installation of tubing and packer, a pressure test would be conducted to 800 psi. Northern Illinois was unable to provide further documentation showing that this pressure test was performed for Weldon #7. Northern Illinois provided pressure test documentation for other wells on which workovers were performed.

Therefore, Northern Illinois failed to meet the provisions of API RP 1171, Section 6 by failing to demonstrate that it had confirmed the mechanical integrity of the workover on Weldon #7 pursuant to API RP 1171, Section 6.9.1.

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$266,015 per violation per day the violation persists, up to a maximum of \$2,660,135 for a related series of violations. For violation occurring on or after January 6, 2023 and before December 28, 2023, the maximum penalty may not 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.

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 Illinois Gas 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 1-2024-022-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