

NOTICE OF AMENDMENT

VIA ELECTRONIC MAIL TO: dan_Mcvey@theenergycoop.com

May 9, 2025

Mr. Dan McVey
Vice President and Chief Operating Officer
NGO Transmission, Inc.
1500 Grandville Road
Newark, Ohio 43058

CPF 1-2025-010-NOA

Dear Mr. McVey:

From June 24 through June 27, 2024, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code (U.S.C.), inspected NGO Transmission, Inc.'s (NGO) underground natural gas storage (UNGS) records and procedures for the Perry, Muskie, and Zane storage fields in Perry County and Muskingum County, Ohio.

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

1. § 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.

NGO's written procedures for conducting operations and maintenance activities were inadequate to provide for safe operation of a pipeline facility in accordance with § 192.12(c). Specifically, NGO's *Emergency Procedure Manual* (EPM) failed to include a process for addressing accidental releases, equipment failure, natural disasters, and third-party emergencies as required in API RP 1171, Section 10.6.1.

During the inspection, PHMSA reviewed the EPM. The EPM failed to include a process addressing accidental releases, equipment failure, natural disasters, and third-party emergencies.

Therefore, NGO's written procedures for conducting operations and maintenance activities were inadequate to provide for safe operation of a pipeline facility in accordance with § 192.12(c). NGO must revise its written procedures to address the deficiencies outlined above.

2. § 192.12 Underground natural gas storage facilities.

(a) ...

(d) *Integrity management program* —

(1) *Integrity management program elements.* The integrity management program for each UNGSF under this paragraph (d) must consist, at a minimum, of a framework developed under API RP 1171 (incorporated by reference, *see* § 192.7), section 8 (“Risk Management for Gas Storage Operations”), and that also describes how relevant decisions will be made and by whom. An operator must make continual improvements to the program and its execution. The integrity management program must include the following elements:

(i) A plan for developing and implementing each program element to meet the requirements of this section;

(ii) ...

(iii) ...

(iv) ...

(v) ...

(vi) ...

(2) *Integrity management baseline risk-assessment intervals.* No later than March 13, 2024, each UNGSF operator must complete the baseline risk assessments of all reservoirs and caverns, and at least 40% of the baseline risk assessments for each of its UNGSF wells (including wellhead assemblies), beginning with the highest-risk wells, as identified by the risk analysis process. No later than March 13, 2027, an operator must complete baseline risk assessments on all its wells (including wellhead assemblies). Operators may use prior risk assessments for a well as a baseline (or part of the baseline) risk assessment in implementing its initial integrity management program, so long as the prior assessments meet the requirements of API RP 1171 (incorporated by reference, *see* § 192.7), section 8, and continue to be relevant and valid for the current operating and environmental conditions. When evaluating prior risk-assessment results, operators must account for the growth and effects of indicated defects since the

time the assessment was performed.

NGO's written integrity management program failed to include a plan for developing and implementing each program element to meet the requirements of § 192.12(d)(1)(i). Specifically, NGO's *Storage Integrity Management Plan, Standard 3.18* (Apr. 5, 2021) (SIMP) failed to include a plan for completing the baseline risk assessments in accordance with § 192.12(d)(2).

During the inspection, PHMSA reviewed NGO's SIMP and found that it failed to include a process outlining the methodology and deadlines for completing baseline risk assessments for its UNGS facilities pursuant to § 192.12(d)(2).

Therefore, NGO's written integrity management program failed to include a plan for developing and implementing each program element to meet the requirements of § 192.12(d)(1)(i). NGO must revise its written procedures to address the deficiency outlined above.

3. § 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.

NGO's written procedures for carrying out its integrity management program were inadequate to provide for safe operation of a pipeline facility in accordance with § 192.12(d)(4). Specifically, NGO's *Storage Integrity Management Plan, Standard 3.18* (Apr. 5, 2021) (SIMP) failed to have a written process to assess threat and hazard interaction in accordance with API RP 1171, Section 8.3.2 – Data Sources.

Section 8.3.2 states in part that “[t]he Operators shall use available information such as performance data collected through the field history, operations, and maintenance (O&M) activities, geotechnical data such as well logs, engineering data, and completion reports to determine susceptibility to threat and hazard-related events and to assess threat and hazard interaction.”

During the inspection, PHMSA reviewed the SIMP and determined that it failed to identify threat and hazard interactions for their underground storage facilities and failed to outline how the interactions impact risk assessment scores/ranking. as required by Section 8.3.2.

Therefore, NGO's written procedures for carrying out its integrity management program were inadequate to provide for safe operation of a pipeline facility in accordance with § 192.12(d)(4). NGO must revise its procedures to include the identification and assessment of threat and hazard interactions in accordance with Section 8.3.2.

Response to this Notice

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 CFR § 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 NGO Gas Transmission, Inc. 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 1-2025-010-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*