

PHMSA UNDERGROUND NATURAL GAS STORAGE (UNGS)

AR OGC PROGRAM EVALUATION – CY2018

CONDUCTED 9/16-20/2019

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TOTAL PROGRAM EVALUATION POINTS	90 of 90

PHMSA UNGS STATE PROGRAM EVALUATION – CY2018

A – PROGRESS REPORT AND PROGRAM DOCUMENTATION REVIEW THIS SECTION ANALYZES ACCURACY AND COMPLETENESS OF ANNUAL PROGRESS REPORT		SCORE
1	Accuracy of Jurisdictional Authority and Operator/Inspection Units Data – Progress Report Attachment 1 (Yes= 1 point, No= 0 Points, NI=.5 point) Comments: Exception granted 1 of 1 point. Needed to change the ‘A’ to 60105 authority. Otherwise Attachment 1 is in agreement with Attachments 3,8, and internal records.	1
2	Review of Inspection Days for accuracy – Progress Report Attachment 2 (Yes= 1 point, No= 0 Points, NI=.5 point) Comments: Yes. Advised that AOGC is welcome to charge inspection days in whole increments. May have undercounted days chargeable to the program. Okay.	1
3	Accuracy verification of Operators and Operators Inspection Units in State – Progress Report Attachment 3 (Yes= 1 point, No= 0 Points, NI=.5 point) Comments: Yes. Attachment 3 is in agreement with internal records.	1
4	Accuracy verification of Compliance Activities – Progress Report Attachment 5 (Yes= 1 point, No= 0 Points, NI=.5 point) Comments: Yes. Attachment 5 is in agreement with internal records.	1
5	Were UNGS program files well-organized and accessible? - Progress Report Attachment 6 (Yes= 2 points, No= 0 Points, NI=1 point) Comments: Yes. Attachment 6 is in agreement with internal records. The list is correct for current titles.	2
6	Was employee listing and completed training accurate and complete? – Progress Report Attachment 7 (Yes= 1 point, No= 0 Points, NI=.5 point) Comments: Yes. Attachment 7 is in agreement with internal records. The training records appear to be correct.	1
7	Verification of Part 192 and 199 Rules and Amendments – Progress Report Attachment 8 (Yes= 1 point, No= 0 Points) Comments: Yes. Attachment 8 is in agreement with internal records.	1
8	List of Planned Performance - Did State describe accomplishments on Progress Report in detail – Progress Report Attachment 10 (Yes= 1 point, No= 0 Points, NI=.5 point) Comments: Yes. Planned performance in Attachment 10 is satisfactory.	1
9	General Comments: This section scored 9 of 9 points. Significant incidents? - No incidents in 2018.	9

B – PROGRAM INSPECTION PROCEDURES Does State Inspection Plan include procedures that address the following elements? (See Guidelines Section 5.1)		
1	<p>Does State have written inspection procedures? (Yes= 2 points, No= 0 Points, NI=1 point)</p> <p>Comments: Yes, a copy of the AOGC Pipeline Procedures was modified to become the UNGS Procedures.</p>	2
2	<p>Standard Inspections</p> <p>Do Standard Inspection procedures give guidance to State inspectors that insure consistency for inspections conducted by the State? The following elements should be addressed at a minimum.</p> <ul style="list-style-type: none"> • Pre-Inspection Activities • Inspection Activities • Post Inspection Activities <p>(Yes= 2 points, No= 0 Points, NI=1 point)</p> <p>Comments: Yes. Standard Inspection procedures are contained in Section VI, VII, and VIII of the AOGC UNGS Inspection Guidelines.</p>	2
3	<p>Specialized Inspections</p> <p>Do Specialized Inspection procedures give guidance to State inspectors that insure consistency for inspections conducted by the State? The following elements should be addressed at a minimum.</p> <ul style="list-style-type: none"> • Pre-Inspection Activities • Inspection Activities • Post Inspection Activities <p>(Yes= 2 points, No= 0 Points, NI=1 point)</p> <p>Comments: Yes. Special Inspections are part of Standard and are contained in Section VI, VII, and VIII of the AOGC UNGS Inspection Guidelines.</p>	2
4	<p>Design, Testing, and Construction Inspections</p> <p>Do Design, Testing, and Construction Inspection procedures give guidance to State inspectors that insure consistency for Inspections conducted by the State? The following elements should be addressed at a minimum.</p> <ul style="list-style-type: none"> • Pre-Inspection Activities • Inspection Activities • Post Inspection Activities <p>(Yes= 1 point, No= 0 Points, NI=.5 point)</p> <p>Comments: Yes. Design, Testing, and Construction Inspection procedures are contained in Section IX of the AOGC UNGS Inspection Guidelines.</p>	1

5	<p>Drug and Alcohol Inspections</p> <p>Do Drug and Alcohol Inspection procedures give guidance to State inspectors that insure consistency for Inspections conducted by the State? The following elements should be addressed at a minimum.</p> <ul style="list-style-type: none"> • Pre-Inspection Activities • Inspection Activities • Post Inspection Activities <p>(Yes= 1 point, No= 0 Points, NI=.5 point)</p> <p>Comments: Yes. D&A is part of Standard Inspection procedures and are contained in Sections V, VI, VII, and VIII of the AOGC UNGS Inspection Guidelines.</p>	1
6	<p>Does inspection plan address inspection priorities of each inspection unit, based on the following elements?</p> <ul style="list-style-type: none"> • Length of time since last inspection (Within five-year interval per inspection unit) • Operating history of operator/unit and/or location (includes leakage, incident and compliance activities) • Type of activity being undertaken by operators in inspection units (i.e. construction) • Locations of operator's inspection units being inspected - (HCA's, Geographic area, Population Density, etc.) • Process to identify high-risk inspection units considering integrity threats • Are inspection units broken down appropriately? <p>(Yes= 6 points, No= 0 Points, NI=1-5 points)</p> <p>Comments: NA. Program has only 1 Operator and 2 Units. It is better to risk assess individual wells for a UNGS program of this size, which is being done.</p>	NA
7	<p>General Comments: No issues with this section. A6 is NA. 8 of 8 points awarded.</p>	8

C – PROGRAM PERFORMANCE		
1	<p>Was ratio of Total Inspection Person-Days to Total Person-Days acceptable? (Chapter 4.2)</p> <p>A = Total Inspection Person Days (Attachment 2) B = Total Inspection Person Days Charged to the program (220 x Number of Inspection person years from Attachment 7) Ratio = A/B If Ratio >= .38 then score = 5 points. If Ratio < .38 then score = 0 points. (Yes= 5 points, No= 0 Points) Comments: Exception granted due to size of Program and all necessary inspections were performed. 5 of 5 points. 0.15 inspector years, 3.5 field inspection days. 3.5/(220*0.15)=.106, < .38 fail, below minimum.</p>	5
2	<p>Has each Inspector and Program Manager fulfilled the TQ Training Requirements? (See Guidelines Appendix C for requirements and Chapter 4.3.1) (Yes= 5 points, No= 0 Points, NI=1-4) Comments: Yes, Gary & Bryan have taken the UNGS TQ Course.</p>	5
3	<p>Does State use the PHMSA Inspection Assistant (IA) program to document inspections? (Yes= 2 points, No= 0 Points, NI=1 point) Comments: Exception granted. IA was not required in the UNGS Guidelines for 2018 work. 2 of 2 points. AOGC personnel have not been successful in logging into the IA Program.</p>	2
4	<p>Did records and discussions with Program Manager indicate adequate knowledge of PHMSA program and regulations? Chapter 4.1,8.1 (Yes= 2 points, No= 0 Points, NI=1 point) Comments: Yes. Gary is a skilled and experienced Program Manager.</p>	2
5	<p>Did State respond to PHMSA's Evaluation Letter within 60 days and correct or address any noted deficiencies? Chapter 8.1 (Yes= 2 points, No= 0 Points, NI=1 point) Comments: NA. the UNGS Program is in its first Evaluation cycle.</p>	NA
6	<p>Did State inspect all types of operators and inspection units in accordance with time intervals established in their written procedures? Chapter 5.1 (Yes= 5 points, No= 0 Points, NI=1-4 points) Comments: Yes. The UNGS Program is in its first year of a 3-year inspection cycle.</p>	5
7	<p>Did State Inspection form(s) cover all applicable code requirements addressed on Federal Inspection form(s)? Chapter 5.1 (Yes= 2 points, No= 0 Points, NI=1 point) Comments: Yes. The federal Forms are being used.</p>	2
8	<p>Did State complete all applicable portions of inspection forms? (Yes= 2 points, No= 0 Points, NI=1 point) Comments: NA. a full inspection has not yet been completed.</p>	NA
9	<p>Has the State reviewed Operator Annual reports, along with Incident/Accident reports, for accuracy and analyzed data for trends and operator issues? (Yes= 2 points, No= 0 Points, NI=1 point) Comments: Yes. The annual report has been reviewed.</p>	2

10	<p>Is the State verifying operators are conducting drug and alcohol tests required by regulations? This should include verifying positive tests are responded to in accordance with program. 49 CFR 199</p> <p>(Yes= 2 points, No= 0 Points, NI= 1 point)</p> <p>Comments: NA. a full inspection has not yet been completed.</p>	NA
11	<p>Does the State have a mechanism for communicating with stakeholders regarding the inspection and enforcement program? (This should include making enforcement cases available to public).</p> <p>(Yes= 1 points, No= 0 Points, NI=.5 point)</p> <p>Comments: Yes. The AOGC has included inspection reports and compliance cases on its website for public access.</p>	1
12	<p>Did State execute appropriate follow-up actions to Safety Related Condition (SRC) Reports? Chapter 6.3</p> <p>(Yes= 1 points, No= 0 Points, NI=.5 point)</p> <p>Comments: NA. no SRC have been reported, ever.</p>	NA
13	<p>Did the State participate in/respond to surveys or information requests from PHMSA?</p> <p>(Yes= 1 points, No= 0 Points, NI=.5 point)</p> <p>Comments: Yes. The AOGC responds to all surveys and request for information from PHMSA and/or NAPSRS.</p>	1
14	<p>Did the State forward any potential waivers/special permits to PHMSA for review prior to issuing them to operators?</p> <p>(Yes= 1 point, No= 0 Points, NI=.5 point)</p> <p>Comments: NA. No waivers or special permits have been issued.</p>	NA
15	<p>If the State has issued any waivers/special permits for any operator, has the State verified conditions of those waivers/special permits are being met? This should include having the operator amend procedures where appropriate.</p> <p>(Yes= 1 point, No= 0 Points, NI=.5 point)</p> <p>Comments: NA. No waivers or special permits have been issued.</p>	NA
16	<p>General Comments: C1 & C3 Exceptions noted and points granted. C5,C8,C10,C12,C14, & C15 were NA. 25 of 25 points were awarded.</p>	25

D – COMPLIANCE ACTIVITIES		
1	<p>Does the State have written procedures to identify steps to be taken from the discovery to resolution of a probable violation? Chapter 5.1</p> <ul style="list-style-type: none"> • Procedures to notify an operator (company officer) when a noncompliance is identified • Procedures to routinely review progress of compliance actions to prevent delays or breakdowns • Procedures regarding closing outstanding probable violations <p>(Yes= 4 points, No= 0 Points, NI=1-3 points) Comments: Yes. The procedures are contained in Section XV and XVI of the AOGC UNGS Inspection Guidelines.</p>	4
2	<p>Did the State follow compliance procedures (from discovery to resolution) and adequately document all probable violations, including what resolution or further course of action is needed to gain compliance? Chapter 5.1</p> <ul style="list-style-type: none"> • Were compliance actions sent to company officer or manager/board member if municipal/government system? • Document probable violations • Resolve probable violations • Routinely review progress of probable violations • ; and <p>(Yes= 4 points, No= 0 Points, NI=1-3 points) Comments: Yes*4. Procedures are in place. The one letter of concern followed the procedures.</p>	4
3	<p>Did State within 30 days of the end of an inspection conduct a post-inspection briefing with the owner or operator of the UNGS facility inspected outlining any concerns identified during the inspection?</p> <p>(Yes= 2 points, No= 0 Points, NI=1 point) Comments: Yes. The 30 day guideline was met on the 2018 inspection.</p>	2
4	<p>Did State within 90 days, to the extent practicable, provide the owner or operator with written preliminary findings of the inspection?</p> <p>(Yes= 2 points, No= 0 Points, NI=1 point) Comments: Yes. The letter of Concern was sent within 30 days.</p>	2
5	<p>Did the State issue compliance actions for all probable violations discovered?</p> <p>(Yes= 2 points, No= 0 Points, NI=1 point) Comments: Yes. 5 items of Concern were identified and addressed in a single letter.</p>	2
6	<p>Did compliance actions give reasonable due process to all parties? Including "show cause" hearing if necessary.</p> <p>(Yes= 2 points, No= 0 Points) Comments: Yes. Due Process is followed per Commission Rule A5.</p>	2

7	<p>Is the Program Manager familiar with State process for imposing civil penalties? (describe any actions taken) (Yes= 2 points, No= 0 Points, NI=1 point)</p> <p>Comments: Yes. The program manager is familiar with the state process for imposing civil penalties. However, there were no civil penalties issued in 2018.</p>	2
8	<p>Were civil penalties considered for repeat violations, violations which can't be corrected by other means, or violations resulting in incidents? (Yes= 2 points, No= 0 Points, NI=1 point)</p> <p>Comments: Yes. The program manager is familiar with the state process for imposing civil penalties. There were no repeat violations or violations resulting in incidents or accidents in 2018.</p>	2
9	<p>Can the State demonstrate it is using their enforcement fining authority for safety violations? (Yes= 1 point, No= 0 Points, NI= .5 point)</p> <p>Comments: Yes. The AOGC did assess a civil penalty of \$25,000 in 2017 for a pipeline violation. The civil penalty was collected in 2018.</p>	1
10	General Comments: No issues were found. 21 of 21 points were awarded	21

E – INCIDENT INVESTIGATIONS		
1	<p>Does the State have written procedures to address State actions in the event of an incident? (Yes= 2 points, No= 0 Points, NI=1 point)</p> <p>Comments: Yes. The AOGC incident/accident procedures are contained section XII of the AOGC UNGS Inspection Guidelines.</p>	2
2	<p>Does State have adequate mechanism to receive and respond to operator reports of incidents, including after-hours reports? (Yes= 2 points, No= 0 Points, NI=1 point)</p> <p>Comments: Yes. There is a 24 hour call in number for pipeline incidents which are routed to staff.</p>	2
3	<p>Did the State keep adequate records of Incident notifications received? (Yes= 2 points, No= 0 Points, NI=1 point)</p> <p>Comments: NA. There have been no UNGS incidents. Procedures are in Place, Section XII.</p>	NA
4	<p>If onsite investigation was not made, did State obtain sufficient information from the operator and/or by other means to determine the facts to support the decision to not go on-site? Chapter 6 (Yes= 1 point, No= 0 Points, NI= .5 point)</p> <p>Comments: Yes. There were no reportable incidents in 2018. Procedures are in place.</p>	1
5	<p>Were all incidents investigated, thoroughly documented, and with conclusions and recommendations?</p> <ul style="list-style-type: none"> • Observations and document review • Contributing Factors • Recommendations to prevent recurrences where appropriate <p>(Yes= 3 points, No= 0 Points, NI=1-2 points)</p> <p>Comments: Yes. Procedures are in place. No incidents in 2018.</p>	3
6	<p>Did the State initiate compliance action for violations found during any incident investigation? (Yes= 1 point, No= 0 Points)</p> <p>Comments: Yes. Procedures are in place. No incidents in 2018.</p>	1
7	<p>Did the State assist the Region Office or Accident Investigation Division (AID) by taking appropriate follow-up actions related to the operator incident reports to ensure accuracy and final report has been received by PHMSA? (validate report data from operators concerning incidents and investigate discrepancies) Chapter 6 (Yes= 1 point, No= 0 Points, NI= .5 point)</p> <p>Comments: Yes. Procedures are in place. No incidents from PHMSA in 2018.</p>	1
8	<p>Does State share lessons learned from incidents with PHMSA? (Yes= 1 point, No= 0 Points)</p> <p>Comments: Yes. It is Policy to Share incident lessons during Regional NAPSIR Meetings. There were no incidents in 2018.</p>	1
9	<p>General Comments: No issues found. E3 was NA. 11 of 11 points were awarded.</p>	11

F – DAMAGE PREVENTION		
1	<p>Did the State inspector verify UNGS operators are following their written procedures pertaining to notification of excavation, marking, positive response and the availability and use of the one call system? (API 1171 Section 11.10 Public Awareness and Damage Prevention) (Yes= 2 points, No= 0 Points, NI=1 Point)</p> <p>Comments: Yes. The operator, Black Hills, was reviewed and shown to be compliant with Damage Prevention</p>	2
2	<p>Did the State encourage and promote practices for reducing damages to all underground facilities to its regulated companies? (Common Ground Alliance Best Practices, support excavation damage prevention legislation, etc.) (Yes= 2 points, No= 0 Points, NI=1 Point)</p> <p>Comments: Yes. AOGC is active in the AR Pipeline Safety Seminar, and the Program Manager was Host and conducted the Seminar.</p>	2
3	<p>General Comments: full points were awarded in this section. 4 of 4 points awarded.</p>	4

G – FIELD INSPECTIONS		
1	Operator, Inspector, Location, Date and PHMSA Representative Comments: Black Hills Energy, OPID 15359, Bryan Brown, Sr. Petroleum geologist, 9/17-18/2019, Patrick Gaume	
2	Was the operator or operator's representative notified and/or given the opportunity to be present during inspection? (Yes= 1 point, No= 0 Points) Comments: Yes, Three operator personnel participated throughout the inspection.	1
3	Did the inspector use an appropriate inspection form/checklist and was the form/checklist used as a guide for the inspection? (Yes= 2 points, No= 0 Points, NI=1 Point) Comments: Yes. The IA UNGS inspection form was used.	2
4	Did the inspector thoroughly document results of the inspection? (Yes= 2 points, No= 0 Points, NI=1 Point) Comments: Yes. The inspection was focused on Procedures and Records and those portions were fully filled out.	2
5	Did the inspector check to see if the operator had necessary equipment during inspection to conduct tasks viewed? (Yes= 1 point, No= 0 Points) Comments: Yes, and the operator provided all needed facilities for the inspection.	1
6	Did the inspector adequately review the following during the field portion of the State Program Evaluation? <ul style="list-style-type: none"> • Procedures • Records • Field Activities/Facilities • Other (please comment) (Yes= 2 points, No= 0 Points, NI=1 Point) Comments: Yes. The inspection focused on Procedures and Records. They were competently addressed.	2
7	Did the inspector have adequate knowledge of the UNGS safety program and regulations? (Evaluator will document reasons if unacceptable) (Yes= 2 points, No= 0 Points, NI=1 Point) Comments: Yes. Bryan displayed knowledge skills and abilities at a professional level, and has the required TQ course.	2
8	Did the inspector conduct an exit interview? (If inspection is not totally complete the interview should be based on areas covered during time of field evaluation) (Yes= 1 point, No= 0 Points) Comments: Yes. A detailed Exit Interview was conducted. 8 Concerns were noted; mostly concerned with documenting work performed or to use forms they had developed to document work performed per their procedures.	1

[illegible]

H - 60106 AGREEMENT STATE (if applicable)		
1	<p>Did the State use the current federal inspection form(s)? (Yes= 1 point, No= 0 Points, NI=.5 point)</p> <p>Comments: H1-7, NA, not a 60106 agreement program.</p>	NA
2	<p>Are results documented demonstrating inspection units were reviewed in accordance with State inspection plan? (Yes= 1 point, No= 0 Points, NI=.5 point)</p> <p>Comments: H1-7, NA, not a 60106 agreement program.</p>	NA
3	<p>Were any probable violations identified by State referred to PHMSA for compliance action? (NOTE: PHMSA representative has discretion to delete question or adjust points, as appropriate, based on number of probable violations; any change requires written explanation.) (Yes= 1 point, No= 0 Points, NI=.5 point)</p> <p>Comments: H1-7, NA, not a 60106 agreement program.</p>	NA
4	<p>Did the State immediately report to PHMSA conditions which may pose an imminent safety hazard to the public or to the environment? (Yes= 1 point, No= 0 Points, NI=.5 point)</p> <p>Comments: H1-7, NA, not a 60106 agreement program.</p>	NA
5	<p>Did the State give written notice to PHMSA within 60 days of all probable violations found? (Yes= 1 point, No= 0 Points, NI=.5 point)</p> <p>Comments: H1-7, NA, not a 60106 agreement program.</p>	NA
6	<p>Did the State initially submit adequate documentation to support compliance action by PHMSA on probable violations? (Yes= 1 point, No= 0 Points, NI=.5 point)</p> <p>Comments: H1-7, NA, not a 60106 agreement program.</p>	NA
7	General Comments:	NA