

PHMSA UNDERGROUND NATURAL GAS STORAGE (UNGS)
CA DOGGR PROGRAM EVALUATION – CY2018
CONDUCTED 6/3-7/2019

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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	<p>Accuracy of Jurisdictional Authority and Operator/Inspection Units Data – Progress Report Attachment 1 (Yes= 1 point, No= 0 Points, NI=.5 point)</p> <p>Comments: NI 0.5 of 1 – Recommend that a better answer for most of the questions is not ‘A’ BUT ‘Yes 60106’ and it needs to be confirmed by legal. Attachment 1 needs to agree with Attachment 3. DOGGR stated that there were 14 Units on 12/31/2018 as per Attachment 3. A revised Attachment 1 was submitted to PHMSA.</p>	1
2	<p>Review of Inspection Days for accuracy – Progress Report Attachment 2 (Yes= 1 point, No= 0 Points, NI=.5 point)</p> <p>Comments: NI 0.5 of 1. The 1418 Standard inspection person day count was found to be inaccurate. The corrected number was determined to be 685. Attachment 2 will be revised to show the corrected information.</p>	1
3	<p>Accuracy verification of Operators and Operators Inspection Units in State – Progress Report Attachment 3 (Yes= 1 point, No= 0 Points, NI=.5 point)</p> <p>Comments: Yes, Attachment 3 is consistent with internal records.</p>	1
4	<p>Accuracy verification of Compliance Activities – Progress Report Attachment 5 (Yes= 1 point, No= 0 Points, NI=.5 point)</p> <p>Comments: Yes. The report is consistent with internal records.</p>	1
5	<p>Were UNGS program files well-organized and accessible? - Progress Report Attachment 6 (Yes= 2 points, No= 0 Points, NI=1 point)</p> <p>Comments: Yes. There were more records than expected. Spot checked several, appeared to be in order. Most records are in the public domain on the public web site.</p>	2
6	<p>Was employee listing and completed training accurate and complete? – Progress Report Attachment 7 (Yes= 1 point, No= 0 Points, NI=.5 point)</p> <p>Comments: NI 0.5 of 1. Attachment 7 was found to not agree with payroll data, which is a predictable problem when the UNGS Program Manager does not supervise the inspectors who perform the inspection duties. Sr management was contacted who arranged for coordination between legal, payroll, inspection, and Program Management and a revised Attachment 7 was submitted to PHMSA that is in agreement with all internal records.</p>	1
7	<p>Verification of Part 192 and 199 Rules and Amendments – Progress Report Attachment 8 (Yes= 1 point, No= 0 Points)</p> <p>Comments: NI 0.5 of 1, Attachment 8 needed to be amended to show ‘adopted/not adopted’ status for all items listed in Attachment 8. Paths to get all items adopted were discussed with DOGGR Program Management and Legal personnel.</p>	1
8	<p>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)</p> <p>Comments: Yes. The report was reasonably done.</p>	1

9	<p>General Comments: 2 points were lost in this section. 4 of the 8 questions show improvement needed. 7 of 9 score. - Four attachments were submitted to PHMSA for revision. Other parts were well done.</p> <p>David Bunn, Director California Department of Conservation 801 K Street, MS 24-01 Sacramento, CA 95814</p> <p>Alan Walker, Supervising Oil and Gas Engineer 801 K Street, MS 18-05 Sacramento, CA 95814-3530</p>	9
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<p>B – PROGRAM INSPECTION PROCEDURES</p> <p>Does State Inspection Plan include procedures that address the following elements? (See Guidelines Section 5.1)</p>		
1	<p>Does State have written inspection procedures? (Yes= 2 points, No= 0 Points, NI=1 point)</p> <p>Comments: Ni. 1 of 2 points. It is a work in progress. Parts and pieces are readily available. The actual Manual needs to be generated.</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. This portion of the procedures has been generated. See 'DOGGR Guidelines for Conducting PHMSA Inspections'.</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: NI 1 of 2. Directions are inferred from the Standard Inspections but not specified.</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: NI 0.5 of 1 points. Several processes used were not all available during the Evaluation, but the down hole procedures were. The processes need to be formalized and brought into the procedures. The title of this question may need to be changed to address down hole workover inspections.</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: NI 0.5 of 1. The D&A procedures need to be written and placed into the Procedures. Coordination with CA PUC for D&A inspections was discussed.</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: NI 4 of 6 points, the stated objective is to visit every Unit every year. The Division should schedule its future inspections (unit and operator) based upon risk. The risking items need to be discussed in the Procedures and address a risk matrix that is being developed. Operator Risk Management Plans are an integral part of the inspection risking model.</p>	6
7	<p>General Comments: 5 points were lost in this section. 5 of the 6 questions show NI. 9 of 14 score. The outside flange of the wing valve was clarified as the jurisdiction marker between CA DOGGR & CPUC. DOGGR is to contact the CPUC if safety equipment that affects the Wellhead is discovered to be in violation. Coordination with CPUC for D&A inspections was discussed.</p>	14

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: Yes. $685/(4.58*220)=.680$; $.68>.38$ okay. Answering this question was delayed until revised Attachment 2 and Attachment 7 were submitted to PHMSA. Methods to record and verify necessary information to complete Attachment 2 and Attachment 7 and demonstrate agreement with Grant payment requests were discussed and explored.</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. The UNGS program is in its first year, but DOGGR has been aggressive in sending personnel to the UNGS class.</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: Yes. IA is being used.</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: NI 1 of 2. This is the first year of the program. Program Management is on an aggressive learning curve.</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. This is the first year of the Partnership and no letter was required.</p>	2
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: NI 4 of 5 points. 2018 was the first year of the Partnership and their work predated their procedures. They inspected every Operator and every Unit.</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 IA forms were used.</p>	2
8	<p>Did State complete all applicable portions of inspection forms? (Yes= 2 points, No= 0 Points, NI=1 point) Comments: Yes. The IA forms were used and completed.</p>	2
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 reports are reviewed for content and accuracy.</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: NI 1 of 2 points. It was discussed that DOGGR must do its own D&A inspections.</p> <p>Recommended to have a joint inspection for HQ D&A inspections and on safety equipment that affects WH & PL. DOGGR will address D&A as applicable for incident investigations, and there is a FAQ, FAQ #27, question concerning D&A in the UNGS inspection form in IA.</p>	2
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. CA is a full disclosure State, almost everything is available on the public website, 6 UNGS workshops have been done/planned, which demonstrates personal contact with all 6 operators.</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. There have been no SRC reported. DOGGR will confirm that all SRC receiving of notice and handling of SRC is in place.</p>	1
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. They respond with both PHMSA and 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. none yet; they will if such a request is made.</p>	1
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 special permits have been issued.</p>	1
16	<p>General Comments: 3 points lost in this section; 3 questions are NI. 4 questions are NA. 26 of 29 score. It was discussed that it would be desirable for DOGGR if Intro 192, Root Cause, and IA Classes were required. None of these classes are required at this time. Intro 192 will likely be the first of the three to be required.</p>	34

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: NI 3 of 4 points. The process was found, it lacks being incorporated into the UNGS Procedures.</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. Processes to report nopv to Eastern Region are known. Internal processes for violations of State regulations were followed.</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 UNGS Workshop conducted in 2018 had an Exit Briefing at the conclusion of the Workshop.</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: NI 1 of 2 points. It was discovered that written communication with the operator has not been done concerning the workshop. That communication will be made by 6/18/19.</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: NA no violations found.</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: NA no violations found.</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. DOGGR is a mature organization with long established procedures for issuing civil penalties.</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. These considerations are part of DOGGR's civil penalty procedures.</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, i.e. a \$75,000 civil penalty was issued against The Termo Company for violation of a State regulation on March 18, 2016.</p>	1
10	<p>General Comments: 2 points lost in this section; 2 questions show NI. 2 questions are NA. 15 of 17 score.</p>	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, see Field Incident Plan,</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. The emergency Response number is 916.322.1110. It is in their established process. This needs to be part of the UNGS Procedures.</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: Yes, only one so far, the Wild Goose #24HZ, incident.</p>	2
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. It is expected that all significant incidents will be on-site investigated. Options for telephonic and email contacts are available.</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. There was one incident in 2018, it was on-site investigated, documented, a root cause analysis was performed, and a consent order was issued.</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, no violations were found but certain safety actions were required until well remediation was complete.</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, DOGGR worked with PHMSA and the operator to ensure all reports were complete and timely.</p>	1
8	<p>Does State share lessons learned from incidents with PHMSA? (Yes= 1 point, No= 0 Points)</p> <p>Comments: Yes, during the NAPS Western Region Meeting, and at other times.</p>	1

9	General Comments: <i>All points awarded in this Section. 13 of 13 score.</i>	13
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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: NA. DOGGR recognizes CPUC, Dig Safe, & the Excavation Safety Board as the leads concerning 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. Damage Prevention is a risk factor in Risk Management Plans.</p>	2
3	<p>General Comments: All points awarded in this Section. 2 of 2 score. One question was NA</p>	4

G – FIELD INSPECTIONS		
1	Operator, Inspector, Location, Date and PHMSA Representative Comments: Gill Ranch Storage, opid 32549, Madera, CA 6/5/2019, 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, the inspection was scheduled and conducted at the Gill Ranch facility.	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. It was a UNGS Workshop and used the IA UNGS inspection Form.	2
4	Did the inspector thoroughly document results of the inspection? (Yes= 2 points, No= 0 Points, NI=1 Point) Comments: Yes. Every question selected for the training exercise was answered.	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. Everything needed was made available, procedures, records, keys, safety equipment, etc.	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 included procedures, records, and field elements.	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. The workshop included a team of 6 DOGGR inspectors. They showed a professional level of knowledge, skill, and ability to conduct the workshop.	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. It was preceded by a break-out session by the 6 DOGGER inspectors and resulted in a consensus of the problems found, and the 4 concerns were then reported to the operator. The 4 concerns were; UNGS-reservoirs-Integrity Monitoring #18, #32; UNGS-reservoirs-procedures & training #20; and UNGS-reporting #6.	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: Yes. IA is being used.</p>	1
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: NI 0.5 of 1 point. No formal inspection plan was developed, but all operators and Units were inspected in 2018.</p>	1
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: Yes, a Safety Concern was identified at the Wild Goose incident and a Corrective Action was ordered.</p>	1
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: Yes, the Wild Goose incident was promptly reported.</p>	1
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: Yes, no actual probable violations were found, but the process is understood.</p>	1
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: NA, no such actions were required in 2018.</p>	1
7	<p>General Comments: 0.5 point lost in this section; 1 question shows NI. 1 question is NA. 4.5 of 5 score.</p>	6