

PHMSA UNDERGROUND NATURAL GAS STORAGE (UNGS)
California GEM PROGRAM EVALUATION – CY2019
CONDUCTED 09/14-18/2020

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TOTAL PROGRAM EVALUATION POINTS	98.5 of 102 (113)

PHMSA UNGS STATE PROGRAM EVALUATION – CY2019

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: Yes. Attachment 1 agrees with Attachment 3 and CalGEM’s status as a 60106 partner.	1
2	Review of Inspection Days for accuracy – Progress Report Attachment 2 (Yes= 1 point, No= 0 Points, NI=.5 point) Comments: Yes. Attachment 2 agrees with internal records.	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 agrees with Attachment 1 and internal records.	1
4	Accuracy verification of Compliance Activities – Progress Report Attachment 5 (Yes= 1 point, No= 0 Points, NI=.5 point) Comments: Attachment 5 agrees 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. They are electronic. They demonstrated access to several of the listed files.	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. 24 inspectors have completed the UNGS course at TQ. The D&A Course was discussed as being required.	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 was properly filled out. Discussed that CalGEM needs to adopt 192, 190, 199, etc. before becoming a 60105 program.	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. Attachment 10 provided a detailed accounting of CalGEM accomplishments and plans for UNGS.	1

9	General Comments: David Shabazian, Director, Dept of Conservation, 801 K St. Sacramento, CA 95814. Alan Walker, Supervising Oil & Gas Engineer, CalGEM, Patrick Gaume, Evaluator. UNGS PROGRESS REPORT REVIEW score is 44 of 50; 6-point reduction due to being a 60106 Program: No incidents were reported in UNGS for 2019. Part A scored 9 of 9 points.	9
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B – PROGRAM INSPECTION PROCEDURES Does State Inspection Plan include procedures that address the following elements? (See Guidelines Section 5.1)		
1	Does State have written inspection procedures? (Yes= 2 points, No= 0 Points, NI=1 point) Comments: Yes. Title is 'CalGem UNGS Safety Grant Program Procedures Manual' (SM)	2
2	Standard Inspections 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. <ul style="list-style-type: none"> • Pre-Inspection Activities • Inspection Activities • Post Inspection Activities (Yes= 2 points, No= 0 Points, NI=1 point) Comments: Yes, See Section 3. Most items are included in 'General Inspection Plan'	2
3	Specialized Inspections 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. <ul style="list-style-type: none"> • Pre-Inspection Activities • Inspection Activities • Post Inspection Activities (Yes= 2 points, No= 0 Points, NI=1 point) Comments: Yes, See Section 3. Most items are included in 'General Inspection Plan'	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, See Section 3. Most items are included in 'General Inspection Plan'. Note Section 3.2.</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, See Section 3. Most items are included in 'General Inspection Plan'. Note Section 3.2.10</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: Yes, See Section 3. Note Section 3.1 & 3.1.1.</p>	6
7	<p>General Comments: Part B scored 14 of 14 points.</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: 2808/(6.28*220)=203% >38%. The high count of Field days included several 1-2 hour inspections. No inspector days were double counted.</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)</p> <p>Comments: Yes. 24 inspectors have taken the UNGS Course and this is only the second year of the Program Partnership.</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)</p> <p>Comments: Yes. IA is 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)</p> <p>Comments: Yes. AI & his team have developed a fine program and are working effectively with PHMSA.</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)</p> <p>Comments: No 0 of 2 points. Date stamped into the CalGEM office on December 2, 2019, Response sent out on February 10, 2020.</p>	0
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)</p> <p>Comments: Yes. All Units and Operators have been inspected in 2018-2019 and the inspection interval is 3 years.</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)</p> <p>Comments: Yes. IA is used and the questions are asked.</p>	2
8	<p>Did State complete all applicable portions of inspection forms? (Yes= 2 points, No= 0 Points, NI=1 point)</p> <p>Comments: Yes. Two inspections from 2019 were reviewed in IA, Complete.</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)</p> <p>Comments: Yes. Discussed developing a spreadsheet to prove review and enhance knowledge gathering.</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 (Yes= 2 points, No= 0 Points, NI= 1 point)</p> <p>Comments: Yes. Started participating with CPUC for HQ inspections that included D&A inspections.</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). (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.</p>	1
12	<p>Did State execute appropriate follow-up actions to Safety Related Condition (SRC) Reports? Chapter 6.3 (Yes= 1 points, No= 0 Points, NI=.5 point)</p> <p>Comments: NA. no SRC in 2018 or 2019.</p>	NA
13	<p>Did the State participate in/respond to surveys or information requests from PHMSA? (Yes= 1 points, No= 0 Points, NI=.5 point)</p> <p>Comments: Yes. CalGEM is very responsive to PHMSA requests.</p>	1
14	<p>Did the State forward any potential waivers/permits to PHMSA for review prior to issuing them to operators? (Yes= 1 point, No= 0 Points, NI=.5 point)</p> <p>Comments: NA. no waivers have been requested. Procedures are in place.</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. (Yes= 1 point, No= 0 Points, NI=.5 point)</p> <p>Comments: NA. no waivers have been requested. Procedures are in place.</p>	NA
16	<p>General Comments: Part B scored 29 of 31 points. C2 had a 2-point deduction. Three questions were NA.</p>	29

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. See Section 3.2.7, 3.2.11, 3.2.15, 3.2.16, 3.2.17.</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. Information was forwarded to PHMSA, Eastern Region, for three compliance actions which addressed 7 compliance items.</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. Exit briefings were given on the last day of every 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: NI, 1 of 2 points. CalGEM needs a streamlined internal process for generating reports to meet the 90-day requirement for written notices to Operators per 5.1.5 of the Guidelines.</p>	1
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. All items of Concern and UnSat were submitted to PHMSA.</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. See Section 3.2.7, 3.2.11, 3.2.15, 3.2.16, 3.2.17.</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 aware of the process. Several civil penalties have been issued on the E&P side of CalGEM's jurisdiction.</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: NA. CalGEM is a 60106 Partner. Recommendations were submitted to PHMSA.</p>	NA
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. Several civil penalties have been issued on the E&P side of CalGEM's jurisdiction.</p>	1
10	<p>General Comments: Part D scored 18 of 19 points. D4 was NI. Question 8 was NA.</p>	18

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 Section 3.2.8.</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. See Section 3.2.8 and 16.</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, 1 incident was received in 2018, the record is in place.</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: NA, no incidents in 2019, Procedure is to do on-site investigations.</p>	NA
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: NA, no incidents in 2019, Procedures are in-place.</p>	NA
6	<p>Did the State initiate compliance action for violations found during any incident investigation? (Yes= 1 point, No= 0 Points)</p> <p>Comments: NA, there have been no violations found to date with incident investigations.</p>	NA
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: NA, no such requests were made in 2019, CalGEM is willing to Partner anytime.</p>	NA
8	<p>Does State share lessons learned from incidents with PHMSA? (Yes= 1 point, No= 0 Points)</p> <p>Comments: Yes. Incidents are shared during NAPS Regional and National meetings.</p>	1

9	General Comments: Part E scored 7 of 7 points. 4 questions were NA.	7
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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: Yes. The CA Underground Facilities Safe Excavation Board is the Lead Organization for Damage Prevention. CalGEM participates with CPUC for Operator HQ inspections and addresses D&A, Damage Prevention, and OQ there.</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 common subject of conversation when meeting with Operators, and all parties know that Damage prevention is emphasized.</p>	2
3	<p>General Comments: Part F scored 4 of 4 points.</p>	4

G – FIELD INSPECTIONS		
1	Operator, Inspector, Location, Date and PHMSA Representative Comments: LODI GAS STORAGE, LLC, opid 31697, Kevin Herman, Kris Gustafson, Dan Wynne, Al Walker, Nicholas Abu, Rich Boyd; Via MS Teams, 9/15-18/2020, Patrick Gaume – PHMSA.	
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. 5 Rockpoint/Lodi personnel participated in 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. IA was used.	2
4	Did the inspector thoroughly document results of the inspection? (Yes= 2 points, No= 0 Points, NI=1 Point) Comments: Yes. Each question was documented.	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. facilities, telecommunication, computer, procedures, and records.	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. This inspection was focused on Procedures and Records.	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. This was a staff level inspection where the group knowledge, skills, and abilities were excellent.	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. Daily reviews were provided.	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 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: Yes. Inspections are planned to be completed every 2 years, not to exceed 3 years.</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. All Concerns and UnSat findings are referred to PHMSA.</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. This subject would be part of regular communication with PHMSA.</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: NI, .5 of 1 point. CalGEM needs a streamlined internal process for generating reports to meet the 60-day requirement for written notices to PHMSA per 5.1.9 of the Guidelines.</p>	0.5
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: Yes. CalGEM refers all Concerns and UnSat to PHMSA.</p>	1
7	<p>General Comments: Part H scored 5.5 of 6 points. H5 was NI.</p>	5.5