

PHMSA UNDERGROUND NATURAL GAS STORAGE (UNGS)

IL DNR PROGRAM EVALUATION – CY2018

CONDUCTED 6/17-21/2019 & 8/13-17/19

A – PROGRESS REPORT AND PROGRAM DOCUMENTATION REVIEW	9
B – PROGRAM INSPECTION PROCEDURES	14
C – PROGRAM PERFORMANCE	34
D – COMPLIANCE ACTIVITIES	21
E – INCIDENT INVESTIGATIONS	13
F – DAMAGE PREVENTION	4
G – FIELD INSPECTIONS	12
H - 60106 AGREEMENT STATE (if applicable)	6
TOTAL PROGRAM EVALUATION POINTS	113

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: Yes, Attachment 1 & 3 agree, and IL is using existing OIL & Gas State Law and regulations to justify UNGS regulation in 2018; they are working to bring the items of Attachment 8 into compliance during 2019.</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: Yes, Attachment 2 agrees with internal records.</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 agrees 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, Attachment 4 agrees with internal records. Discussed that Egyptian Gas and Pioneer Oil failed to submit UNGS Annual Reports and the OPIDs needs to be identified.</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, Attachment 6 agrees with internal records.</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: Yes, Attachment 7 agrees with 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: Yes, Attachment 8 agrees with internal records. Part 192 and 199 are being considered for adoption.</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, IL DNR has reported their status accurately.</p>	1
9	<p>General Comments: All points awarded in this section. 9 of 9 score. Significant incidents? - There were no significant incidents in 2018. Dan Brennan (acting director) Office of Oil and Gas Resource Management Illinois Department of Natural Resources One Natural Resources Way Springfield, Illinois 62702</p>	9

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.	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.	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.	2
4	Design, Testing, and Construction Inspections 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. <ul style="list-style-type: none"> • Pre-Inspection Activities • Inspection Activities • Post Inspection Activities (Yes= 1 point, No= 0 Points, NI=.5 point) Comments: Yes, See Chapter V. Inspections, Section F on pg. 9, but must also use the OOGRM Field Procedures Manual which is incorporated by reference.	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 point, not presently in the manual. Discussed the need for an inspector to attend Operator HQ D&A inspections usually with the IL Commerce Commission acting as Inspection Lead. Also must address D&A considerations in the event of incidents or abnormal operation conditions.</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. See Chapter IV. OPERATIONS, Section B. Inspection Priorities. The bulleted items need to be more clearly stated and better integrated with other IL DNR priorities.</p>	6
7	<p>General Comments: NI for 2 of 6 questions, loss of 2.5 points. Earned 11.5 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: YES. 166 inspection days, 1.12 inspector years, 166/(1.12*220)=.674; okay.</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)</p> <p>(Yes= 5 points, No= 0 Points, NI=1-4)</p> <p>Comments: Yes, OQ training is underway, the 3 year time window has not been exceeded.</p>	5
3	<p>Does State use the PHMSA Inspection Assistant (IA) program to document inspections?</p> <p>(Yes= 2 points, No= 0 Points, NI=1 point)</p> <p>Comments: Yes, The IA UNGS inspection form 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</p> <p>(Yes= 2 points, No= 0 Points, NI=1 point)</p> <p>Comments: NI 1 of 2 points. This is the first year of our partnership. The Program Manager is professional and quickly gaining all necessary knowledge.</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</p> <p>(Yes= 2 points, No= 0 Points, NI=1 point)</p> <p>Comments: NA. This is the first year of our partnership.</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</p> <p>(Yes= 5 points, No= 0 Points, NI=1-4 points)</p> <p>Comments: Yes. This is the first of our partnership, all operators have been inspected for something, Additional inspections are being performed per operating procedures.</p>	5
7	<p>Did State Inspection form(s) cover all applicable code requirements addressed on Federal Inspection form(s)? Chapter 5.1</p> <p>(Yes= 2 points, No= 0 Points, NI=1 point)</p> <p>Comments: NI 1 of 2 points. guidance going forward-reference HQ D&A for the D&A questions, and establish good communications with Michael Springer, your UNGS federal contact for concerns and violations.</p>	2
8	<p>Did State complete all applicable portions of inspection forms?</p> <p>(Yes= 2 points, No= 0 Points, NI=1 point)</p> <p>Comments: Yes. The single concern was addressed in question A7.</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?</p> <p>(Yes= 2 points, No= 0 Points, NI=1 point)</p> <p>Comments: NI 1 of 2 points. Discovered that two operators had not submitted annual reports. Contact is being made to correct the problem.</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: Yes. The single concern was addressed in question A7. Re-iterated that they need to participate in HQ 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).</p> <p>(Yes= 1 points, No= 0 Points, NI=.5 point)</p> <p>Comments: Yes, It is in the IL Oil and Gas Act, it is referenced in the Procedures Manual.</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 were found in 2018.</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.</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, there are none. New Partner effective 2018.</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, there are none. New Partner effective 2018.</p>	1
16	<p>General Comments: 3 questions are NI, loss of 3 points. 4 questions are NA, 5 points removed from the question set. Score 26 of 29</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: Yes, see IDNR Administrative Rule 62-240, Sub Part A, Sections 240.125-240.186.</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: NI 3 of 4 points, Contact and interaction with operators is fine, need to improve contact with PHMSA, Eastern Region, for UNGS enforcement actions.</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, there is a 'Post Inspection Briefing' performed at the close 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: Yes, the Exit interview is reviewed and revised as necessary and emailed to the operator within 10 working 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: NA for a 60106 partner. They have issued violations of State regulations. They have also identified concerns and unsatisfactory items while performing federal UNGS inspections and have been reminded to forward them to PHMSA for handling.</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. They followed their procedures.</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, see IDNR Administrative Rule 62-240, Sub Part A, Sections 240.125-240.186.</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, see IDNR Administrative Rule 62-240, Sub Part A, Sections 240.125-240.186. IDNR followed their 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: NA for a 60106 partner. There are several examples where IDNR has issued fines.</p>	1
10	<p>General Comments: 1 question is NI, loss of 1 point. 2 questions are NA, 3 points removed from the question set. Score 17 of 18</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, it is in the General Field Manual which is referenced by the UNGS Procedures Manual.</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 240.1880. See Form OG 21A and others.</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, none. It would be kept electronically as a sub-part of the Operator file and in the Enforcement File if a violation was found.</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, none. Per Field Procedures manual all incidents that meet State criteria for reporting, (see Section 240.1880) must be on-site investigated within 48 hours. Per 240.1805 the IL definition of 'incident' is more stringent than the Federal definition of 'significant incident'.</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: NA, none. This is a new partnership since 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: NA, none. This is a new partnership since 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: NA, none. This is a new partnership since 2018. They are willing to do so.</p>	1
8	<p>Does State share lessons learned from incidents with PHMSA? (Yes= 1 point, No= 0 Points)</p> <p>Comments: NA, none. This is a new partnership since 2018. They are willing to do so.</p>	1

9	General Comments: 6 questions are NA, 9 points removed from the question set. Score 4 of 4	13
---	---	----

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. This question is asked and answer received.</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, with the operator. ICC is the lead with Damage Prevention; will support ICC as requested.</p>	2
3	<p>General Comments: All points awarded. 4 of 4 points.</p>	4

G – FIELD INSPECTIONS		
1	<p>Operator, Inspector, Location, Date and PHMSA Representative</p> <p>Comments: Northern Illinois Gas Company opid 13710, Cameron White, Inspector, 1844 Ferry Rd, Naperville, IL 60563 & @ Troy Grove Storage Station, 169 N 36th Rd, Mendota, IL 61342; 8/13-17/2019; Patrick Gaume. Dan Brennan, Director; Ernie Kierbach, Field Manager; Jim Stephens, Consultant; Craig Arteberry, inspector; & Chad Leet, inspector also participated.</p>	
2	<p>Was the operator or operator's representative notified and/or given the opportunity to be present during inspection? (Yes= 1 point, No= 0 Points)</p> <p>Comments: Yes. The inspection was scheduled and held in their main office and at the Troy Grove Storage Station. Several NICOR personnel participated in the inspection.</p>	1
3	<p>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)</p> <p>Comments: NI 1 of 2 points. An early version of the inspection form was used and will have to be transferred to the current form. Also, none of the IL DNR staff has been successful in registering for IA and the inspection will have to be loaded into IA at a later date.</p>	2
4	<p>Did the inspector thoroughly document results of the inspection? (Yes= 2 points, No= 0 Points, NI=1 Point)</p> <p>Comments: Yes. The inspector and the inspection team fully documented the inspection.</p>	2
5	<p>Did the inspector check to see if the operator had necessary equipment during inspection to conduct tasks viewed? (Yes= 1 point, No= 0 Points)</p> <p>Comments: Yes. All necessary resources were made available for a successful inspection.</p>	1
6	<p>Did the inspector adequately review the following during the field portion of the State Program Evaluation?</p> <ul style="list-style-type: none"> • Procedures • Records • Field Activities/Facilities • Other (please comment) <p>(Yes= 2 points, No= 0 Points, NI=1 Point)</p> <p>Comments: Yes. This was a complete UNGS Inspection and included Procedures, Records, and Field.</p>	2
7	<p>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)</p> <p>Comments: Yes. Jim, Cameron, Craig, & Chad are TQ certified for UNGS and the team pooled their knowledge to generate a thorough inspection.</p>	2
8	<p>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)</p> <p>Comments: Yes. Jim conducted the exit interview. Results included a nopv for not testing down-hole safety valves, and concerns for not adequately documenting the annual procedures review, lacking details on how MOC is performed, and lacking details on assessing annular pressures and annular rates.</p>	1

9	<p>During the exit interview, did the inspector identify probable violations found during the inspections? (if applicable) (Yes= 1 point, No= 0 Points)</p> <p>Comments: Yes. Jim conducted the exit interview. Results included a nopv for not testing down-hole safety valves, and concerns for not adequately documenting the annual procedures review, lacking details on how MOC is performed, and lacking details on assessing annular pressures and annular rates.</p>	1																				
10	<p>General Comments: 11 of 12 points awarded in this section. C3 was NI, the current inspection form was not used.</p> <ul style="list-style-type: none"> What did the inspector observe in the field? (Narrative description of field observations and how inspector performed) Best Practices to Share with Other States - (Field - could be from operator visited or State inspector practices) Other 	12																				
Field Observation Areas Observed (check all that apply)																						
<table border="1"> <tr> <td>Site cleanliness</td> <td>Y</td> </tr> <tr> <td>Atmospheric corrosion</td> <td>Y</td> </tr> <tr> <td>Casing pressures and vents</td> <td>Y</td> </tr> <tr> <td>Tubing pressures</td> <td>Y</td> </tr> <tr> <td>Air soil interface</td> <td>Y</td> </tr> <tr> <td>Pressure charts</td> <td>Y</td> </tr> <tr> <td>Signs</td> <td>Y</td> </tr> <tr> <td></td> <td></td> </tr> <tr> <td></td> <td></td> </tr> <tr> <td></td> <td></td> </tr> </table>			Site cleanliness	Y	Atmospheric corrosion	Y	Casing pressures and vents	Y	Tubing pressures	Y	Air soil interface	Y	Pressure charts	Y	Signs	Y						
Site cleanliness	Y																					
Atmospheric corrosion	Y																					
Casing pressures and vents	Y																					
Tubing pressures	Y																					
Air soil interface	Y																					
Pressure charts	Y																					
Signs	Y																					

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.</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. Was first year of the Partnership, a formal plan was not generated, but the informal plan to visit every operator was followed and the State Policy to visit every well was accomplished.</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: NI 0.5 of 1. IDNR is committed to submit the compliance actions to PHMSA by 6/29/2019.</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: NI 0.5 of 1. Communication with PHMSA concerning compliance will be improved. There were no 'imminent safety hazards' found.</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 0.5 of 1. Communication with PHMSA concerning compliance will be improved.</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: NI 0.5 of 1. They are in the process of doing so.</p>	1
7	<p>General Comments: 5 questions are NI, loss of 2.5 points. 0 questions are NA, 0 points removed from the question set. Score 3.5 of 6.</p>	6