

PHMSA UNDERGROUND NATURAL GAS STORAGE (UNGS)

Indiana DNR PROGRAM EVALUATION – CY2019

CONDUCTED 08/24-28/2020

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F – DAMAGE PREVENTION	0 of 0 (4)
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H - 60106 AGREEMENT STATE (if applicable)	0 of 1 (6)
TOTAL PROGRAM EVALUATION POINTS	45 of 59 (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: NI .5 of 1 point. Unit count and Operator count needed to be revised.	0.5
2	Review of Inspection Days for accuracy – Progress Report Attachment 2 (Yes= 1 point, No= 0 Points, NI=.5 point) Comments: Yes. 87 Field days were unique inspector days which had wellhead inspections, and were reported per the UNGS Guidelines, but several days were short 2-3 hour days. UNGS Guidelines need to be amended to show ‘inspection hours’ for wellhead inspections rather than ‘inspection days’.	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: NI .5 of 1 point. Operator list and Unit count needed revision. Also needed to add OP IDs.	0.5
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 Program 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. Discussed that the Program files will grow as the UNGS Program develops.	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. The information is correct. It disagrees with the YEP request because a payroll accounting code for the UNGS Grant was not available for several months.	1
7	Verification of Part 192 and 199 Rules and Amendments – Progress Report Attachment 8 (Yes= 1 point, No= 0 Points) Comments: Yes. Agrees with Program records. Discussed how the Regulations need to be adopted.	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 describes the status of the IN UNGS Program.	1

9	<p>General Comments: <i>Daniel W. Bortner, Director, Department of Natural Resources, 402 W. Washington St., Rm. W256, Indianapolis, IN 46204; Russell Retherford, Director, Division of Oil & Gas; Patrick Gaume PHMSA, UNGS PROGRESS REPORT REVIEW score is 40 of 50, is a 60106 Partner (-6), Highest percentage of inspectors are in categories I, II, III (-4): No incidents were reported in UNGS for 2019. WO review - Part A scored 8 of 9 points.</i></p>	8
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<p align="center">B – PROGRAM INSPECTION PROCEDURES</p> <p align="center">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. Procedures exist, but they need to be updated to reflect RP 1171 and the Federal Regulations.</p>	1
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: NI, 1 of 2 points. The Oil & Gas Procedures are generally applicable but need to be changed to better identify, Pre & post activities and to reference UNGS Forms.</p>	1
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 points. The Oil & Gas Procedures are generally applicable but need to be changed to define 'Specialized Inspection' and to better identify, Pre & Post activities and to reference UNGS Forms.</p>	1

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. The Oil & Gas Procedures are applicable to Design, Testing, & Construction Inspections. Discussed changes to better identify, Pre & post activities and to reference UNGS Forms.</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: No. 0 of 1 point. Drug & Alcohol Inspections need to be addressed in the Procedures.</p>	0
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. 3 of 6 points. The Oil & Gas Procedures address minimum time interval, facility threats, facility maintenance history, leak history, and compliance issues; but fail to address HCA, Population, and type of inspection planned.</p>	3
7	<p>General Comments: Part B scored 7 of 14 points. 5 of 6 questions found areas needing improvement.</p>	7

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: okay. 87 field days, .28 inspector years, $87/ (.28 \times 220) = 1.41 > .38$, Field time is calculated above 1 due to several inspection days of 2-4 hours. Inspector years are based on actual time sheets.</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: Okay. Russell is within the 3-year training window.</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: okay, IA not yet required for 2019. Russell is working to get registered in IA now.</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 points. Russell is progressing in managing our UNGS partnership. We discussed that the UNGS program has work sufficient for 2-3 FTE.</p>	1
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, 2019 is the first year of the UNGS Program.</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: NA, 2019 was the first year of the Program, and only Well Head Inspections were performed.</p>	NA
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: NA, no UNGS Standard Inspections were performed in 2019.</p>	NA
8	<p>Did State complete all applicable portions of inspection forms? (Yes= 2 points, No= 0 Points, NI=1 point) Comments: NA, no UNGS Standard Inspections were performed in 2019.</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)</p> <p>Comments: NI, 1 of 2 points. Items related to the Annual Reports have been reviewed, but the Annual Reports have not been downloaded and studied.</p>	1
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: NO. 0 of 2 points. Discussed the requirement for D&A Inspections and recommended that IDNR team up with the IURC to perform D&A inspections together for the operators subject to UNGS; with IURC as inspection lead.</p>	0
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. IDNR follows existing laws and Regulations; Indiana Applied Code (IAC) and Indiana Code (IC). The violation letters contain all information needed for appeal or making payment. See 312 IAC-29 and 312 IAC-30 for UNGS Regulations; also IC 14-37-3-9 which authorizes the IAC regulations.</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, none.</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. IDNR responds to all requests. Discussed the need for back-up contacts for IDNR UNGS Program.</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, none.</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, none.</p>	NA
16	<p>General Comments: Part C scored 16 of 20 points. Questions 5-8, 12, 14, & 15 were NA. Questions 4, 9, & 10 had point deductions.</p>	16

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. Procedures need to be developed from the existing Oil & Gas Regulations to address UNGS requirements.</p>	3
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: NA. No compliance issues have been found for UNGS.</p>	NA
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, for the Well Head Inspections. Any problems found would have been communicated immediately; no problems in 2019.</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: NA. no violations found. Discussed that the 30 & 90 day contact requirements need to be in the UNGS Procedures.</p>	NA
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>	NA
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. The process is in place. The process is followed for Oil & Gas violations.</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. Russell is well aware of the State Process for imposing 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: NA. No violations or penalties for UNGS. Issuing civil penalties is a tool that is used by IDNR to achieve compliance. Discussed the concept of penalties for repeat violations and the others listed. IDNR has a violation matrix where these and related items are considered for assessing penalties. This will be part of the UNGS Procedures.</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. IDNR provided examples of issuing civil penalties for Oil & Gas violations.</p>	1
10	<p>General Comments: Part D scored 10 of 11 points. Question 1 had a point deduction, and questions 2, 4, 5, & 8 were NA.</p>	10

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. They are in the Oil & Gas Regulations. Discussed that they will be incorporated into the UNGS Procedures.</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, IDNR has a 24hr phone number, 317-601-3087 for UNGS. Discussed that Russell is THE contact for all things UNGS; and that getting backup is strongly encouraged.</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. no incidents reported. Discussed that keeping records of incidents will be necessary and will part of the UNGS Procedures.</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: NA. no incidents reported. Discussed that gathering of information is necessary in the event of an accident. That information has been gathered for the August, 2020 incident at the Dove Run Storage Field, Perkins #5 Well.</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. This work is being done for the August, 2020 incident at the Dove Run Storage Field, Perkins #5 Well.</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, no incidents in 2019. The 2020 incident is still under investigation.</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 incidents in 2019. This is being done for the 2020 incident.</p>	NA
8	<p>Does State share lessons learned from incidents with PHMSA? (Yes= 1 point, No= 0 Points)</p> <p>Comments: NA, no incidents in 2019. Discussed that there is not a good Forum for sharing UNGS lessons learned. Lessons learned from the 2020 incident showed that Internal</p>	NA

	communications and training is needed for personnel, Contact back-up is needed, and prompt reports, morning, mid-day, & evening, are proved as a best practice.	
9	General Comments: Part E scored 4 of 4 points. Questions 3-8 were NA.	4

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, IDNR has not conducted a UNGS Standard Inspection. Still in the First 3 years of the Program. Discussed the need to get started with this; strongly recommended that action be taken this year.</p>	NA
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: NA, IDNR has not conducted a UNGS Standard Inspection. Still in the First 3 years of the Program. Discussed the need to get started with this; strongly recommended that action be taken this year.</p>	NA
3	<p>General Comments: Part F scored 0 of 0 points. Both questions were NA. IDNR needs to make progress here in 2020.</p>	0

G – FIELD INSPECTIONS		
1	<p>Operator, Inspector, Location, Date and PHMSA Representative</p> <p>Comments: NA. No Standard Inspections were conducted in 2019. No Standard Inspections have been performed in 2020 due to COVID 19. Only Wellhead Inspections have been done. Discussed that 'now' is the time to perform the first UNGS Standard Inspection. Recommended that the PHMSA UNGS Inspection Team would be a good resource.</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: NA, no inspection was planned.</p>	NA
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: NA, no inspection was planned.</p>	NA
4	<p>Did the inspector thoroughly document results of the inspection? (Yes= 2 points, No= 0 Points, NI=1 Point)</p> <p>Comments: NA, no inspection was planned.</p>	NA
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: NA, no inspection was planned.</p>	NA
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: NA, no inspection was planned.</p>	NA
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: NA, no inspection was planned.</p>	NA
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: NA, no inspection was planned.</p>	NA

[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: NA. no inspection work has been done other than wellhead inspections; therefore, no federal forms were used. A major factor in the delay in starting the work of the partnership is that IDNR management was withholding the starting of UNGS work until receiving written verification that federal funding would be made available. Written verification was received in August 2019.</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: No, 0 of 1 point. Discussed that a State Inspection Plan needs to be developed and be included in the planned UNGS Procedures.</p>	0
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: NA. Referral of violations is understood. Discussed that procedures need to be developed for this. No violations found in 2019.</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: NA. Reporting of safety hazards is understood. Discussed that procedures need to be developed for this. No safety hazards found in 2019.</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: NA. 60-day reporting is understood. Discussed that procedures need to be developed for this. No violations found in 2019.</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: NA. submission of adequate documentation is understood. Discussed that procedures need to be developed for this. No violations found in 2019.</p>	NA
7	<p>General Comments: Part H scored 0 of 1 point. 5 of 6 questions were NA. UNGS work needs to be started and UNGS Procedures need to be written.</p>	0