

PHMSA UNDERGROUND NATURAL GAS STORAGE (UNGS)
Alabama OGB PROGRAM EVALUATION – CY2020
CONDUCTED 4/14,19-20, 6/30, & 7/1/2021

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H - 60106 AGREEMENT STATE (if applicable)	0.5 of 1 (6)
TOTAL PROGRAM EVALUATION POINTS	52 of 73 (113)

PHMSA UNGS STATE PROGRAM EVALUATION – CY2020

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. Determined the best answer for attachment 1 is to report 60106 authority 16 times, to address all categories. Revised Attachment 1 to show it.</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. Information matches Agency 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. Operator count matched Agency 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 last UNGS Inspection was in 2019 by PHMSA with Butch participating. Deadline for the next inspection is 2024; targeting 2022 for the next inspection.</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. Some records are still paper but most are electronic and were easily accessible.</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. The only inspector time reported was Field time. The time reported in attachment 7 is based on a 242-day year; for 2.875 days, with matches the 2.875 days reported in attachment 2.</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. The information is correct. Discussed how the AL OGB can find a path to access existing Alabama law and be able to show some of the items as adopted.</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 reflects a UNGS Program in its first year of operation.</p>	1
9	<p>General Comments: Charles E. (Ward) Pearson, Chairman, State Oil and Gas Board of Alabama, 420 Hackberry Lane, Tuscaloosa, AL 35401. UNGS PROGRESS REPORT REVIEW score is 40 of 50, a 6 pt deduction due to being a 60106 partner and a 4 pt deduction due the highest percentage of inspectors being in categories I, II. III. No incidents reported in 2020. 2020 was the first year for our UNGS Partnership. Project more activity in 2021 than 2020. Taking needed courses through PHMSA TQ was discussed. Part A scored 9 of 9 points.</p>	9

<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: No. 0 of 2 points. UNGS procedures have not been written. Provided Attachment S from the State Gas Guidelines. Butch will be developing UNGS Procedures.</p>	0
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. (Review of Procedures, Records, or Field Items to complete a PHMSA UNGS IA Question Set (RESERVOIR or CAVERN) – 2019.12.31)</p> <ul style="list-style-type: none"> • Pre-Inspection Activities • Inspection Activities <p>Post Inspection Activities (Yes= 2 points, No= 0 Points, NI=1 point)</p> <p>Comments: No. 0 of 2 points. These items will be addressed in the Procedures.</p>	0
3	<p>Integrity Management Inspections</p> <ul style="list-style-type: none"> • Do Integrity Management 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. (Integrity Testing and Maintenance: Observing Integrity Testing (Tubing, Casing, Cement), reservoir integrity monitoring, & FLIR Camera inspections.) • Pre-Inspection Activities • Inspection Activities <p>Post Inspection Activities (Yes= 2 points, No= 0 Points, NI=1 point)</p> <p>Comments: No. 0 of 2 points. These items will be addressed in the Procedures.</p>	0
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. (Review of procedures, records, and field activities to complete PHMSA UNGS IA Question Set (RESERVOIR or CAVERN CONSTRUCTION) – 2019.12.31. Inspection activities for well design, drilling and completion activities, well workover, reservoir maintenance/repair activities, and abandonment (Plugging and cementing), temporary abandonment, and restoration.)</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. These items will be addressed in the Procedures.</p>	0

5	<p>Wellhead Inspections</p> <p>Do Wellhead 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. A Semi-annual Cavern wellhead inspection Form exists. It includes wellhead inspection items. These items will be included into the procedures.</p>	0.5
6	<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. (Using AI to complete the federal Comprehensive Drug and Alcohol program (Form 3.1.11). Includes time conducting joint inspections with other agencies for this type of inspection.)</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. These items will be addressed in the Procedures. Discussed coordinating with AL PSC and Wallace Jones for D&A and IM inspections.</p>	0
7	<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, Integrity Testing, and compliance activities) • Type of activity being undertaken by operators in inspection units (i.e. construction) • Locations of operator's inspection units being inspected - (Geographic area, Population Density, etc.) • Process to identify high-risk inspection units considering integrity threats <p>Are inspection units broken down appropriately? (Yes= 5 points, No= 0 Points, NI=1-4 points)</p> <p>Comments: No. 0 of 5 points. These items will be addressed in the Procedures. We recognize that there is only one Operator and one Unit in the AL UNGS Partnership.</p>	0
8	<p>General Comments: Part B scored 0.5 of 14 points.</p>	.5

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. 2.875 Field days, and 2.875 total inspector days, (reported as .01188*242 day year) ratio=1.00.</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. In first year of the Partnership. TQ classes are being scheduled.</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: NA. no inspections were performed. IA was discussed.</p>	NA
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. Automatic deduction for the first 2 years. Training is continuing.</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. 2020 was the first year of the partnership.</p>	NA
6	<p>Did State inspect all types of operators and inspection units in accordance with time intervals established in their written procedures? Chapter 5.1 (Yes= 5 points, No= 0 Points, NI=1-4 points) Comments: Yes. 2020 was the first year of the partnership. IA and inspections were discussed.</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. Discussed that AL OGB will use the Federal forms in IA.</p>	2
8	<p>Did State complete all applicable portions of inspection forms? (Yes= 2 points, No= 0 Points, NI=1 point) Comments: Yes. Discussed that IA will be used and all applicable portions will be completed.</p>	2
9	<p>Has the State reviewed Operator Annual reports, along with Incident reports, for accuracy and analyzed data for trends and operator issues? (Yes= 2 points, No= 0 Points, NI=1 point) Comments: Yes. Bay Gas UNGS rpts for 2018, 2019, & 2020 have all been received and reviewed for 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: NA. First year of program. The need for D&A inspections was discussed and coordination with AL PSC was discussed.</p>	NA
11	<p>Does the State have a mechanism for communicating with stakeholders regarding the inspection and enforcement program? (This should include making enforcement cases available to public).</p> <p>(Yes= 1 points, No= 0 Points, NI=.5 point)</p> <p>Comments: Yes. The website allows access to many records, and paper records are accessible to the public. Closed enforcement cases are available upon request.</p>	1
12	<p>Did State execute appropriate follow-up actions to Safety Related Condition Reports (SRCR)? Chapter 6.3</p> <p>(Yes= 1 points, No= 0 Points, NI=.5 point)</p> <p>Comments: NA. there were no SRCs in 2020, or for the life of the partnership.</p>	NA
13	<p>Did the State participate in/respond to surveys or information requests from PHMSA?</p> <p>(Yes= 1 points, No= 0 Points, NI=.5 point)</p> <p>Comments: Yes. Information requests have been responded to but no survey requests were made in 2020.</p>	1
14	<p>Did the State forward any potential waivers/special permits to PHMSA for review prior to issuing them to operators?</p> <p>(Yes= 1 point, No= 0 Points, NI=.5 point)</p> <p>Comments: NA. No waivers/special permits were requested concerning UNGS.</p>	NA
15	<p>If the State has issued any waivers/special permits for any operator, has the State verified conditions of those waivers/special permits are being met? This should include having the operator amend procedures where appropriate.</p> <p>(Yes= 1 point, No= 0 Points, NI=.5 point)</p> <p>Comments: NA. No waivers/special permits were requested concerning UNGS.</p>	NA
16	<p>General Comments: Part C scored 24 of 25 points. 6 of 15 questions were NA, #3,5,10,12,14, & 15.</p>	24

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 (60105 States) • 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 2 of 4 points. The OGB practices and procedures are well known but not written into readily accessible procedures. These items will be included in the UNGS procedures.</p>	2
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 (60105 States)? • Document probable violations • Resolve probable violations • Routinely review progress of probable violations <p>(Yes= 4 points, No= 0 Points, NI=1-3 points) Comments: NA. only routine site inspections were performed in 2020. No violations found. Established practices were followed. Procedures will be written.</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: NI, 1 of 2 points. It is current OGB practice to notify the operator immediately if a problem is found, but no formal policy for reporting 'no issues' to the operator. This was discussed and will be included in the procedures.</p>	1
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 is current OGB practice to notify the operator within 90 days in writing if a problem is found. This was discussed and will be included in the procedures.</p>	1
5	<p>Did the State issue compliance actions for all probable violations discovered (60105 States)?</p> <p>(Yes= 2 points, No= 0 Points, NI=1 point) Comments: NA. No compliance actions for 2020. Any PV would have been referred to PHMSA per the 60106 agreement. This will be included in the procedures.</p>	NA
6	<p>Did compliance actions give reasonable due process to all parties? Including "show cause" hearing if necessary (60105 States).</p> <p>(Yes= 2 points, No= 0 Points) Comments: NA. no compliance actions in 2020. Policy is known and followed when issues are found. This will be included in the procedures.</p>	NA

7	<p>Is the Program Manager familiar with State process for imposing civil penalties (60105 States)? (describe any actions taken) (Yes= 2 points, No= 0 Points, NI=1 point)</p> <p>Comments: NA. 60106 program. The AL OGB does have a process and the Program Manager is familiar with it. It will be included/referenced in the UNGS Procedures.</p>	NA
8	<p>Were civil penalties considered for repeat violations, violations which can't be corrected by other means, or violations resulting in incidents (60105 States)? (Yes= 2 points, No= 0 Points, NI=1 point)</p> <p>Comments: NA. 60106 program. The AL OGB does have a process and the Program Manager is familiar with it. It will be included/referenced in the UNGS Procedures.</p>	NA
9	<p>Can the State demonstrate it is using their enforcement fining authority for safety violations (60105 States)? (Yes= 1 point, No= 0 Points, NI= .5 point)</p> <p>Comments: NA. The AL OGB issues fines every year in other areas of their responsibilities. UNGS violations will be referred to PHMSA while a 60106 partner, and will be evaluated for fines when the program becomes a 60105 partnership.</p>	NA
10	<p>General Comments: Part D scored 4 of 8 points. 6 of 9 questions were NA, 2,5,6,7,8 & 9.</p>	4

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: NA. No UNGS incidents in 2020. AL OGB practices need to be written into the UNGS Procedures.</p>	NA
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: NA. No UNGS incidents in 2020. AL OGB practices need to be written into the UNGS Procedures.</p>	NA
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 UNGS incidents in 2020. AL OGB practices need to be written into 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 UNGS incidents in 2020. AL OGB practices need to be written into the UNGS Procedures.</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 UNGS incidents in 2020. AL OGB practices need to be written into the UNGS Procedures.</p>	NA
6	<p>Did the State initiate compliance action for violations found during any incident investigation? (60106 States forward violations to PHMSA) (Yes= 1 point, No= 0 Points)</p> <p>Comments: NA. No UNGS incidents in 2020. AL OGB practices need to be written into the UNGS Procedures.</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 PHMSA requests in 2020. Accident Investigation agreements need to be written/referenced into the UNGS Procedures.</p>	NA
8	<p>Does State share lessons learned from incidents with PHMSA? (Yes= 1 point, No= 0 Points)</p> <p>Comments: NA. No UNGS incidents in 2020. lessons learned from incidents need to be written into the UNGS Procedures.</p>	NA

9	General Comments: Part E scored 0 of 0 points. All 8 questions were NA.	0
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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: No, 0 of 2 point. Damage prevention was not addressed in 2020. Discussed participating with AL PSC for Damage prevention inspections. This will be included in the UNGS Procedures.</p>	0
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. The State of AL is encouraging and promoting practices for reducing damages.</p>	2
3	<p>General Comments: Part F scored 2 of 4 points.</p>	2

G – FIELD INSPECTIONS		
1	Operator, Inspector, Location, Date and PHMSA Representative Comments: Bay Gas Storage Company, LLC, opid 30026; Jeremy Williams, AL OGB Inspector, Bay Gas Storage facility, Wells 1, 2, 3, 4, & 5, Washington County, AL; 6/30/2021; 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. Several Bay Gas Storage personnel were present at each well site.	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. AL OGB 'Form OM1300-02 Semi-Annual Cavern Wellhead Safety Inspections' & 'Form OM1300-10 Safety Device Test (Cavern) Report' was used and followed.	2
4	Did the inspector thoroughly document results of the inspection? (Yes= 2 points, No= 0 Points, NI=1 Point) Comments: Yes. two forms were completed for each well. 5 wells, 10 completed forms.	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, PPE, keys, Multi-meter and half-cell, & personnel qualified for the various tasks performed.	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 was a Field Inspection of all 5 wellheads.	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. Professional knowledge and courtesy were evident during the inspection.	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. Everything was in order and no violations were found.	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: NI 0.5 of 1 point. AL OGB will use IA. Determined that IA has not yet been loaded onto AL OGB computers. Taking immediate actions to get IA loaded.</p>	0.5
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: NA. No Standard Inspections have been performed.</p>	NA
3	<p>Were all 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. No Standard Inspections have been performed. No probable violations have been found.</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. No Standard Inspections have been performed.</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. No Standard Inspections have been performed.</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. No Standard Inspections have been performed.</p>	NA
7	General Comments: Part H scored 0.5 of 1 point. 5 of 6 questions were NA.	.5