

PHMSA UNDERGROUND NATURAL GAS STORAGE (UNGS)

KS CC State PROGRAM EVALUATION – CY2022

CONDUCTED JUNE 21, 23 & July 6, 2023

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TOTAL PROGRAM EVALUATION POINTS	99 of 99 (113)

PHMSA UNGS STATE PROGRAM EVALUATION – CY2022

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 is consistent with Attachment 3 & 8, and Agency records. Kansas Corporation Commission Utilities Division (KS-CC) has authority to regulate underground porosity storage, see KS law KSA 55-1115. KS law disallows hydrocarbon storage in a freshwater aquifer; see KS law KSA 55-1115. [Note: a separate agency, KS Dept. of Health and Environment (DHE), has jurisdiction over salt caverns; current cavern storage is 100% liquid; is crude, or LPG. DHE will have jurisdiction if there is any gas cavern storage developed. Allie Lane, Geologist with DHE, is the Underground Hydrocarbon Storage (UHS) Program Manager. Alexandria.lane@ks.gov, Office: 785-296-7254, Cell: 785-230-0741.]</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, 18 Field days is consistent with KS 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. 3 Operators and 4 Units are consistent with KS 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. One compliance action was carried in from 2022 and it was closed.</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. Ability to find the files reported was demonstrated.</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, One inspector is fully qualified and leads all of the UNGS inspections. Arrangements are being made to train additional inspectors as backup. The Program Manager is also Trained.</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 in Attachment 8 is consistent with KS internal records.</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. Attachment 10 is a good summary of the status of the UNGS Program.</p>	1

9	<p>General Comments:</p> <p>Susan K Duffy, Chair Leo Haynos, Chief Engineer; Patrick Gaume, UNGS Liaison, PHMSA</p> <p>Kansas Corporation Commission Same address</p> <p>1500 SW Arrowhead Rd 60105 Program</p> <p>Topeka, KS 66604-4027 No incidents reported 2018-2022</p> <p>UNGS PROGRESS REPORT REVIEW score is 37 of 50: 8 pt. reduction due to Highest percentage of inspectors are in categories III, IV, V; 2 pt. reduction due to Maximum Civil Penalties are inadequate; and 3 pt. reduction as some federal regulations have not been adopted within 2 years/2 legislative sessions but steps are being taken to adopt.</p> <p>No incidents were reported in UNGS for 2022.</p> <p>Part A scored 9 of 9 points.</p>	9
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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: Yes. The existing Pipeline Procedures have been expanded to include UNGS.</p>	2
2	<p>Standard Inspections</p> <p>Do Standard Inspection procedures give guidance to State inspectors that insure consistency for inspections conducted by the State? The following elements should be addressed at a minimum. (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 • Post Inspection Activities <p>(Yes= 2 points, No= 0 Points, NI=1 point)</p> <p>Comments: Yes, See Section 5.4.2; Part A) for pre-inspection and Part C) for post-inspection.</p>	2
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: Yes. See Section 5.4.2 & 5.5.4.</p>	2

4	<p>Design, Testing, and Construction Inspections</p> <p>Do Design, Testing, and Construction Inspection procedures give guidance to State inspectors that insure consistency for Inspections conducted by the State? The following elements should be addressed at a minimum. (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: Yes. See Section 5.4.2 & 5.5.2.</p>	1
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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: Yes. Unique wellhead inspections are not done in KS; they are part of Standard Inspections and reported through IA.</p>	1
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: Yes. See Section 5.5.9. D&A is generally included in HQ inspections. With spot D&A during Unit inspections.</p>	1
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: Yes. See Section 5.3.1.</p>	5
8	<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: 18 inspection days, 220*.08=18 Inspector person days, 18/18=1.00 >.38, 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) (Yes= 5 points, No= 0 Points, NI=1-4) Comments: Yes, In 5th year of the UNGS Program. Lyle Powers has completed the TQ required training; Leo has completed the UNGS course & is scheduled to take the D&A WBT Course in 2023. Josh is also scheduled for the UNGS class.</p>	5
3	<p>Does State use the PHMSA Inspection Assistant (IA) program to document inspections? (Yes= 2 points, No= 0 Points, NI=1 point) Comments: Yes, KS is using IA. Discussed the need to attach State notes and State inspection form/reports into the appropriate IA inspections.</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: Yes. Leo has multiple years as an effective Program Manager.</p>	2
5	<p>Did State respond to PHMSA's Evaluation Letter within 60 days and correct or address any noted deficiencies? Chapter 8.1 (Yes= 2 points, No= 0 Points, NI=1 point) Comments: Yes. The letters were dated Nov 29th and Jan 24th. All issues were addressed.</p>	2
6	<p>Did State inspect all types of operators and inspection units in accordance with time intervals established in their written procedures? Chapter 5.1 (Yes= 5 points, No= 0 Points, NI=1-4 points) Comments: Yes. Inspections are within the maximum 5-year interval.</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. KS uses IA and the IA inspection modules.</p>	2
8	<p>Did State complete all applicable portions of inspection forms? (Yes= 2 points, No= 0 Points, NI=1 point) Comments: Yes. A 2019-2022 review of IA loaded inspections shows all okay.</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. The annual reports are reviewed.</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. Handled by HQ reviews. D&A inspections are current.</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. Hold annual 192 Training sessions. Website has several things posted. Open discussion is encouraged during every inspection. Okay.</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 have been no UNGS SRC.</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. KS responds to all requests.</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 special permits in KS.</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 special permits in KS.</p>	NA
16	<p>General Comments: Part C scored 31 of 31 points. Questions 12, 14 & 15 were NA.</p>	31

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: Yes. See Section 5.7 & 5.8.</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 (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: YES. The 2021 action carried forward into 2022 and the compliance action file was complete, all 6 violations were addressed, and included the letter where the action was closed.</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. Verbal exit interviews are given at the end of every inspection. Record of the exit interview is found in the KS records for that 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: that Yes. Every inspection gets a completion letter sent to the operator within the 90 days, even for 'no violations/concerns found'.</p>	2
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: Yes. The 2021 inspection that was closed in 2022. with issues had compliance actions for all 6 issues.</p>	2
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: Yes. Per established KCC procedures.</p>	2

7	<p>Is the Program Manager familiar with State process for imposing civil penalties (60105 States)? (describe any actions taken)</p> <p>(Yes= 2 points, No= 0 Points, NI=1 point)</p> <p>Comments: Yes. Leo is completely familiar with KS 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 (60105 States)? (Yes= 2 points, No= 0Points, NI=1 point)</p> <p>Comments: Yes. The issues found in 2021 were not serious or repeat violations.</p>	2
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: Yes. See Section 5.13. 32 penalties totaling \$28,000 were issued and collected in 2020 for pipeline violations.</p>	1
10	<p>General Comments: Part D scored 21 of 21 points.</p>	21

E – INCIDENT INVESTIGATIONS		
1	<p>Does the State have written procedures to address State actions in the event of an incident? (Yes= 2 points, No= 0 Points, NI=1 point)</p> <p>Comments: Yes. See Section 6.1</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 6.1, also regulation K.A.R. 82-11-7 (b)</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. None were received in 2022 but records are kept per Section 6.1.</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 UNGS incidents</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.</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.</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: Yes. No requests in 2021, but KS has helped in the past.</p>	1
8	<p>Does State share lessons learned from incidents with PHMSA? (Yes= 1 point, No= 0 Points)</p> <p>Comments: Yes. Incidents are reported during NAPS Region Meetings.</p>	1

9	General Comments: Part E scored 8 of 8 points. Questions 4, 5, & 6 were NA.	8
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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. See Sections 5.6 & 7.1. All UNGS operators are GT operators and PA & DP are addressed through the 192 Gas inspections.</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. See Sections 5.6 & 7.1. All UNGS operators are GT operators and PA & DP are addressed through the 192 Gas inspections.</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: Atmos Energy, opid 06720; Lyle Powers & Lucas Hertlein; Liberty North and Liberty South Fields; July 6, 2023; Patrick Gaume,	
2	Was the operator or operator's representative notified and/or given the opportunity to be present during inspection? (Yes= 1 point, No= 0 Points) Comments: Yes. Three Atmos personnel were on location, Justin Wren, Supervisor of Distribution; Darren Urie, Pressure measurement tech; & Dustin Atherton, Storage field tech.	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. Observation questions in IA were used.	2
4	Did the inspector thoroughly document results of the inspection? (Yes= 2 points, No= 0 Points, NI=1 Point) Comments: Yes. All applicable questions were Sat, but most had comments relating to what was specifically observed.	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. Multimeter, CGI, hand tools, keys, and additional tools were available. Three wellsite inspections were conducted.	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 Observation Inspection of three wellsites.	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. Lyle led this inspection and demonstrated professional level knowledge, skills, and abilities during this 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. Lyle provided a detailed summary of the inspection and expressed a concern that a tabletop drill will need to be detailed to ensure availability of contractor resources, personnel, and contact information.	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: H1-6; NA, not a 60106 Agreement Partner.</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: H1-6; NA, not a 60106 Agreement Partner.</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: H1-6; NA, not a 60106 Agreement Partner.</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: H1-6; NA, not a 60106 Agreement Partner.</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: H1-6; NA, not a 60106 Agreement Partner.</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: H1-6; NA, not a 60106 Agreement Partner.</p>	NA
7	<p>General Comments: Part H is NA, not a 60106 Agreement Partner. Part H scored 0 of 0 points</p>	NA