

**BEFORE THE
UNITED STATES DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
WASHINGTON, D.C.**

Pipeline Safety: Safety of Underground
Natural Gas Storage Facilities Interim
Final Rule



Docket No. PHMSA-2016-0016

**SUPPLEMENTAL COMMENTS – ANNUAL REPORT CLARIFICATIONS
THE AMERICAN GAS ASSOCIATION
THE AMERICAN PETROLEUM INSTITUTE
THE INTERSTATE NATURAL GAS ASSOCIATION OF AMERICA**

May 25, 2018

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I. INTRODUCTION

The American Gas Association (AGA), American Petroleum Institute (API), and Interstate Natural Gas Association of America (INGAA) (jointly the Associations) jointly submit these supplemental comments on the Pipeline and Hazardous Materials Safety Administration's (PHMSA) Interim Final Rule establishing for the first time Federal pipeline safety regulations for underground natural gas storage facilities (Interim Final Rule or IFR).¹

AGA, founded in 1918, represents more than 200 local energy companies that deliver clean natural gas throughout the United States. Forty-four of these members operate 292 underground natural gas storage fields, including 14,101 wells. There are more than 73 million residential, commercial and industrial natural gas customers in the U.S., of which 95 percent — more than 69 million customers — receive their gas from AGA members.

API is the national trade association representing all facets of the oil and natural gas industry including the transportation and storage of natural gas. API's more than 625 members include large integrated companies, as well as exploration and production, refining, marketing, pipeline, underground storage, and marine businesses, and service and supply firms.

INGAA is a trade association that advocates regulatory and legislative positions of importance to the interstate natural gas pipeline industry. INGAA is comprised of 27 members, representing the vast majority of the U.S. interstate natural gas transmission pipeline companies. INGAA's members operate nearly 200,000 miles of pipelines and over 10,000 storage wells and serve as an indispensable link between natural gas producers and consumers.

On February 17, 2017, November 20, 2017 and March 2, 2018, the Associations, along with the American Public Gas Association, filed comments relating to PHMSA's Pipeline Safety: Safety of Underground Natural Gas Storage Facilities Interim Final Rule (Docket No. PHMSA-2016-0016). The Associations seek to supplement these comments to include additional considerations for the Underground Natural Gas Storage Facility Annual Report Instructions.¹

The Associations support advancing pipeline and underground storage safety and providing transparency into the operations of these facilities through periodic reporting. On or before March 15, 2018, operators filed their first annual reports for underground natural gas storage facilities², as required by § 191.17. In developing their first annual report submissions, the Associations' members identified certain areas of the annual report form that warrant further clarification from PHMSA. The Associations request that PHMSA consider providing clarification within their Underground Natural Gas Storage Annual Report Instructions to ensure clarity and consistency in future reporting.

¹ Instructions (rev 8-16-2017) for PHMSA Form 7100.4-1 (rev 8-16-2017)

² PHMSA Form 7100.4-1, approved 8-16-2017, OMB No. 2137-0522

II. TOPICS FOR CLARIFICATION

To ensure consistency across operators, the Associations recommend PHMSA provide the following clarifications:

Part B – Storage Facility

B3. Facility Location:

- PHMSA should confirm that operators may select an appropriate location from a list of examples. Appropriate examples include: coordinates of a key well or first well/cavern put in service, the coordinates of the field's geographic center, or the coordinates of a compressor or measurement/regulation station.
- PHMSA should confirm how operators are to report facilities located across more than one county/jurisdiction

B4. EIA Gas Field Code: PHMSA should clarify that it is looking for the six-digit EIA Report 191 code.

B5. Working Gas Capacity: PHMSA should define whether it is looking for the certificated/design maximum working gas capacity or the maximum working gas inventory for the calendar year.

B6. Base Gas: PHMSA should confirm whether the base gas calculation is to include estimated native gas.

Part C – Reservoirs and Wells

General:

- Where multiple salt caverns exist within the same dome, PHMSA should clarify that operators can report this as one facility (part B) and as a single geologic storage formation in part C. The flexibility to report data for salt cavern facilities in this manner is particularly important where operators have several caverns operating as a gallery within a single dome. For example, operators may not be able to calculate cavern-specific injection/withdrawal volumes in B8/B9 if a series of caverns are operated and metered as a gallery.
- PHMSA should clarify in the instructions that wells used solely for water injection/withdrawal are not to be included in these tabulations. Data on these wells are generally reported to other agencies.
- PHMSA should clarify that wells plugged and abandoned in prior years are not to be included in any of the well counts in this section. C10 only addresses wells plugged and abandoned in the calendar year, and it would not make sense to include plugged and abandoned wells in any of the other counts.

C4. Maximum Wellhead Surface Pressure:

- PHMSA should confirm that it is expecting operators to report the maximum surface pressure observed at an indicator well during the calendar year. This may change year-to-year.

- PHMSA should clarify in the instructions that not every storage facility will have a key indicator well. In these instances, operators should simply enter text in C4a to identify the well that is used to establish maximum surface pressure observed during the calendar year. For example, operators without a key indicator well may establish maximum wellhead surface pressure through a well or facility shut-in.

C8. Number of Monitoring/Observation Wells: PHMSA should confirm whether observation/monitoring wells outside of the storage zone are to be included in this count.

C10. Number of Wells Plugged & Abandoned: PHMSA should confirm whether re-plugging a previously-abandoned well is to be included in this count. PHMSA should confirm whether a well that has been plugged but not yet fully abandoned should be included in this count.

C11. Number of Wells with Surface Safety Valves: PHMSA should confirm whether wells with a master gate (manual or automated) are to be included in this count.

C11-C12. Number of Wells with Safety Valves: PHMSA should confirm that these counts only include injection/withdrawal and observation/monitoring wells.

C16. Number of Wells with some “other type” of gas flow: PHMSA should consider offering some examples describing wells with “other types” of gas flow that need to be reported here.

C17-C20. Well Maintenance: PHMSA should clarify how operators are to report multiple replacements/repairs on the same well during a calendar year. The Associations recommend that each “repair, replacement or remediation project” be counted separately. So, if the same well had tubing replaced at two separate occasions during the calendar year, this would be counted twice. Also, if a well had production casing and liner replaced as part of one well intervention (one “project”), this would be counted once.

C17. New Production Tubing: PHMSA should clarify how operators are to count tubing that has been removed and then rerun into the same well.

C19. Wellhead Remediation/Repair: PHMSA should clarify whether replacement of ancillary wellhead components, but not the entire wellhead, are to be included in this count.

C21-C23. Well Testing/Inspection:

- PHMSA should confirm that this section is specific to downhole testing/inspections.
- PHMSA should not use the term “Mechanical Integrity Test/MIT,” as this has a very specific meaning in the underground gas storage industry. Instead, PHMSA should simply say “number of wells pressure tested,” “number of wells logged for corrosion/wall loss,” and “number of wells inspected with a downhole assessment method other than pressure testing or corrosion/wall loss logging.”

C23. Other Inspection Methods: PHMSA should provide examples of “other” downhole inspection methods (temperature logging, noise logging, gamma ray neutron logging, etc.).

III. CONCLUSION

The Associations continue to support PHMSA's efforts to regulate the safety of underground natural gas storage facilities and believe that these recommended clarifications will assist operators in consistently reporting on their storage facilities. The Associations request that PHMSA revise its Underground Natural Gas Storage Annual Report Instructions accordingly.

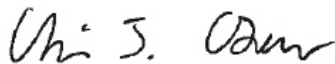
Respectfully submitted,



Christina Sames, *Vice President Operations and Engineering*
American Gas Association 400
North Capitol Street, NW
Washington, DC 20001
(202) 824-7214
csames@aga.org



Robin Rorick, *Midstream Group Director*
American Petroleum Institute
1220 L Street, NW Washington,
DC 20005
(202) 682-8000
rorickr@api.org



C.J. Osman, *Director of Operations, Safety and Integrity*
Interstate Natural Gas Association of America
20 F Street, NW
Washington, D.C. 20001
(202) 216-5912
cjosman@ingaa.org

Date: May 25, 2018