

October 19, 2016

## Energy Update

### Federal Interagency Task Force Reports on Natural Gas Storage Safety

#### Overview

On October 18, the Department of Energy released the [report](#) of the Interagency Task Force on Natural Gas Storage Safety, titled “Ensuring Safe and Reliable Underground Natural Gas Storage”. The Department of Energy organized the Task Force in April, and Congress codified it and provided direction to its final report in enacting Section 31 of the “Protecting our Infrastructure of Pipelines and Enhancing Safety (PIPES) Act of 2016” ([P.L. 114-183](#)). The Task Force and the report are part of the response to the Aliso Canyon natural gas storage facility methane leak, which occurred from late 2015 into 2016.

The PIPES Act directed the Secretary of Energy, within 15 days of the date of enactment, to “lead and establish an Aliso Canyon natural gas leak task force.” It also required the Task Force to report to Congress on the Aliso Canyon natural gas leak, its causes, and how to prevent or mitigate future leaks from natural gas storage facilities.

A Department of Energy [press release](#) notes that the “report finds that ‘while incidents at U.S. underground natural gas storage facilities are rare, the potential consequences of those incidents can be significant and require additional actions to ensure safe and reliable operation over the long term.’” It also states that the “Task Force pursued three primary areas of study: integrity of wells at natural gas storage facilities, public health and environmental effects from natural gas storage leaks, and energy reliability concerns in the case of future leaks.”

#### Regulatory Recommendations and Planned PHMSA Interim Final Rule

The report recommends regulatory actions that the Pipeline and Hazardous Materials Safety Administration (PHMSA) has previously announced. PHMSA, which participated in the Task Force, is developing regulations that would mandate compliance with industry standards for underground gas storage. According to the most recent “[Unified Agenda for Regulatory and Deregulatory Actions](#)”, “PHMSA is planning to issue an interim final rule to require operators of underground storage facilities for natural gas to comply with minimum safety standards, including compliance with API RP 1171, Functional Integrity of Natural Gas Storage in Depleted Hydrocarbon Reservoirs and Aquifer Reservoirs, and API RP 1170, Design and Operation of Solution-mined Salt Caverns Used for Natural Gas Storage.” PHMSA may adopt “the non-mandatory provisions of the RPs in a manner that would make them mandatory, except that operators would be permitted to deviate from the RPs if they provide justification.” The most recent “[Report on](#)

[DOT Significant Rulemakings](#)”, issued by the Department of Transportation, projects that PHMSA will publish the interim final rule by February 14, 2017.

The report gives some indications that PHMSA could consider additional regulations, beyond the interim final rule. It states that “PHMSA plans to build on its minimum regulations as necessary in order to ensure that operators fully address the safety issues presented by underground natural gas storage.”

The report also calls for a “quantitative study to evaluate key uncertainties related to the costs and benefits of [downhole safety valves] for the U.S. natural gas storage industry...” The report acknowledges that while these devices “can provide a direct safeguard for preventing” gas leaks, they also raise reliability and production issues.

### **Recommendations Regarding Well Integrity**

The report enumerates a series of safety recommendations addressing storage facility well integrity issues, calling on operators to:

- “phase out wells with single point of failure designs”;
- “undertake rigorous well integrity evaluation programs”;
- “prioritize integrity tests that provide hard data on well performance”; and
- “deploy continuous monitoring for wells and critical gas handling infrastructure”.

### **Other Recommendations**

The report includes recommendations addressing:

- “Risk Management”;
- “Research and Data Gathering”;
- Incident response for natural gas storage facility leaks; and
- Ensuring generation and grid reliability following storage facility incidents.

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