

BOBBY JINDAL
GOVERNOR



SCOTT A. ANGELLE
SECRETARY

State of Louisiana
DEPARTMENT OF NATURAL RESOURCES
OFFICE OF CONSERVATION

March 26, 2008

The Honorable Ernest Freyou
Parish President, Iberia Parish
300 Iberia Street, Ste. 410
New Iberia, LA 70560

Re: Inspection of AGL Resources/Jefferson Island Storage and Hub Facility
Iberia Parish, Louisiana

Dear President Freyou and members of the Iberia Council:

On March 18, 2008, Enforcement Agents from the Office of Conservation's Pipeline Division conducted a safety inspection at the referenced facility. The safety inspection focused on an event that occurred January 29, 2008, at the Jefferson Island Storage and Hub Facility, where a volume of natural gas was vented into the atmosphere from a section of the plant's piping.

The state's inspection and review of the incident was witnessed by a Transportation Specialist from the U.S. Department of Transportation, Pipeline Hazardous Material Safety Administration (PHMSA). Attendees at the safety inspection from several offices are listed on the attached Summary Report.

Based on a review of operators procedures for abnormal operations, records pertaining to the event, and by the onsite field review at the facility, the Office of Conservation agents found that the facility's blowdown system performed as designed and further, did not find any apparent probable violations pertaining to the January 29, 2008 event. There were no damages or apparent harmful impacts from the incident.

This documentation is being provided in response to your request and at the request of U.S. Senator Mary Landrieu.

Please advise if we can furnish any additional information by contacting Mr. Brent Campbell, Director, Pipeline Division, Office of Conservation, at 225/342-5519.

With kind regards, I am

Very truly yours,

A handwritten signature in blue ink that reads "James H. Welsh".

James H. Welsh
Commissioner of Conservation

JHW/bmm
Attachments (3)
cc: Senator Mary Landrieu
AGL Resources
Phyllis Darensbourg, LDNR



**STATE OF LOUISIANA
OFFICE OF CONSERVATION
PIPELINE DIVISION**

SUMMARY OF INVESTIGATION AT THE JEFFERSON ISLAND STORAGE AND HUB FACILITY.

On March 18th, at the request of Senator Landrieu's office, LDNR conducted an investigation of an event that occurred on January 29th 2008, at the Jefferson Island Storage and Hub facility.

LDNR personnel present during the investigation:

James Mergist – Assistant Director of Pipeline Division
Paul Arabie – Conservation Enforcement Specialist
Mark Champagne – Conservation Program Manager

Jefferson Island Storage and Hub personnel present during investigation:

Brian Jones – Regional Manager
Jason Mire – Supervisor of Operations
Cordell Carter – Compliance Engineer
Larry Herndon – Manager Corrosion SER
Brian Hillier – Corrosion Tech

PHMSA personnel present during the investigation:

Dale Bennett – Transportation Specialist

Summary of the event:

On January 29th a vehicle accident occurred knocking out power in the area of the Jefferson Island Storage and Hub facility. The emergency generator at the facility failed to start after the vehicular accident occurred. Once the generator was started and running it was not supplying power to the plant due to a main breaker that failed to trip when commercial power was lost. Once this breaker had been manually tripped, the emergency generator was able to supply power to the facility. During this time operator personnel noticed the instrumentation air supply was low. (This facility has a fail safe design, meaning when the compressed air supplying the pneumatic controlled operating devices loses pressure, the facility will automatically shut down and vent the affected areas to atmosphere by means of a blowdown system). To prevent the entire system from being affected the operators started closing valves in the facility to limit the area of the blowdown to a small section of piping in the facility. The natural gas was vented through the 2" blowdown system which feeds into a 10" header system which goes to the 10" blowdown stack. The blowdown for the affected area lasted approximately 3 minutes. Once the main breaker had been reset and the generator was working the air supply was restored and the system was able to go back on line.

Please refer to the Uniform Hazardous Materials Reporting Form (Louisiana State Police Haz Mat Report) Incident No. 0800552 for a more detailed description of events.

LDNR findings:

After reviewing the operators procedures for abnormal operations, records pertaining to the event (including time lines from SCADA system and operator personnel), and conducting appropriate field review at the facility, LDNR personnel found the facility's blowdown system performed as designed and did not find any apparent probable violations pertaining to the abnormal operating condition that occurred on January 29th at the Jefferson Island Storage and Hub facility.

A handwritten signature in blue ink that reads "Mark Champagne".

Mark Champagne
Conservation Program Manager

UNIFORM HAZARDOUS MATERIALS REPORTING FORM

PROVIDED BY: THE LOUISIANA STATE POLICE

Name of State Police Dispatcher Contacted: Brenda Incident No. 0800552
Date _____ Time _____
Courtesy Call Yes Reportable Parish: Vermilion Notified: 1-29-08 20:20
Caller's Name Jason Mire Occurred: 1-29-08 19:30
Caller's Employer Jefferson Island Storage & Hub L.L.C. Secured: 1-29-08 20:20
Caller's Phone #'s Office: 337-685-5766 Mobile: 337-201-7780 Fax: 337-685-5772
Incident Location 11408 HWY 89, Erath La. 70533 05E 12S 61
Physical Address State Zip Code Range Township Section
Company Jefferson Island Storage & Hub L.L.C. 11408 HWY 89 Erath La 70533
Name Address City State Zip Code
Chemical Involved Natural Gas Qty. 146 mcf 214.3 MCF RQ 22 mcf
Qty Revised 3/7/08
Hazard Class 2 ID _____ EHS Solid Liquid Gas
Did material go offsite? Yes No Released to: Land Water Air
Any off-site protective action? Yes No Road Closure Shelter Evacuation
Wind Direction: From WNW Fire: Yes No
Wind Speed: 6 mph Injuries: Yes No
Temperature: 66 F Fatalities: Yes No
Precipitation: None Rain Rain Amount _____ Other: _____

Details: Please see Page 2 for updated information.

An unscheduled release of natural gas occurred at Jefferson Island Storage & Hub (JISH), as a result of a commercial power failure and failure of the emergency generator to start/load.

The Plant Operator notified the Supervisor of Operations at 6:44 p.m. that commercial power was lost at JISH and that the emergency generator would not start. A Maintenance Technician was called out at 6:45 p.m. to assist. At 7:13 p.m. the generator was online, but not supplying power to the plant. At 7:30 p.m., instrument air supply was low, and the plant blowdowns opened up.

Prior to the blowdowns going open, the Plant Operator had been contacted by several interconnected pipelines in the Erath area, informing him of their loss of power also, and that their compressors or facilities were off-line due to the power failure. Thus, the Plant Operator had already started reducing the gas flow from JISH to the pipelines and had shut some of the pipes in prior to the release.

Due to having already shut down most of the gas movements, when the blow-offs opened up at 7:30 p.m., the Plant Operator was able to very quickly complete shutting down all gas movements and close the appropriate valves to limit the blowdown to a small section of plant piping only. This was all done by approximately 7:33 p.m., and the blowdown of gas that dissipated straight up and did not present a risk to facility personnel or other parties stopped very shortly thereafter.

The Supervisor of Operations arrived on site at approximately 7:50 p.m., and upon investigation, found that a main breaker failed to trip when commercial power was lost, preventing generator power from feeding the plant. Once reset, system air was restored, and all systems and operations were secure and back to normal at 8:20 p.m. The facility continued operating under generator power due to commercial power still being unavailable.

The State Police hot line was called at 8:20 p.m. and notified them of the incident. Incident number 0800552 was issued by State Police. The State Police was informed that approximately 146 mcf of gas was vented to the atmosphere, and complete details would be submitted in a written report.

AGL Resources

As part of our internal review of the incident described above, facility personnel identified all pipe segments that were blown down during the event, physically measured the various lengths of those segments, and verified diameter and wall thicknesses. This information was utilized by Jason Mire (Supervisor) and Brian Jones (Regional Manager) to recalculate, on February 28, 2008, the quantity of gas that was released during this event. As a result of this review, the actual quantity released was calculated to be 214.3 MCF, rather than the 146 MCF originally reported, a difference of 68.3 MCF.

The majority of the additional calculated volume is due to the volume of gas that was released from a gas scrubber vessel and a dehydration contact tower vessel were not included in the original calculation. This volume accounted for 56.6 MCF of that 68.3 MCF discrepancy. The remaining 11.7 MCF was accounted for as a result of using actual pipe segment footage, O.D., and wall thicknesses.

In addition, Jason Mire thought that he had to provide the quantity of gas released at the time he made the initial telephonic report, thus he did a very quick calculation of the quantity of gas blown down. In the case of future such incidents, we will make it a point to provide the gas loss quantities only after we have had sufficient time to accurately calculate said quantities, and that information will be included in the written report that is required to be submitted within 5 days.

This report was revised at 1:10 p.m. on March 6, 2008 by Brian K. Jones, Regional Manager.