

**NOTICE OF PROBABLE VIOLATION
and
PROPOSED CIVIL PENALTY**

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

September 27, 2010

Mr. Michael E. Nelson
Midwestern Gas Transmission
100 W 5th Street
Tulsa, OK 74103

CPF 3-2010-1004

Dear Mr. Nelson:

On May 18-22, 2009, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected your records and facilities in Channahon, Illinois.

As a result of the inspection, it appears that you have committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The items inspected and the probable violations are:

- 1. §191.5 Telephonic notice of certain incidents.**
 - (a) At the earliest practicable moment following discovery, each operator shall give notice in accordance with paragraph (b) of this section of each incident as defined in §191.3.**

Midwestern Gas Transmission (MGT) did not give the required telephonic notice following discovery for an incident which occurred at its Petersburg Compressor

Station on June 24, 2008. Blowing gas was detected at the station the morning of June 25, 2008, and it was discovered during review and calculations on June 27, 2008 that the gas had been blowing since the evening of June 24, 2008.

During the inspection, a record was found of a memo describing the June 24, 2008 incident. Initial estimates placed the gas loss at approximately 19,893 MCF, or a value of approximately \$250,000 based on the price of gas at that time. More precise calculations performed by MGT personnel during the inspection showed that the value of the gas was estimated to be \$98,908. After discussion and review of the appropriate definition of an incident under §191.3 during the PHMSA inspection, MGT provided a telephonic notice on June 9, 2009.

2. §191.15 Transmission and gathering systems: Incident report.

(a) Except as provided in paragraph (c) of this section, each operator of a transmission or a gathering pipeline system shall submit Department of Transportation Form 7100.2 as soon as practicable but not more than 30 days after detection of an incident required to be reported under §191.5.

MGT did not submit an incident report within 30 days for the incident described in Item 1 of this Notice which occurred on June 24, 2008. MGT submitted the Form 7100.2 for the incident on June 9, 2009 after the PHMSA inspection.

3. §192.227 Qualification of welders.

(b) Except as provided in paragraph (b) of this section, each welder must be qualified in accordance with section 6 of API 1104 (incorporated by reference, see § 192.7) or section IX of the ASME Boiler and Pressure Vessel Code (incorporated by reference, see § 192.7). However, a welder qualified under an earlier edition than listed in § 192.7 of this part may weld but may not requalify under that earlier edition.

MGT's Welder Qualification Test Reports for the Sullivan and Paris Compressor Station pipeline reversal projects indicated that an insufficient number of destructive tests had been performed on the qualification butt welds. API 1104 Section 6 requires multiple destructive tests, and that the results of welder tests be documented in detail. MGT personnel stated during the inspection that they believed this was a record-keeping error, and provided additional information from the welding inspector that the proper number of tests had been performed.

- 4. §192.743 Pressure limiting and regulator stations: Capacity of relief devices.**
(b) If review and calculations are used to determine if a device has sufficient capacity, the calculated capacity must be compared with the rated or experimentally determined relieving capacity of the device for the conditions under which it operates. After the initial calculations, subsequent calculations need not be made if the annual review documents that parameters have not changed to cause the rated or experimentally determined relieving capacity to be insufficient.

Annual relief capacity calculations were not conducted for relief devices at MGT facilities from 2005 to 2009. MGT maintenance procedures specified the MARRS computer program for use in calculating the required capacity of relief devices annually, however the program was not utilized. During the inspection MGT personnel asserted that the MARRS program had not been fully accessible to the appropriate maintenance personnel, and that they had relied on annual set point checks and routine maintenance of the relief valves as verification that the capacity remained sufficient. Subsequent to the PHMSA inspection MGT personnel implemented a new process of annually verifying sufficient relief capacity and determined the device capacities to be sufficient.

Proposed Civil Penalty

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$100,000 for each violation for each day the violation persists up to a maximum of \$1,000,000 for any related series of violations. The Compliance Officer has reviewed the circumstances and supporting documentation involved in the above probable violations and has recommended that you be preliminarily assessed a civil penalty of \$40,000 as follows:

<u>Item number</u>	<u>PENALTY</u>
1.	\$20,000
2.	\$20,000

Warning Items

With respect to items 3 and 4 we have reviewed the circumstances and supporting documents involved in this case and have decided not to conduct additional enforcement action or penalty assessment proceedings at this time. We advise you to promptly correct these items. Be advised that failure to do so may result in Midwestern Gas Transmission being subject to additional enforcement action.

Response to this Notice

Enclosed as part of this Notice is a document entitled *Response Options for Pipeline Operators in Compliance Proceedings*. Please refer to this document and note the response options. Be advised that all material you submit in response to this enforcement action is subject to being made publicly available. If you believe that any portion of your responsive material qualifies for confidential treatment under 5 U.S.C. 552(b), along with the complete

original document you must provide a second copy of the document with the portions you believe qualify for confidential treatment redacted and an explanation of why you believe the redacted information qualifies for confidential treatment under 5 U.S.C. 552(b). If you do not respond within 30 days of receipt of this Notice, this constitutes a waiver of your right to contest the allegations in this Notice and authorizes the Associate Administrator for Pipeline Safety to find facts as alleged in this Notice without further notice to you and to issue a Final Order.

In your correspondence on this matter, please refer to **CPF 3-2010-1004** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

David Barrett
Director, Central Region
Pipeline and Hazardous Materials Safety Administration

Enclosure: *Response Options for Pipeline Operators in Compliance Proceedings*