

**NOTICE OF PROBABLE VIOLATION
and
PROPOSED COMPLIANCE ORDER**

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

June 9, 2011

Mr. David Ries
President
MoGas Pipeline LLC
110 Algana Court
St. Peters, MO 63376

CPF 3-2011-1009

Dear Mr. Ries:

On October 4-8, 25-29, and November 1-4, 2010, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected your records in St. Peters Missouri. A field evaluation of your facilities throughout eastern Missouri and western Illinois was also conducted.

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 violation(s) are:

1. §192.167 Compressor stations: Emergency shutdown.

(a) Except for unattended field compressor stations of 1,000 horsepower (746 kilowatts) or less, each compressor station must have an emergency shutdown system that meets the following:

(4) It must be operable from at least two locations, each of which is:

- (i) Outside the gas area of the station;**
- (ii) Near the exit gates, if the station is fenced, or near emergency exits, if not fenced; and,**
- (iii) Not more than 500 feet (153 meters) from the limits of the station.**

MoGas did not install two emergency shutdown (ESD) switches outside the gas area and near the exit gates. MoGas constructed and put into operation the Curryville compressor station in 2009. The ESD switches that are closest to the exit gates are located at an exit of the warehouse adjacent to the compressor building and on the fuel gas skid. Both of them are approximately 300 feet away from the exit gates located on the northeast and east sides of the fenced yard. Additionally, the ESD switch located at the fuel skid is not considered outside the gas area.

2. §192.605 Procedural manual for operations, maintenance, and emergencies

(b) Maintenance and normal operations. The manual required by paragraph (a) of this section must include procedures for the following, if applicable, to provide safety during maintenance and operations.

(8) Periodically reviewing the work done by operator personnel to determine the effectiveness and adequacy of the procedures used in normal operation and maintenance and modifying the procedure when deficiencies are found.

MoGas personnel did not conduct a periodic review of personnel work to determine the effectiveness of the procedures. Review of the training records found that MoGas personnel could not demonstrate that this was being performed. MoGas indicated that this requirement was being accomplished via the Operator Qualification (OQ) program. However, the OQ program and the Operation & Maintenance manual did not include procedures to ensure the program was designed and intended to fulfill this requirement.

3. §192.615 Emergency plans.

(b) Each operator shall:

(2) Train the appropriate operating personnel to assure that they are knowledgeable of the emergency procedures and verify that the training is effective.

MoGas personnel did not verify that the emergency response training was effective. Review of the records for emergency response training found that there were no records to verify that the training was effective.

4. §192.709 Transmission lines: Record keeping.

Each operator shall maintain the following records for transmission line for the periods specified:

(c) A record of each patrol, survey, inspection, and test required by subparts L and M of this part must be retained for at least 5 years or until the next patrol, survey, inspection, or test is completed, whichever is longer.

MoGas personnel did not document the annual inspection of 34 flow controllers and 15 first cut regulators at the company's town border stations throughout the system. Review of the company's pressure regulating equipment found that there were no records of inspection for these pressure regulating devices. Additionally, MoGas personnel were not documenting the annual inspection of 15 regulators located on the bypass lines of several town border stations on the southern portion of the system. The bypass with the Mooney regulator was installed as a back-up in the event that the flow controller/regulator failed closed so that service could be maintained to the distribution system. In both situations, the devices were being inspected, but the documentation was not completed.

Proposed Compliance Order

With respect to items 1 and 4, pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to MoGas Pipeline LLC. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

Warning Items

With respect to items 2 and 3, 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 item(s). Be advised that failure to do so may result in MoGas Pipeline LLC 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 3-2011-1009** 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

Enclosures: *Proposed Compliance Order*
Response Options for Pipeline Operators in Compliance Proceedings

cc: Mr. David Wallen, Vice President – Operations

PROPOSED COMPLIANCE ORDER

Pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to MoGas Pipeline LLC a Compliance Order incorporating the following remedial requirements to ensure the compliance of MoGas Pipeline LLC with the pipeline safety regulations:

1. In regard to Item Number 1 of the Notice pertaining to the Emergency Shutdown Switches, MoGas must install two ESD switches near the exit gates located on the northeast and east sides of the fenced yard.
2. Within 90 days of the Final Order, MoGas must have the switches installed and submit documentation of the installation to the Director, Central Region.
3. In regard to Item Number 4 of the Notice pertaining to the lack of documentation for the control valves, first cut regulators, and bypass regulators, MoGas must submit the required documentation for the 2011 calendar year inspections to the Director Central Region.
4. The documentation must be submitted within 30 days of the Final Order.
5. It is requested (not mandated) that MoGas maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to David Barrett, Director, Central Region, Pipeline and Hazardous Materials Safety Administration. It is requested that these costs be reported in two categories: 1) total cost associated with preparation/revision of plans, procedures, studies and analyses, and 2) total cost associated with replacements, additions and other changes to pipeline infrastructure.