

NOTICE OF PROBABLE VIOLATION

**PROPOSED CIVIL PENALTY
and
PROPOSED COMPLIANCE ORDER**

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

September 10, 2010

Mr. Michael Catt
Vice President of Field Operations, El Paso Natural Gas Western Operations Group
El Paso Natural Gas Company
2 North Nevada Street
Colorado Springs, CO 80944

CPF 4-2010-1005

Dear Mr. Catt:

On November 5-9, 2009, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code investigated an incident that occurred on November 5, 2009 on El Paso Natural Gas Company's (EPNG) Dumas-to-Amarillo, 24-inch, Line 1102 natural gas pipeline. The incident occurred at Mile Post 42 + 4250, in Potter County, Texas, approximately 15 miles west of Amarillo, Texas, in or near the unincorporated community of Bushland.

As a result of the incident investigation, it appears that you have committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The item inspected and the probable violation is:

- 1. § 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 RSPA F 7100.2 as soon as practicable but not more than 30 days after detection of an incident required to be reported under § 191.5.

(b) Where additional related information is obtained after a report is submitted under paragraph (a) of this section, the operator shall make a supplemental report as soon as practicable with a clear reference by date and subject to the original report.

EPNG failed to file a supplemental report for the Line 1102 pipeline system incident that occurred on November 5, 2009 as soon as practicable after additional information was obtained. At approximately 12:09 AM MST on November 5, 2009, a rupture occurred on the EPNG bi-directional, Dumas-to-Amarillo, 24-inch, Line 1102 natural gas pipeline at Mile Post 42 + 4250, in Potter County, Texas, approximately 15 miles west of Amarillo, Texas, in or near the unincorporated community of Bushland. The incident was reported to the National Response Center (NRC Report # 922663), and PHMSA Investigators responded to investigate the incident. Certain pipe segments and appurtenances from the line section in which the failure occurred, including line pipe and appurtenances, were transported from the failure site to Stress Engineering Services (SES) in Houston, TX for analysis. EPMG submitted an original accident report to PHMSA (Form 7100-2) on December 2, 2009 (20090125 – 6802). This report listed as the cause “Unknown – Still Under Investigation” with little additional description in Part “G” of the report. A metallurgical failure analysis was performed by SES; the SES Metallurgical Failure Report # PN1251041 was provided by SES to the operator on or about December 10, 2009; and the probable cause of the rupture was determined to be the result of a one-time overload event on laminations within the carrier pipe wall in a region along the reinforcing saddle-to-carrier pipe fillet weld. As of August 27, 2010, a supplemental PHMSA 7100-2 report has not been filed. The final metallurgical failure report with information as to the apparent cause of the incident is considered additional related information.

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 violation(s) and has recommended that you be preliminarily assessed a civil penalty of \$20,000 as follows:

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

Proposed Compliance Order

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

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 4-2010-1005** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

R. M. Seeley
Director, Southwest Region
Pipeline and Hazardous
Materials Safety Administration

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

PROPOSED COMPLIANCE ORDER

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

1. In regard to Item Number 1 of the Notice pertaining to failure to comply with the requirements of §191.15, EPNG must immediately file a supplemental DOT Form 7100.2 report for number 20090125 specifying the apparent cause of failure of the Bushland, TX Line 1102 pipeline incident and updating any other information obtained since the incident. If all of the information about the incident is known, this information must be included and the incident report filed as a final report.
2. EPNG shall maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to R.M. Seeley, Director, Southwest Region, Pipeline and Hazardous Materials Safety Administration. Costs shall 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.