

NOTICE OF AMENDMENT

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

February 24, 2015

Mr. Richard J. Cathriner
President
Norgasco, Inc.
4341 B Street, Suite 306
Anchorage, Alaska 99503

CPF 5-2015-0002M

Dear Mr. Cathriner:

On November 13, 2014, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected Norgasco's Operations and Maintenance Manual, records and programs in Anchorage, Alaska. The manual covered safety, accident prevention, gas line installation, system operations and emergency response.

On the basis of the inspection, PHMSA identified apparent inadequacies within Norgasco's plans or procedures, as described below:

1. §192.273 Procedural manual for operations, maintenance, and emergencies

(b) General. Each joint must be made in accordance with written procedures that have been proven by test or experience to produce strong gas tight joints.

Norgasco did not establish adequate written procedures for qualifying and testing their joining procedures before using those procedures per §192.283(a). Qualifying Norgasco's joining procedure with burst, tensile and force testing is required per §192.283(a) which in turn references industry standards. These joining procedures must be done in accordance to ASTM D2513-99 Standard Specification for Thermoplastic Gas Pressure Pipe, Tubing, and Fittings or ASTM F1055 Standard Specification for Electrofusion Type Polyethylene Fittings for

Outside Diameter Controlled Polyethylene Pipe and Tubing. Therefore, Norgasco's O&M procedure is inadequate because it did not clearly describe what actions must be taken to meet the requirements of section §192.283(a).

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.

(1) Operating, maintaining, and repairing the pipeline in accordance with each of the requirements of this subpart and Subpart M of this part.

Norgasco did not establish adequate written procedures for testing or calculating the capacity of pressure relief devices at the required intervals per §192.743(a) of Subpart M. Pressure relief devices at pressure limiting stations and pressure regulating stations must have sufficient capacity to protect the facilities to which they are connected per §192.743(a). Therefore, Norgasco's O&M procedure is inadequate because it did not clearly describe what actions must be taken to meet the requirements of section §192.743(a).

3. §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.

(2) Controlling corrosion in accordance with the operations and maintenance requirements of Subpart I of this part.

Norgasco did not establish adequate written procedures requiring coating on buried steel pipe per §192.455(a)(1) of Subpart I. Each buried or submerged pipeline installed after July 31, 1971, must be protected against external corrosion. It must have an external protective coating meeting the requirements of §192.461. An operator need not comply with the coating requirement, if the operator can demonstrate that a corrosive environment does not exist. Norgasco's O&M procedure is inadequate because they did not clearly describe what actions must be taken to meet the requirements of section §192.455(a)(1) of Subpart I.

4. §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.

(2) Controlling corrosion in accordance with the operations and maintenance requirements of Subpart I of this part.

Norgasco did not establish adequate written procedures requiring a cathodic protection system on buried pipelines per §192.455(a)(2) of Subpart I. Each buried or submerged pipeline installed after July 31, 1971, must be protected against external corrosion. It must have a

cathodic protection system designed to protect the pipeline. An operator need not comply with cathodic protection requirement, if the operator can demonstrate that a corrosive environment does not exist. The operator shall conduct tests, including pipe-to-soil potential measurements with respect to either a continuous reference electrode or an electrode using close spacing, not to exceed 20 feet (6 meters), and soil resistivity measurements at potential profile peak locations, to adequately evaluate the potential profile along the entire pipeline. If the tests made indicate that a corrosive condition exists, the pipeline must be cathodically protected. Norgasco's O&M procedure is inadequate because they did not clearly describe what actions must be taken to meet the requirements of section §192.455(a)(2) of Subpart I.

5. §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.

(4) Gathering of data needed for reporting incidents under Part 191 of this chapter in a timely and effective manner.

Norgasco did not establish adequate written procedures for reporting incidents per §192.605(b)(4) and Part 191. Norgasco's O&M procedure is inadequate as it did not include "Unintentional estimated gas loss of three million cubic feet or more" in leaks, which must be reported to the National Response Center (NRC) as detailed in §191.3(1)(iii).

6. §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.

(4) Gathering of data needed for reporting incidents under Part 191 of this chapter in a timely and effective manner.

Norgasco did not establish adequate written procedures for reporting change events to the National Registry of Pipeline and LNG Operators per §191.22(c) of Part 191. An operator is required to report the information to the Registry if certain reporting criteria are reached. These criteria are:

- 1) An operator must notify PHMSA through the Registry of any of the following events not later than 60 days before the event occurs: construction of 10 or more miles of a new pipeline; construction of a new LNG plant or LNG facility; or construction or any planned rehabilitation, replacement, modification, upgrade, uprate, or update of a facility, other than a section of line pipe that costs \$10 million or more. If a 60-day notice is not feasible because of an emergency, an operator must notify PHMSA as soon as practicable.
- 2) An operator must also notify PHMSA of any of the following events not later than 60 days after the event occurs: a change in the primary entity responsible (i.e., with an

assigned OPID) for managing or administering a safety program required by this part covering pipeline facilities operated under multiple OPIDs; a change in the name of the operator; a change in the entity (e.g., company, municipality) responsible for an existing pipeline, pipeline segment, pipeline facility, or LNG facility; the acquisition or divestiture of 50 or more miles of a pipeline or pipeline system or the acquisition or divestiture of an existing LNG plant or LNG facility.

Therefore Norgasco's O&M procedure is inadequate because it did not clearly describe how and when PHMSA's National Registry of Pipeline and LNG Operators will be notified of these change events as detailed in §191.22(c) of Part 191.

7. §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.

(4) Gathering of data needed for reporting incidents under Part 191 of this chapter in a timely and effective manner.

Norgasco did not establish adequate written procedures for reporting annually four measures required by §192.1007(g). An operator must develop and monitor performance measures from an established baseline to evaluate the effectiveness of its IM program. An operator must consider the results of its performance monitoring in periodically reevaluating the threats and risks. These performance measures must include the following: Number of hazardous leaks either eliminated or repaired as required by §192.703(c) or total number of leaks if all leaks are repaired when found), categorized by cause; Number of excavation damages; Number of excavation tickets (receipt of information by the underground facility operator from the notification center and **locate requests**); Total number of leaks either eliminated or repaired, categorized by cause. Therefore, Norgasco's O&M procedure is inadequate because it did not clearly describe what measures to report annually to meet the requirements of section §192.1007(g).

Response to this Notice

This Notice is provided pursuant to 49 U.S.C. § 60108(a) and 49 C.F.R. § 190.237. 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.

If, after opportunity for a hearing, your plans or procedures are found inadequate as alleged in this Notice, you may be ordered to amend your plans or procedures to correct the inadequacies (49 C.F.R. § 190.237). If you are not contesting this Notice, we propose that you submit your amended procedures to my office within 30 days of receipt of this Notice. This period may be extended by written request for good cause. Once the inadequacies identified herein have been addressed in your amended procedures, this enforcement action will be closed.

It is requested (not mandated) that Norgasco maintain documentation of the safety improvement costs associated with fulfilling this Notice of Amendment (preparation/revision of plans, procedures) and submit the total to Chris Hoidal, Director, Western Region, Pipeline and Hazardous Materials Safety Administration. In correspondence concerning this matter, please refer to **CPF 5-2015-0002M** and, for each document you submit, please provide a copy in electronic format to PHP-WRADMIN@dot.gov whenever possible.

Sincerely,

Chris Hoidal,
Director, Western Region
Pipeline and Hazardous Materials Safety Administration

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

cc: PHP-60 Compliance Registry
PHP-500 D. Hassell

Activity 146206