



U.S. Department
Of Transportation
**Pipeline and
Hazardous Materials
Safety Administration**

820 Bear Tavern Road, Suite 103
West Trenton, NJ 08628
609.989.2171

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

OVERNIGHT EXPRESS DELIVERY

January 13, 2015

Miranda Jones
Vice President, Environmental Safety and Regulatory
Crestwood Midstream Partners LP
801 Cherry Street, Suite 3800, Unit 20
Fort Worth, TX 76102

CPF 1-2015-1002

Dear Ms. Jones:

Between September 1 and October 31, 2013, inspectors from the New York State Department of Public Service (NYSDPS), acting as agents for the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected Arlington Storage Company, LLC's (ASC) (a subsidiary of Crestwood Midstream Partners LP) Seneca Lake gas storage facilities in Watkins Glen, New York.

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

1. **§192.605 Procedural manual for operations, maintenance, and emergencies.**
 - (a) ***General.*** Each operator shall prepare and follow for each pipeline, a manual of written procedures for conducting operations and maintenance activities and for emergency response. For transmission lines, the manual must also include procedures for handling abnormal operations. This manual must be reviewed and updated by the operator at intervals not exceeding 15 months, but at least one each calendar year. This manual must be prepared before operations of a pipeline system commence. Appropriate parts of the manual must be kept at locations where operations and maintenance activities are conducted.
 - (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.

ASC failed to have procedures for the internal corrosion control: design and construction of transmission line requirements under §192.476.

The NYSDPS reviewed ASC's O&M Procedure 906, Internal Corrosion Control – revised 1/18/2012, and noted that the requirements of §192.476 (Internal corrosion control: Design and construction of transmission line) were not covered in the procedure. ASC installed new facilities in 2012, specifically the Project 415-Upson Road M&R Station project, and therefore these requirements should have been fully developed prior to the construction of these new facilities.

In an e-mail dated March 14, 2014, the NYSDPS asked ASC “How does (Arlington-Seneca facilities) address §192.476 in company procedures or company construction/design standards?” ASC responded in an e-mail dated March 14, 2014 that “The best I can find is that Procedure 906, Section 3.1, vaguely addresses §192.476(a)(3).”

Proposed Civil Penalty

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$200,000 per violation per day the violation persists up to a maximum of \$2,000,000 for a related series of violations. For violations occurring prior to January 4, 2012, the maximum penalty may not exceed \$100,000 per violation per day, with a maximum penalty not to exceed \$1,000,000 for a related series of violations. The Compliance Officer has reviewed the circumstances and supporting documentation involved in the above probable violation and has recommended that you be preliminarily assessed a civil penalty of \$15,800 as follows:

<u>Item number</u>	<u>PENALTY</u>
1	\$15,800

Proposed Compliance Order

With respect to item 1 pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Arlington Storage Company, LLC (ASC). 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. All material you submit in response to this enforcement action may be 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.

Please submit all correspondence in this matter to Byron Coy, PE, Director, PHMSA Eastern Region, 820 Bear Tavern Road, Suite 103, W. Trenton, NJ 08628. Please refer to **CPF 1-2015-1002** on each document you submit and please, whenever possible, provide a signed PDF copy in electronic format. Smaller files may be e-mailed to Byron.Coy@dot.gov. Larger files should be sent on a CD accompanied by the original paper copy to the Eastern Region Office.

Additionally, if you choose to respond to this (or any other case), please ensure that any response letter pertains solely to one CPF case number.

Sincerely,

Byron Coy, PE
Director, Eastern Region
Pipeline and Hazardous Materials Safety Administration

Cc: Kevin Speicher NYSDPS

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 Arlington Storage Company, LLC (ASC) a Compliance Order incorporating the following remedial requirements to ensure the compliance of ASC with the pipeline safety regulations:

1. With respect to Item Number 1 of the Notice pertaining to ASC's failure to have procedures for internal corrosion control: design and construction of transmission line requirements under §192.476, ASC must:
 - a. Prepare procedures that address the design and construction requirements under §192.476; and
 - b. Evaluate the transmission line and each replacement of line pipe, valve, fitting, or other line component that was installed as part of "Project 415-Upson Road M&R Station" to determine whether or not they comply with §192.476. If they do not, unless it is impracticable or unnecessary to do so, ASC must retrofit them so that they do comply with §192.476.
2. ASC must submit the procedures stipulated in Item 1 a. of this Compliance Order to the Region Director within 90 days of receipt of the Final Order.
3. ASC must submit documentation demonstrating completion of Item 1 b. of this Compliance Order to the Region Director within 180 days of receipt of the Final Order.
4. It is requested (not mandated) that ASC maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Byron Coy, Director, Eastern 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.