

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

May 20, 2015

Mr. J. L. Davis, President
WTG Hugoton, LP
211 North Colorado
Midland, Texas 79701

CPF 3-2015-1005W

Dear Mr. Davis:

On July 22-24 and 29-30, 2014, 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 Hugoton, Kansas.

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. §192.736 Compressor stations: Gas detection.

(c) Each gas detection and alarm system required by this section must be maintained to function properly. The maintenance must include performance tests.

The gas detection systems in the Hugoton Compressor station were not tested to demonstrate performance of the alarm system. The maintenance tests included only an internally automatic electronic self-check diagnostic. Although this showed the devices were functioning properly, the internal test is insufficient to demonstrate detection of gas to produce the alarm.

2. §192.706 Transmission lines: Leakage surveys.

Leakage surveys of a transmission line must be conducted at intervals not exceeding 15 months, but at least once each calendar year. However, in the case of a transmission line which transports gas in conformity with §192.625 without an odor or odorant, leakage surveys using leak detector equipment must be conducted-

(a) In Class 3 locations, at intervals not exceeding 7 1/2 months, but at least twice each calendar year; and

(b) In Class 4 locations, at intervals not exceeding 4 1/2 months, but at least four times each calendar year.

WTG Hugoton did not conduct leakage surveys of its Class 3 transmission lines twice per year. In 2012 the Class 2 pipe segment south of the town of Sublette, Kansas, running parallel to Edelle Avenue was changed from Class 2 to Class 3 location. At the time of the inspection the leakage survey frequency had not yet been increased from once annually to twice annually.

3. §192.463 External corrosion control: Cathodic protection.

(a) Each cathodic protection system required by this subpart must provide a level of cathodic protection that complies with one or more of the applicable criteria contained in Appendix D of this part. If none of these criteria is applicable, the cathodic protection system must provide a level of cathodic protection at least equal to that provided by compliance with one or more of these criteria.

WTG Hugoton did not use cathodic protection criteria that complied with Appendix D of Part 192. The voltage IR drop between the soil surface and the pipeline were not considered correctly. Annual monitoring of cathodic protection showed 2014 voltage levels on the Holcomb to Hugoton pipeline that were below (less negative) -850 millivolts with protective current applied; however, WTG Hugoton incorrectly used the 100 mV minimum polarization shift alternative criteria. WTG Hugoton used the difference between the energized cathodic protection (CP on) and de-energized (CP “instant off”) as a basis for determining the 100 mV alternate criteria. Appendix D section III requires the polarization shift to be determined by measuring polarization decay only after the “instant off” shift is accounted for.

4. §192.805 Qualification program.

Each operator shall have and follow a written qualification program. The program shall include provisions to:

(b) Ensure through evaluation that individuals performing covered tasks are qualified;

WTG Hugoton's evaluation of personnel task performance was inadequate to ensure qualification for two tasks. PHMSA observed that tasks for Cathodic Protection (CP) Monitoring and for Maintenance of Pressure Relief Valve were performed inadequately. The CP Monitoring task evaluation was insufficient because records showed that CP voltage minimum criteria had been applied incorrectly, and CP was inadequate as cited in Item 3. The relief valve maintenance task was observed to be performed incorrectly when the task was requested by PHMSA to be demonstrated during the inspection. Personnel were unable to complete the task because they were unfamiliar with the configuration of the relief valves at the Hugoton Compressor station.

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. 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 correct the item(s) identified in this letter. Failure to do so will result in WTG Hugoton, LP being subject to additional enforcement action.

No reply to this letter is required. If you choose to reply, in your correspondence please refer to **CPF 3-2015-1005W**. 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).

Sincerely,

Allan C. Beshore
Director, Central Region, OPS
Pipeline and Hazardous Materials Safety Administration

cc: Mr. Richard Hatchett, Vice President
WTG Hugoton, LP
211 North Colorado
Midland, Texas 79701