

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

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

May 19, 2008

Mr. Bill Cope
Vice President Eastern Operations
Tennessee Gas Pipeline Co
PO Box 2563
Birmingham AL 35202

CPF 4-2008-1008

Dear Mr.Cope:

During January, February, March, April, May, September and October 2006, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected your Tennessee Gas Pipeline facilities and records in Texas and Louisiana.

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. **§192.163 Compressor stations: Design and construction.**
(d) Fenced areas. Each fence around a compressor station must have at least two gates located so as to provide a convenient opportunity for escape to a place of safety, or have other facilities affording a similarly convenient exit from the area. Each gate located within 200 feet (61 meters) of any compressor plant building must open outward and, when occupied, must be openable from the inside without a key.

It was observed during the field portion of the inspection that Alamo compressor station had a locked personnel gate approximately 50' west of the compressor. The operator later supplied PHMSA with pictures showing that a crash bar was installed on this gate.

2. §192.179 Transmission line valves.

(b) Each sectionalizing block valve on a transmission line, other than offshore segments, must comply with the following:

(1) The valve and the operating device to open or close the valve must be readily accessible and protected from tampering and damage.

During the inspection it was observed that, a 16" block valve [507G-106] and a 24" valve [512-1] at Hwy 332 and valve 404 were not protected against damage and were accessible to vehicular traffic. Inadequate protection from damage was also observed at some other valve locations: Lirette on line 523R100 were only enclosed by a 4 foot high fence; Fences were unlocked and downed (due to Katrina) at the Mississippi River crossing.

Also during the inspection it was observed that valves were not protected from tampering. The operator installs locks on its valves to prevent tampering but these locks were not present at some locations: valves at Lirette on line 523R100; valves at LaRose, Delta Duck and Mississippi River crossing.

3. §192.317 Protection from hazards.

(b) Each above ground transmission line or main, not located offshore or in inland navigable water areas, must be protected from accidental damage by vehicular traffic or other similar causes, either by being placed at a safe distance from the traffic or by installing barricades.

Tennessee Gas is not protecting their pipeline from accidental damage where lateral 14D-100 takes off from line 1 and line 2. During the inspection it was observed that there was evidence of the above ground piping being struck by agricultural equipment.

4. §192.475 Internal corrosion control: General

(b) Whenever any pipe is removed from a pipeline for any reason, the internal surface must be inspected for evidence of corrosion. If internal corrosion is found-

(1) The adjacent pipe must be investigated to determine the extent of internal corrosion:

(2) Replacement must be made to the extent required by the applicable paragraphs of §192.485, §192.487, or § 192,489; and,

(3) Steps must be taken to minimize the internal corrosion.

During the inspection it was identified that two 4 inch hot taps were installed on July 14-22, 2005 on Morales line. As a part of this activity hot tap coupons were removed. Records were requested during the inspection but Tennessee Gas Pipeline did not provide a record of an internal inspection as required by 192.475 (b).

5. §192.475 Internal corrosion control: General

(a) Corrosive gas may not be transported by pipeline, unless the corrosive effect of the gas on the pipeline has been investigated and steps have been taken to minimize internal corrosion.

§192.477 Internal corrosion control: Monitoring.

If corrosive gas is being transported, coupons or other suitable means must be used to determine the effectiveness of the steps taken to minimize internal corrosion. Each coupon or other means of monitoring internal corrosion must be checked two times each calendar year, but with interval not exceeding 7 1/2 months.

As part of TGP's overall corrosion control program, they install internal corrosion monitoring coupons to evaluate the corrosive effect of their product. TGP's procedures specify that they install coupons for short periods of time (usually 1 month) and then the coupons are evaluated. Specific response and remediation actions are established depending on the condition of the coupon. Per §192.477 and accepted industry standards these coupons should remain in the gas stream continuously, then removed and evaluated two times per year. TGP's conduct and written procedures do not follow the prescriptive requirement of these regulations.

At TGP's Kinder station the internal corrosion monitoring coupon [S4504] was installed on 12/14/04 and removed on 01/19/05. Records provided during the inspection and TGP's procedures require (based on the condition of the coupon) that TGP "re-evaluate immediately". A replacement monitoring coupon [S5340] was not installed at that location until 01/20/06. TGP did not comply with applicable requirements and could not demonstrate that it followed its own procedures.

During the inspection it was observed that TGP's coupons used to investigate internal corrosion are not always placed in effective locations. It is unlikely that installations such as can be found on platform Ship Shoal 167A (where the coupon is held off to the side of a vertical riser) will be able to provide meaningful results. The coupons should be placed such that they are near the area where corrosive constituents accumulate most (bottom of the pipe).

6. §192.481 Atmospheric corrosion control: Monitoring.

(a) Each operator must inspect each pipeline or portion of pipeline that is exposed to the atmosphere for evidence of atmospheric corrosion, as follows:

If the pipeline is located:	Then the frequency of inspection is:
Onshore	At least once every 3 calendar years, but with intervals not exceeding 39 months.
Offshore	At least once each calendar year, but with intervals not exceeding 15 months.

The Tennessee Gas Pipeline/Nautilus interchange was installed January 2002. Tennessee Gas could not provide documentation at the inspection to demonstrate that subsequent atmospheric corrosion control monitoring and inspection had occurred.

7. §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.

Tennessee Gas class 3 leak survey on lines 409A - 101 and 409A - 102 exceeded 7.5 months in 2005. The survey was conducted on March 8, 2005 and not again until November 9, 2005.

8. §192.745 Valve maintenance: Transmission lines.

(a) Each transmission line valve that might be required during any emergency must be inspected and partially operated at intervals not exceeding 15 months, but at least once each calendar year.

According to records reviewed during the inspection, valve maintenance on "El Banito." line exceeded 15 months between January 26, 2004 to August 17, 2005.

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 \$28,000 as follows:

<u>Item number</u>	<u>PENALTY</u>
5	\$18,000
6	\$10,000

Proposed Compliance Order

With respect to items 2, 3, 5 and 6 pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Tennessee Gas Pipeline. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

We have reviewed the circumstances and supporting documents involved in this case, pertaining to items 1, 4, 7 and 8 and have decided not to conduct additional enforcement action or penalty assessment proceedings at this time. We advise you to correct the items identified in this letter. Failure to do so will result in Tennessee Gas Pipeline 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 4-2008-1008** 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 Tennessee Gas Pipeline Co (TGP) a Compliance Order incorporating the following remedial requirements to ensure the compliance of Tennessee Gas Pipeline Co with the pipeline safety regulations:

1. In regard to Item Number 2 of the Notice, TGP should review their procedures related to §192.179. TGP should survey their valve locations and install adequate protection from tampering and damage.
2. In regard to Item Number 3 of the Notice, TGP should review their procedures related to §192.317. TGP should take the necessary steps to ensure that their facilities are protected from accidental damage.
3. In regard to item 5 of the Notice, TGP should review their procedures related to use and evaluation of internal corrosion coupons and make necessary changes to be in compliance.
4. In regard to Item Number 6 of the Notice, TGP should review their procedures related to §192.481. TGP shall conduct the appropriate inspection and perform any required remediation.
5. The operator should complete these items within 60 days after receipt of a Final Order. Submit documentation to R. M. Seeley, Director, Southwest Region, Pipeline and Hazardous Materials Safety Administration.
6. Tennessee Gas 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.