

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

February 6, 2013

Mr. Richard Watson
President
STL Pipeline, LLC
235 Mulberry Drive
Mandeville, LA 70448

CPF 4-2013-1005W

Dear Mr. Watson:

In June and November 2012, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected your Offshore Gas Gathering facility located at MI-632.

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. 192.605 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.**
 - (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.**

(8) Periodically reviewing the work done by operator personnel to determine the effectiveness and adequacy of the procedures used in normal operation and maintenance and modifying the procedure when deficiencies are found.

STL Pipeline LLC (STL) failed to follow their procedures to review work performed by operations personnel to determine the effectiveness and adequacy of the procedures used in normal operation and maintenance and modifying the procedure when deficiencies are found.

STL O&M Section 1.11 Operating Personnel 192.605(b)(8) states:

"Annually (during operator qualification reviews), STL Pipeline will review the work done by operator personnel to determine the effectiveness of the procedures used in normal operations, abnormal operations and maintenance tasks. During this evaluation STL pipeline will take corrective action if deficiencies are discovered.

STL Pipeline periodically reviews the work done by operator and contract personnel (including their response to abnormal operating conditions, safety related conditions, and incidents) to determine the effectiveness and adequacy of the procedures used. Procedure modifications will be evaluated if deficiencies are found."

The STL pipeline is operated by contract staff through Shamrock Management/Matagorda Island Gas Operators (Shamrock/MIGO). As stated by Shamrock/MIGO personnel, there were no annual reviews of work conducted during operator qualification reviews or periodically during work performed by qualified personnel or contractors.

2. 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.

At the time of the inspection, STL had failed to ensure through evaluation that individuals who had performed the listed covered tasks were qualified, as required by 192.805(b).

Those tasks are: CT#26 Inspect, Test and Calibrate Pressure Limiting Devices; CT#27 Inspect, Test and Calibrate Pressure Switches and Transmitters; CT#45 Perform Leakage Surveys and CT#16G/16L Perform Leak Surveys for Liquid/Gas Pipelines (Aerial Patrols).

STL provided records where these inspections had been completed, but certain contract employees that performed the respective covered tasks were not properly qualified, as per the STL Operator Qualification Program (OQ Program).

STL OQ Program Section 3.4 "Contractor Records" states:

"The contractor will also be required to submit a copy of their operator qualification records / program reviews / program evaluations / personnel evaluations prior to conducting covered task on jurisdictional pipeline facilities."

In a subsequent visit on November 1, 2012, PHMSA staff reviewed OQ records of operations personnel qualified through The Operator Qualification Solutions Group (OQSG) after the June 2012 visit. PHMSA staff further confirmed that the STL OQ Program has been amended to allow for qualification through OQSG.

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 items identified in this letter. Failure to do so will result in STL Pipeline, LLC 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 4-2013-1005W**. 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,

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