



March 30, 2012

Mr. Byron Coy, PE, Director
Pipeline and Hazardous Materials Safety Administration - Eastern Region
820 Bear Tavern Road, Suite 103
West Trenton, NJ 08628

Re: CPF 1-2012-1001 M (Notice of Amendment)
Uncontested Response of Eastern Shore Natural Gas Company

Dear Mr. Coy:

On March 9, 2012 you issued a Notice of Amendment (NOA) to Eastern Shore Natural Gas Company (Eastern Shore) in regard to alleged inadequacies found within Eastern Shore's procedures for operations and maintenance, as required by the Pipeline Safety Regulations, Title 49, Code of Federal Regulations (49CFR).

In your letter, the following alleged inadequacies were noted:

1. The classification levels for atmospheric corrosion and coating damage are not specified in Eastern Shore's Operations and Maintenance (O&M) procedures. The time period to remediate adverse observations made during atmospheric corrosion monitoring is not specified in the O&M procedures.
2. The time period to remediate inadequate pipe-to-soil potentials observed during external corrosion monitoring is not specified in the O&M procedures.

Eastern Shore has elected to file this uncontested response that provides the proposed procedural updates to comply with PHMSA's interpretation of 49CFR Part 192.605 and 49CFR Part 192.465 respectively.

Please refer to the attached proposed procedures and form. Please review and provide any comments so that we may address those accordingly and incorporate these updates into our O&M procedures. Your letter indicates that enforcement action will be closed once the amended procedures adequately address the concerns raised.

Eastern Shore appreciates this opportunity to improve our O&M procedures to fully address your concerns and close this matter.

Sincerely;
Eastern Shore Natural Gas Company

A handwritten signature in black ink, appearing to read "E. M. Pearson", is written over a horizontal line.

Eric M. Pearson
Engineering Manager

1110 Forrest Avenue, Suite 201, Dover, DE 19904
(302) 734-6710 • Fax (302) 734-6745

334. ATMOSPHERIC CORROSION

334.1 General

Monitoring for atmospheric corrosion of all above ground pipeline facilities shall be performed in accordance with Part 192.481.

Monitoring for atmospheric corrosion shall include inspection of all above ground pipeline facilities operated by ESNG that are involved with the transport of natural gas. During these inspections particular attention shall be given to pipe at soil-to-air interfaces, under thermal insulation, under disbanded coatings, at pipe supports, in splash zones, at deck penetrations, and in spans over water.

Inspections shall occur at a frequency of at least once every 3 calendar years, but with intervals not to exceed 39 months. The inspections shall be documented on the Atmospheric Corrosion Survey Form – ACS #1, or otherwise documented and reviewed by personnel responsible for corrosion control.

334.2 Remedial Action

In the event atmospheric corrosion is found, the Engineering and/or Integrity Department shall investigate the extent and degree of atmospheric corrosion and determine the necessary remedial action. Any remedial action required must be completed within 15 months of the initial discovery.

Protection against any atmospheric corrosion found shall be provided as required by Part 192.479. Common methods utilized to protect against atmospheric corrosion include: use of coatings; selection of the appropriate corrosion resistant materials; avoidance of areas where the environmental conditions increase likelihood that corrosive deposits may accumulate on pipeline facilities; other methods such as enclosures.



ATMOSPHERIC CORROSION SURVEY FORM ACS #1

STRUCTURE NAME: _____

LOCATION: _____

_____ PA _____ DE _____ MD INSPECTED BY: _____ DATE: _____

1. TYPE OF STRUCTURE

METER AND / OR REGULATOR STATION _____ ABOVE GROUND BLOCK VALVE _____ BRIDGE / AERIAL CROSSING
COMPRESSOR STATION YARD PIPING _____ BELOW GROUND BLOCK VALVE / VAULTS _____ OTHER: _____

2. PIPE, PIPE RISERS AT SOIL INTERFACE & PIPE SUPPORTS COATING TYPE (CHECK ALL THAT APPLY)

PAINT _____ POWERCRETE _____ POLY GUARD TAPE _____ EXTRUDED POLYETHYLENE
POWDER COAT _____ COAL TAR _____ GREEN LINE TAPE _____ X-TRU COAT (YELLOW JACKET)
FUSION BOND EPOXY _____ WAX TAPE _____ MASTIC _____ NONE / BARE

COMMENTS: _____

3. CONDITION OF COATING

COATING PARTIALLY DISBONDED OR DEGRADED _____
COATING MISSING, EXPOSED BARE MAIN _____
IRREGULAR SURFACE DETERIORATION _____
EXCELLENT, ADHERED TO PIPE _____

4. COATING FAILURES (CHECK ALL THAT APPLY)

NO FAILURES _____ DELAMINATION _____ UNDERCUTTING
BLISTERING _____ FISH EYES _____ MUDDCRACKING
CHECKING _____ PINHOLING _____ WRINKLING
CRACKING _____ PINPOINT _____ OTHER: _____

COMMENTS: _____

5. IS ATMOSPHERIC CORROSION PRESENT AT(CHECK ALL THAT APPLY):

Table with 4 columns: Location, Minor Surface Rust, Minor Pitting (< 10% W.T.), Severe Pitting (> 10% W.T.)

COMMENTS: _____

6. GROUNDWATER PRESENT? _____ YES _____ NO 7. LIQUID UNDERNEATH COATING? _____ YES _____ NO

DRAINAGE / COMMENTS: _____ COMMENTS: _____

8. PHOTOS ATTACHED? _____ YES _____ NO 9. SITE SKETCH ATTACHED? _____ YES _____ NO

This section to be completed by Engineering or Integrity Supervisory Personnel only:

10. REMEDIAL ACTION REQUIRED: _____ YES _____ NO 11. ACTION CLASSIFICATION: _____ NO ACTION REQUIRED
_____ SCHEDULED (1 YR NOT TO EXCEED 15 MONTHS)
_____ IMMEDIATE

COMMENTS: _____

REVIEWED BY: _____ DATE: _____

332. EXTERNAL CORROSION CONTROL: BURIED PIPELINES

332.5.7 Remedial Action: In the event that below criteria pipe-to-soil potential readings are observed, the Engineering and/or Integrity Department shall investigate the extent and degree of the low pipe-to-soil potential readings and determine the necessary remedial action. Any remedial action required must be completed within 15 months of the initial discovery.

Eastern Shore Natural Gas Company
CPF 1-2012-1001 M
ESNG Estimated Costs to Prepare Response to PHMSA NOA 9Mar12

Company Labor	Time	Avg Hourly Cost	Total
Vice President	2	\$ 200	\$ 400
Engineering Manager	8	\$ 150	\$ 1,200
Pipeline Integrity Manager	8	\$ 125	\$ 1,000
Administrative	2	\$ 50	\$ 100
Subtotal			\$ 2,700
External Resources			
Legal	2	\$ 450	\$ 900
Total Costs			\$ 3,600.0