



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
and
PROPOSED CIVIL PENALTY**

OVERNIGHT EXPRESS DELIVERY

September 8, 2015

Ken Oostman
VP Engineering
Columbia Gas Transmission, LLC
5151 San Felipe, NO 2500
Houston, TX 77056

CPF 1-2015-3004

Dear Mr. Oostman:

From December 8 through December 12, 2014, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), pursuant to Chapter 601 of 49 United States Code inspected the Columbia Gas Transmission, LLC (CGT) Liquefied Natural Gas (LNG) facility in Chesapeake, Virginia.

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 items inspected and the probable violation(s) are:

1. §193.2637 Remedial measures.

Prompt corrective or remedial action must be taken whenever an operator learns by inspection or otherwise that atmospheric, external, or internal corrosion is not controlled as required by this subpart.

CGT failed to take prompt corrective or remedial action when it learned by its inspection that atmospheric corrosion is not controlled as required by this subpart. Specifically, CGT failed to follow its procedures by not remediating deficiencies found during its atmospheric corrosion inspections within the timeframes specified in its procedure.

CGT's procedure, 310.42.01 – Chesapeake LNG Facility Corrosion Control, Section 3.3 “Atmospheric Corrosion of LNG Facility Piping and Pressure Containing Equipment” effective 11/18/2014, describes the inspection requirements for jurisdictional gas pressure carbon steel piping and pressure containing equipment exposed to the atmosphere. Section 3.3.2.D states:

“Atmospheric corrosion will be assigned a condition level based on visual inspection. For the purposes of this section of the plan, the following atmospheric condition level definitions will be used:

- Level 1 – Corrosion with pitting or wall loss.
- Level 2 – Flash rust / surface oxidation with no pitting.
- Level 3 – No corrosion present.”

Section 3.3.2.F states in part:

“Atmospheric corrosion shall be remediated within the following . . .

- Level “2” - Corrosion mitigation or a re-inspection shall be performed within 12 months of discovery. If atmospheric corrosion graded at Level 2 is re-inspected and the grade remains at a Level 2, mitigation shall be performed within 6 months but not to exceed 12 months of re-inspection. If the atmospheric corrosion has progressed to a Level 1 grade, mitigation shall be performed within 6 months of the re-inspection. Only a single re-inspection is permitted for Level 2 corrosion.”

During the inspection, the PHMSA inspector reviewed records from 12/12/2012 to 12/12/2014, and identified 7 instances where the time between initial inspection and re-inspection of Level 2 atmospheric corrosion exceeded the maximum 12 months. No associated mitigation work was performed during this same 12 month period.

For five of the seven instances, the follow-up was performed and documented. The remaining two instances did not have follow-up work performed prior to the end of the PHMSA inspection. Those two instances had a targeted follow-up date of 12/31/2014.

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. Also, for LNG facilities, an additional penalty of not more than \$50,000 for each violation may be imposed. 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 \$58,100 as follows:

<u>Item number</u>	<u>PENALTY</u>
1	\$58,100

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 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.

In your correspondence on this matter, please refer to **CPF 1-2015-3004** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

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

Enclosure: *Response Options for Pipeline Operators in Compliance Proceedings*