



U.S. Department
of Transportation

**Pipeline and
Hazardous Materials Safety
Administration**

MAR 6 2007

8701 South Gessner, Suite 1110
Houston, TX 77074

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

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

March 1, 2007

Mr. Richard D. Hatchett
Vice President, Natural Gas Division Operations
West Texas Gas, Inc.
7517 Canyon Drive
Amarillo, Texas 79110

CPF 4-2007-1002

Dear Mr. Hatchett:

On September 18 – 22, 2006, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected West Texas Gas, Inc.'s (WTG) procedures for Integrity Management in Amarillo, Texas.

As a result of the inspection, it appears that WTG has committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The items inspected and the probable violation(s) are:

1. §192.907 What must an operator do to implement this subpart?

(a) General. No later than December 17, 2004, an operator of a covered pipeline segment must develop and follow a written integrity management program that contains all the elements described in §192.911 and that addresses the risks on each covered transmission pipeline segment. The initial integrity management program must consist, at a minimum, of a framework that describes the process for implementing each program element, how relevant decisions will be made and

by whom, a time line for completing the work to implement the program element, and how information gained from experience will be continuously incorporated into the program. The framework will evolve into a more detailed and comprehensive program. An operator must make continual improvements to the program.

(b) **Implementation Standards.** In carrying out this subpart, an operator must follow the requirements of this subpart and of ASME/ANSI B31.8S (incorporated by reference, see §192.7) and its appendices, where specified. An operator may follow an equivalent standard or practice only when the operator demonstrates the alternative standard or practice provides an equivalent level of safety to the public and property. In the event of a conflict between this subpart and ASME/ANSI B31.8S, the requirements in this subpart control.

§192.911 What are the elements of an integrity management program? An operator's initial integrity management program begins with a framework (see §192.907) and evolves into a more detailed and comprehensive integrity management program, as information is gained and incorporated into the program. An operator must make continual improvements to its program. The initial program framework and subsequent program must, at minimum, contain the following elements. (When indicated, refer to ASME/ANSI B31.8S (incorporated by reference, see §192.7) for more detailed information on the listed element.)

(a) An identification of all high consequence areas, in accordance with §192.905.

(b) A baseline assessment plan meeting the requirements of §192.919 and §192.921.

(c) An identification of threats to each covered pipeline segment, which must include data integration and a risk assessment. An operator must use the threat identification and risk assessment to prioritize covered segments for assessment (§192.917) and to evaluate the merits of additional preventive and mitigative measures (§192.935) for each covered segment.

(e) Provisions meeting the requirements of §192.933 for remediating conditions found during an integrity assessment.

(f) A process for continual evaluation and assessment meeting the requirements of §192.937.

(h) Provisions meeting the requirements of §192.935 for adding preventive and mitigative measures to protect the high consequence area.

(i) A performance plan as outlined in ASME/ANSI B31.8S, section 9 that includes performance measures meeting the requirements of §192.945.

(j) Record keeping provisions meeting the requirements of §192.947.

(k) A management of change process as outlined in ASME/ANSI B31.8S, section 11.

(l) A quality assurance process as outlined in ASME/ANSI B31.8S, section 12.

(m) A communication plan that includes the elements of ASME/ANSI B31.8S, section 10, and that includes procedures for addressing safety concerns raised by--

- (1) OPS; and**
- (2) A State or local pipeline safety authority when a covered segment is located in a State where OPS has an interstate agent agreement.**

(n) Procedures for providing (when requested), by electronic or other means, a copy of the operator's risk analysis or integrity management program to--

- (1) OPS; and**
- (2) A State or local pipeline safety authority when a covered segment is located in a State where OPS has an interstate agent agreement.**

(o) Procedures for ensuring that each integrity assessment is being conducted in a manner that minimizes environmental and safety risks.

(p) A process for identification and assessment of newly-identified high consequence areas. (See §192.905 and §192.921.)

WTG's integrity management (IM) program titled "Integrity Management Program for West Texas Gas, Inc. – September 28, 2004" did not consist, at a minimum, of a framework that describes the process for implementing each program element, how relevant decisions will be made and by whom, a time line for completing the work to implement the program element, and how information gained from experience will be continuously incorporated into the program. The WTG IM Plan document was parroted from the Gas IM Protocols with no processes, procedures or documentation of program elements or decisions. WTG did not follow the requirements of §192, Subpart O and ASME/ANSI B31.8S (incorporated by reference, see §192.7) and its appendices, where specified.

WTG's IM program titled "Integrity Management Program for West Texas Gas, Inc. – September 28, 2004 and Appendix A" did not consist of processes, procedures and documentation to:

- identify all high consequence areas, in accordance with §192.905, as required by §192.911(a),
- prepare a baseline assessment plan meeting the requirements of §192.919 and §192.921, as required by §192.911(b),
- identify, integrate and perform risk assessment of threats to each covered pipeline segment per §192.917 and the evaluation of the merits of additional preventive and mitigative measures for each covered segment per §192.935, as required by §192.911(c),
- remediate conditions found during an integrity assessment to meet the requirements of §192.933, as required by §192.911(e),
- maintain a continual evaluation and assessment meeting the requirements of §192.937, as required by §192.911(f),

- implement preventive and mitigative measures to protect the high consequence area per requirements of §192.935, as required by §192.911(h),
- implement a performance plan as outlined in ASME/ANSI B31.8S, section 9 that includes performance measures meeting the requirements of §192.945, as required by §192.911(i),
- maintain record keeping in accordance with the requirements of §192.947, as required by §192.911(j),
- maintain a management of change process as outlined in ASME/ANSI B31.8S, section 11, as required by §192.911(k),
- perform and maintain quality assurance process as outlined in ASME/ANSI B31.8S, section 12, as required by §192.911(l),
- maintain and perform a communication plan that includes the elements of ASME/ANSI B31.8S, section 10, and procedures for addressing safety concerns raised by PHMSA, State or local pipeline safety authority when a covered segment is located in a State where PHMSA has an interstate agent agreement, as required by §192.911(m),
- ensure that each integrity assessment is being conducted in a manner that minimizes environmental and safety risks, as required by §192.911(o),
- ensure the identification and assessment of newly-identified high consequence areas per the requirements of §192.905 and §192.921, as required by §192.911(p).

2. §192.915 What knowledge and training must personnel have to carry out an integrity management program?

(a) Supervisory personnel. The integrity management program must provide that each supervisor whose responsibilities relate to the integrity management program possesses and maintains a thorough knowledge of the integrity management program and of the elements for which the supervisor is responsible. The program must provide that any person who qualifies as a supervisor for the integrity management program has appropriate training or experience in the area for which the person is responsible.

(b) Persons who carry out assessments and evaluate assessment results. The integrity management program must provide criteria for the qualification of any person--

- (1) Who conducts an integrity assessment allowed under this subpart; or**
- (2) Who reviews and analyzes the results from an integrity assessment and evaluation; or**
- (3) Who makes decisions on actions to be taken based on these assessments.**

(c) Persons responsible for preventive and mitigative measures. The integrity management program must provide criteria for the qualification of any person--

- (1) Who implements preventive and mitigative measures to carry out this subpart, including the marking and locating of buried structures; or**

(2) Who directly supervises excavation work carried out in conjunction with an integrity assessment.

WTG's IM program titled "Integrity Management Program for West Texas Gas, Inc. – September 28, 2004 and Appendix A" did not consist of processes, procedures and documentation to:

- Provide that each supervisor whose responsibilities relate to the integrity management program possesses and maintains a thorough knowledge of the integrity management program and of the elements for which the supervisor is responsible Any supervisory person who qualifies as a supervisor for the integrity management program must have documented appropriate training or experience in the area for which the person is responsible.
- Ensure that persons who carry out assessments and evaluate assessment results for the integrity management program must provide criteria for the qualification of any person-- who conducts; reviews and analyzes the results; makes decisions on actions to be taken based on these assessments,
- Provide criteria for persons responsible for preventive and mitigative measures. The integrity management program must provide criteria for the qualification of any person who: a) implements preventive and mitigative measures to carry out this subpart, including the marking and locating of buried structures and b) directly supervises excavation work carried out in conjunction with an integrity assessment.

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 \$35,000 as follows:

<u>Item number</u>	<u>PENALTY</u>
1	\$30,000
2	\$5,000

Proposed Compliance Order

With respect to items 1 and 2 pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to West Texas Gas. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

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 4-2007-1002** 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 West Texas Gas, Inc. (WTG) a Compliance Order incorporating the following remedial requirements to ensure the compliance of WTG with the pipeline safety regulations:

1. In regard to Item Number 1.A of the Notice, pertaining to identifying the high consequence areas in accordance with §192.905, as required by §192.911(a), WTG must develop, implement, and document appropriate processes and procedures.
2. In regard to Item Number 1.B of the Notice, pertaining to preparing a baseline assessment plan in accordance with §192.919 and §192.921, as required by §192.911(b), WTG must prepare a baseline assessment plan.
3. In regard to Item Number 1.C of the Notice, pertaining to identification of threats to integrity and use of the information in accordance with §192.917 and evaluation of preventive and mitigative measures per §192.935, as required by §192.911(c), WTG must develop, implement and document appropriate procedures to identify, integrate and perform risk assessment of threats to each covered pipeline segment and evaluate the merits of additional preventative and mitigative measures for each covered segment.
4. In regard to Item Number 1.D of the Notice, pertaining to remediating conditions found during an integrity assessment in accordance with §192.933, as required by §192.911(e), WTG must develop and document appropriate procedures.
5. In regard to Item Number 1.E of the Notice, pertaining to a continual process of evaluation and assessment in accordance with §192.937, as required by §192.911(f), WTG must develop and document appropriate procedures.
6. In regard to Item Number 1.F of the Notice, pertaining to implementing preventative and mitigative measures to protect high consequence areas in accordance with §192.935, as required by §192.911(h), WTG must develop, implement and document appropriate procedures.
7. In regard to Item Number 1.G of the Notice, pertaining to implementing a performance plan as outlined in ASME/ANSI B31.8S, section 9 that includes performance measures meeting the requirements of §192.945, as required by §192.911(i), WTG must develop, implement and document appropriate procedures.
8. In regard to Item Number 1.H of the Notice, pertaining to maintaining record keeping in accordance the requirements §192.947, as required by §192.911(j), WTG must develop, implement and document appropriate procedures.
9. In regard to Item Number 1.I of the Notice, pertaining to maintaining a management of change process as outlined in ASME/ANSI B31.8S, section 11, as required by §192.911(k), WTG must develop, implement and document appropriate procedures.
10. In regard to Item Number 1.J of the Notice, pertaining to maintaining a quality assurance process as outlined in ASME/ANSI B31.8S, section 12, as required by

§192.911(l), WTG must develop, implement and document appropriate procedures.

11. In regard to Item Number 1.K of the Notice, pertaining to maintaining and performing a communication plan that includes the elements of ASME/ANSI B31.8S, section 10, and procedures for addressing safety concerns raised by PHMSA, State or local pipeline safety authority when a covered segment is located in a State where PHMSA has an interstate agent agreement, as required by §192.911(m), WTG must develop, implement and document appropriate procedures.
12. In regard to Item Number 1.L of the Notice, pertaining to ensuring that each integrity assessment is being conducted in a manner that minimizes environmental and safety risks, as required by §192.911(o), WTG must develop and implement appropriate procedures.
13. In regard to Item Number 1.M of the Notice, pertaining to ensuring the identification and assessment of newly-identified high consequence areas, as required by §192.911(p), WTG must develop, implement and document appropriate procedures.
14. In regard to Items 2A, 2B, and 2C of the Notice pertaining to the knowledge and training of personnel who carry out an integrity management program, as required by §192.915, WTG must develop and implement appropriate procedures and provide documentation of personnel training in the elements required by §192.915.
15. WTG must address the issues within this compliance order within 90 days after receipt of a Final Order.
16. WTG 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