

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

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

November 3, 2016

Theopolis Holeman
Group Vice President
OZARK Gas Transmission, LLC
5400 Westheimer Court
Houston, Texas 77056

CPF 4-2016-1012

Dear Mr. Holeman:

During the period from April 11, 2016 to September 8, 2016, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected your records and pipeline facilities in Oklahoma and Arkansas.

As a result of the inspection, it is alleged that you have committed a probable violation of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The item inspected and the probable violation is:

- 1. 192.605 – Procedural Manual for Operations and Maintenance, and emergencies**
 - (a) General: Each operator shall prepare and follow for each pipeline system a manual of written procedures for conducting normal operations and maintenance activities and handling abnormal operations and emergencies**

OZARK Gas Transmission, LLC (Spectra) failed to follow its written Administrative procedure, Section 3 Page 2, Maximum Allowable Operating Pressure calculation (AP-

CD3.0) and Section 4 Supporting Documentation, to calculate and record the MAOP for the Ozark pipeline. Spectra was unable to provide records for the calculation of the MAOP from 2010 on Form 6-64 or any supporting documentation for the calculation as required.

Spectra's written Administrative procedure for Maximum Operating Pressure calculation (AP-CD3.0) Section 3, page 2, requires that Form 6-64 be utilized in the calculation of MAOP's for all assets. Spectra did not utilize this form as required in the procedure.

Also Section 4, Supporting Documentation requires all supporting documents be attached to the MAOP establishment form in order to allow future users be able to trace the origin of the information and determine if changes to the pipeline are prior to or subsequent to the calculation. There was no supporting documentation as required by the procedure.

Proposed Compliance Order

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$205,638 per violation per day the violation persists up to a maximum of \$2,056,380 for a related series of violations. For violations occurring between January 4, 2012 to August 1, 2016, the maximum penalty may not exceed \$200,000 per violation per day, with a maximum penalty not to exceed \$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 maximum penalty not exceeding \$1,000,000 for related series of violations.

We have reviewed the circumstances and supporting documents involved in this case, and have decided not to propose a civil penalty assessment at this time.

With respect to item 1 pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to OZARK Gas Transmission. 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 4-2016-1012** 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 OZARK Gas Transmission, LLC a Compliance Order incorporating the following remedial requirements to ensure the compliance of OZARK Gas Transmission, LLC (Spectra) with the pipeline safety regulations:

1. In regard to Item Number 1 of the Notice, Spectra shall complete and retain Form 6-64 with all of the supporting documentation for the OZARK natural gas transmission system as stated in the procedure.
2. In regard to Item Number 1 of the Notice, Spectra shall provide PHMSA with confirmation of the completed forms and documentation no later than 30 days from the issuance of the Final Order in this case.
3. It is requested (not mandated) that Spectra 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. It is requested that these costs 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.