



U.S. Department of Transportation
**Pipeline and Hazardous Materials
Safety Administration**

8701 S. Gessner, Suite 630
Houston TX 77074

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

ELECTRONIC MAIL - RETURN RECEIPT REQUESTED

June 17, 2022

Mark Cluff
Vice Prdesident Safety & Operational Discipline
Williams Field Services - Gulf Coast Company, LP
One Williams Center
P.O. Box 645
Tulsa, Oklahoma 74172

CPF 4-2022-039-NOPV

Dear Mr. Cluff:

From May 18, 2021 through September 2, 2021, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), pursuant to Chapter 601 of 49 United States Code (U.S.C.) inspected Williams Field Services – Gulf Coast Company, LP’s (Williams) offshore hazardous liquid pipeline system in the Gulf of Mexico.

As a result of the inspection, it is alleged that Williams has committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations (C.F.R.). The items inspected and the probable violations are:

1. **§ 195.452 Pipeline integrity management in high consequence areas.**
 - (a) ...
 - (g) *What is an information analysis?* In periodically evaluating the integrity of each pipeline segment (see paragraph (j) of this section), an operator must analyze all available information about the integrity of its entire pipeline and the consequences of a possible failure along the pipeline. Operators must continue to comply with the data integration elements specified in § 195.452(g) that were in effect on October 1, 2018, until October 1, 2022. Operators must begin to integrate all the data elements specified in this section starting October 1, 2020, with all attributes integrated by October 1, 2022. This analysis must:

(1) Integrate information and attributes about the pipeline that include, but are not limited to:

(i)...

(xxi) Other pertinent information derived from operations and maintenance activities and any additional tests, inspections, surveys, patrols, or monitoring required under this part.

Williams failed to analyze all available information about the integrity of its pipeline during its information analysis in accordance with § 195.452(g)(1)(xxi). Specifically, Williams used invalid internal corrosion rates in its information analysis because it failed to conduct the required internal corrosion inspections or use a conservative internal corrosion rate.

Williams transports corrosive hazardous liquid in its Gulf of Mexico offshore gathering pipelines. It uses internal corrosion coupons to monitor the internal corrosion rates within those pipelines, and these rates are used as pipeline attributes in the Williams' Pipeline Risk Model that analyzes all available information about the integrity of the entire pipeline. This process is detailed in Williams' *Pipeline Risk Assessment Program, 5.1 Input Data* (Revision 4, Effective Date: 4/1/2021) and *Risk Algorithm Document, 3.20 MAX_COUPON_MPY* as well as *7.1.2.2.1.3 Worst Coupon MPY* (Revision 1.2).

In calendar years 2017, 2018, 2019, 2020, and 2021, Williams missed seven required internal corrosion coupon inspections. Due to these missing internal corrosion coupon inspections, Williams relied on inaccurate internal corrosion rates for the pipeline attributes in its Pipeline Risk Model, and instead should have used a more conservative rate. These inaccurate inputs resulted in flawed outputs from its Pipeline Risk Model.

2. § 195.579 What must I do to mitigate internal corrosion?

(a) ...

(b) *Inhibitors.* If you use corrosion inhibitors to mitigate internal corrosion, you must—

(1) ...

(3) Examine the coupons or other monitoring equipment at least twice each calendar year, but with intervals not exceeding 7 ½ months.

Williams failed to examine internal corrosion coupons at least twice each calendar year, but with intervals not exceeding 7 ½ months in accordance with § 195.579(b)(3). Specifically, Williams missed seven internal corrosion coupon inspections from 2017 through 2021.

Section 10.1 of its *Corrosion Control for Hazardous Liquid Pipelines* (Revision 3, Effective Date 7/22/2021) manual states that “[i]f a pipeline transports any hazardous liquid that could corrode the pipeline, investigate the corrosive effect of the hazardous liquid on the pipeline and take adequate steps to mitigate internal corrosion.” Because Williams transports corrosive hazardous liquid, it injects corrosion inhibitors and uses internal corrosion coupons to monitor the effectiveness of the inhibitors.

In addition, Section 10.1 of its *Corrosion Control for Hazardous Liquid Pipelines* (Revision 3, Effective Date 7/22/2021) manual states that Williams must “[c]heck coupons or other monitoring equipment at least twice each calendar year, not to exceed 7 ½ months.” The results of these semiannual coupon inspections are recorded on form F-227 Corrosion Coupon Report.

In calendar years 2017, 2018, 2019, 2020, and 2021, seven required internal corrosion coupon inspections intervals were missed or exceeded the 7 ½ months required interval.

Therefore, Williams failed to examine internal corrosion coupons at least twice each calendar year, but with intervals not exceeding 7 ½ months in accordance with its procedure and § 195.579(b)(3).

Proposed Civil Penalty

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, Williams Field Services – Gulf Coast Company, LP is subject to a civil penalty not to exceed \$239,142 per violation per day the violation persists, up to a maximum of \$2,391,412 for a related series of violations. For violation occurring on or after May 3, 2021 and before March 21, 2022, the maximum penalty may not exceed \$225,134 per violation per day the violation persists, up to a maximum of \$2,251,334 for a related series of violations. For violation occurring on or after January 11, 2021 and before May 3, 2021, the maximum penalty may not exceed \$222,504 per violation per day the violation persists, up to a maximum of \$2,225,034 for a related series of violations. For violation occurring on or after July 31, 2019 and before January 11, 2021, the maximum penalty may not exceed \$218,647 per violation per day the violation persists, up to a maximum of \$2,186,465 for a related series of violations. For violation occurring on or after November 27, 2018 and before July 31, 2019, the maximum penalty may not exceed \$213,268 per violation per day, with a maximum penalty not to exceed \$2,132,679. For violation occurring on or after November 2, 2015 and before November 27, 2018, the maximum penalty may not exceed \$209,002 per violation per day, with a maximum penalty not to exceed \$2,090,022.

We have reviewed the circumstances and supporting documentation involved for the above probable violations and recommend that Williams Field Services - Gulf Coast Company, LP be preliminarily assessed a civil penalty of \$116,600 as follows:

<u>Item number</u>	<u>PENALTY</u>
1	\$55,200
2	\$61,400

Proposed Compliance Order

With respect to Items 1 and 2 pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Williams Field Services - Gulf Coast Company, LP. 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 Enforcement Proceedings*. Please refer to this document and note the response options. All material you 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).

Following the receipt of this Notice, you have 30 days to submit written comments or request a hearing under 49 C.F.R. § 190.211. 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. If you are responding to this Notice, we propose that you submit your correspondence to my office within 30 days from receipt of this Notice. This period may be extended by written request for good cause.

In your correspondence on this matter, please refer to **CPF 4-2022-039-NOPV** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Mary L. McDaniel, P.E.
Director, Southwest Region
Pipeline and Hazardous Materials Safety Administration

Enclosures: *Proposed Compliance Order*
Response Options for Pipeline Operators in Enforcement Proceedings

PROPOSED COMPLIANCE ORDER

Pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to Williams Field Services - Gulf Coast Company, LP (Williams) a Compliance Order incorporating the following remedial requirements to ensure compliance with the pipeline safety regulations:

- A. In regard to Item 1 of the Notice pertaining to Williams' failure to analyze all available information of its pipeline during an information analysis in accordance with § 195.452(g)(1)(xxi), Williams must conduct a review of internal corrosion coupon inputs and update with the current input. If the current input is not available, Williams must default to the most conservative value. Williams must submit an updated information analysis, reflecting this review, to PHMSA for review within **90** days of receipt of the Final Order.

- B. In regard to Item 2 of the Notice pertaining to Williams' failure to examine the internal corrosion coupons in accordance with § 195.579(b)(3), Williams must submit the findings from a root cause failure analysis performed by an independent technical expert regarding the company's failure to complete the inspections to PHMSA for review within **90** days of receipt of the Final Order. In addition, Williams must conduct the required internal corrosion inspections within 30 days of receipt of the Final Order.

It is requested (not mandated) that Williams Field Services - Gulf Coast Company, LP maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Mary L. McDaniel, Director, Southwest, Pipeline and Hazardous Materials Safety Administration. It is requested that these costs be reported in two categories: 1) total cost associated with the preparation/revision of plans, procedures, studies, and analyses, and 2) the total cost associated with replacements, additions, and other changes to pipeline infrastructure.