

In mail box



U.S. Department
of Transportation

**Research and
Special Programs
Administration**

400 Seventh Street, S.W.
Washington, D.C. 20590

OCT 30 2002

Mr. Bob A. Dahlin, II
Manager, Pipeline Design & Service
Evan Energy Company, L.C.
1999 East Stone Drive, Suite 201
Kingsport, TN 37660

Re: CPF No. 1-2002-0003

Dear Mr. Dahlin:

Enclosed is the Final Order issued by the Associate Administrator for Pipeline Safety in the above-referenced case. It makes a finding of violation and requires certain corrective action. When the terms of the compliance order are completed, as determined by the Director, Eastern Region, this enforcement action will be closed. Your receipt of this Final Order constitutes service of that document under 49 C.F.R. § 190.5.

Sincerely,

A handwritten signature in cursive script that reads "Gwendolyn M. Hill".

Gwendolyn M. Hill
Pipeline Compliance Registry
Office of Pipeline Safety

Enclosure

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

DEPARTMENT OF TRANSPORTATION
RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION
OFFICE OF PIPELINE SAFETY
WASHINGTON, DC 20590

In the Matter of)
)

Evan Energy Company, L.C.,)
)

Respondent.)

)

CPF No. 1-2002-0003

FINAL ORDER

On August 7, 2001, pursuant to 49 U.S.C. § 60117, a representative of the Office of Pipeline Safety (OPS) conducted an on-site pipeline safety inspection of Respondent's Red Onion Mountain facilities and records in Wise County, Virginia. As a result of the inspection, the Director, Eastern Region, OPS, issued to Respondent, by letter dated January 29, 2002, a Notice of Probable Violation and Proposed Compliance Order (Notice). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that Respondent had violated 49 C.F.R. § 192.479(a).

Respondent responded to the Notice by letter dated March 13, 2002 (Response). Respondent contested the allegation and offered information to explain the allegations. Respondent did not request a hearing; consequently, Respondent waived its right to one.

FINDINGS OF VIOLATION

Item 1 in the Notice alleges that Respondent violated 49 C.F.R. § 192.479(a) in failing to protect aboveground portions of pipeline from atmospheric corrosion by either coating or jacketing with a material suitable for the prevention of atmospheric corrosion and by cleaning the aboveground portions. 49 C.F.R. § 192.479(a) allows for noncompliance where the operator "can demonstrate by test, investigation, or experience in the area of application, that a corrosive atmosphere does not exist."

In response to Item 1, Respondent contested the alleged violation and explained, in its Response, that company personnel had never observed a pipeline leak caused by atmospheric corrosion. Respondent states that the inspected pipeline connects thousands of gathering wells to aboveground gathering pipeline systems within two natural gas storage fields that have been in service since 1977 and 1984, and thus the length of service in those storage fields demonstrates "...experience in the area of application, that a corrosive atmosphere does not exist." Respondent included with its letter a map indicating the location of the inspected pipeline in relation to the two gas fields and gathering wells.

Respondent did not provide OPS any evidence from Respondent's own tests or investigations to assure the lack of a corrosive atmosphere. The climate in Virginia is not unique such that a corrosive atmosphere does not exist. The experience of the Eastern Region, OPS, is that exposed steel pipe is subject to atmospheric corrosion. Respondent had coated approximately two of 10.2 miles of exposed pipeline prior to OPS inspection. Respondent did not provide an explanation, however, as to why coating would be needed in these segments and not on other exposed segments of the same pipeline. All exposed segments of the pipeline must meet the requirements of 49 C.F.R. § 192.479(a). Accordingly, I find Respondent violated 49 C.F.R. § 192.479(a).

This finding of violation will be considered a prior offense in any subsequent enforcement action taken against Respondent.

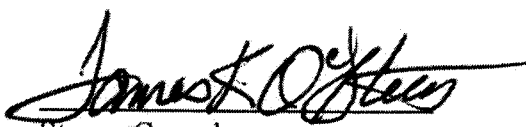
COMPLIANCE ORDER

Under 49 U.S.C. § 60118(a), each person who engages in the transportation of gas or who owns or operates a pipeline facility is required to comply with the applicable safety standards established under chapter 601. Pursuant to the authority of 49 U.S.C. § 60118(b) and 49 C.F.R. § 190.217, Respondent is ordered to take the following actions to ensure compliance with the pipeline safety regulations applicable to its operations.

1. Clean and either coat or jacket, with a material suitable for the prevention of atmospheric corrosion, each aboveground segment of the pipeline that is exposed to the atmosphere within 180 days of receipt of this Final Order.
2. Within 90 days of receipt of this Final Order, inform the Director, Eastern Region, OPS of the material selected to be applied to prevent atmospheric corrosion.
3. File a completion report with the Director, Eastern Region, OPS within one week of finishing the coating or jacketing of the exposed pipeline segments.

Under 49 C.F.R. § 190.215, Respondent has a right to petition for reconsideration of this Final Order. The petition must be received within 20 days of Respondent's receipt of this Final Order and must contain a brief statement of the issue(s). The filing of the petition automatically stays the payment of any civil penalty assessed. All other terms of the order, including any required corrective action, shall remain in full effect unless the Associate Administrator, upon request, grants a stay. The terms and conditions of this Final Order are effective on receipt.

Failure to comply with this Final Order may result in the assessment of civil penalties of up to \$25,000 per violation per day, or in the referral of the case for judicial enforcement.


 Stacey Gerard
 Associate Administrator
 for Pipeline Safety

OCT 30 2002

Date Issued