



THOMAS, LONG,
NIESEN & KENNARD

Attorneys and Counsellors at Law

RECEIVED

MAY 20 2008

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May 16, 2008

Via Federal Express

Byron Coy, PE
Director, Eastern Region
Pipeline and Hazardous Materials Safety Administration
US Department of Transportation
409 3rd Street, SW, Suite 300
Washington, DC 20024

Re: PAPCO: CPF: 1-2008-0001

Dear Mr. Coy:

PAPCO is in receipt of the Notice of Probable Violation and Proposed Civil Penalty dated April 8, 2008 in the above matter.

Pursuant to the procedures outlined in the document entitled "Response Options," PAPCO hereby requests a hearing to contest the proposed assessment of civil penalties for Item Nos. 2 and 3. PAPCO believes that both penalty amounts exceed reasonable levels under the circumstances and are also excessive relative to the size and financial scope of PAPCO's operation.

With respect to Item No. 2, PAPCO intends to present evidence relative to the cathodic protection offered and the level of fines assessed, noting that in prior comparable cases, fines were set in the magnitude of \$4,000¹ and \$5,000.² The fine is also excessive relative to PAPCO's financial circumstances. Given that this is the first instance of violation and that PAPCO promptly undertook to remedy the situation, particularly in view of PAPCO's long-standing reputation as a good, upstanding operator, a lesser fine is appropriate.

With respect to Issue No. 3, PAPCO believes that no fine is appropriate. The contractor in question is a individual 61 years of age hired in 2002 who is responsible for inspections. Formerly employed for many years by National Fuel Gas, the individual in question is highly qualified, drug free and currently owns his own business called Pipeline Surveys LLC. The failure to include the contractor in PAPCO's drug testing policy was not noted in the 2004 Inspection and PAPCO was unaware that this was a violation. There is no evidence that there was any harm caused to the public and PAPCO believes that a warning is appropriate under these circumstances. Once informed, PAPCO moved to

¹ *Brea Canyon Oil*, CPF No. 5-2004-0005.

² *Colonial Pipeline*, CPF No. 2-2005-5012.

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include the contractor in its own drug testing program. PAPCO has not been able to discover any other fines assessed upon any pipeline system for a similar violation.

As part of its preparation for hearings, PAPCO requests that the Administration provide the following materials at least sixty (60) days in advance of the scheduled hearing:

1. A full and complete copy of the Inspection Report generated as a result of the June 11-13, 2007 inspection;
2. A full and complete copy of any and all other Inspection Reports involving PAPCO;
3. A full and complete statement of the Administration's policies and guidelines regarding the setting of civil penalties;
4. Copies of or citations to all cases known to the Administration where a fine was assessed for a failure by an operator to include a contractor in its drug testing program; and
5. Copies of or citations to all cases known to the Administration where a warning was issued for a failure by an operator to include a contractor in its drug testing program.

The undersigned intends to represent PAPCO at the requested hearings.

Thank you for your attention to this matter.

Sincerely,

THOMAS, LONG, NIESEN & KENNARD

By:

Norman J. Kennard



NJK:tlt



D.D.T.A. SERVICES, INC.

Papco, Inc.
P.O. Box 627
Warren, PA 16365
Attn: Darryl Pierce

Mr. Pierce

This letter is to notify **Papco, Inc.** that **Mr. James Grosch** has been entered into the PHMSA Random Pool Group when a verified negative test was received from the MRO on **4-22-08**. If there are any questions, please contact D.D.T.A. Services, Inc. at (800) 488-3382.

Sincerely

DDTA Services, Inc.

VALVE MAINTENANCE REPORT

Date: 5/7/08

Valve Location: Glade Bridge

	RED	WHITE	BLUE
Manufacture:	<u>Rockwell</u>	<u>Rockwell</u>	<u>Rockwell</u>
Type:	<u>Nord Plug</u>	<u>Nord Plug</u>	<u>Nord Plug</u>
Size:	<u>3"</u>	<u>3"</u>	<u>3"</u>
Connection:	<u>Flange</u>	<u>Flange</u>	<u>Flange</u>

Perform Partial Operation:

At a quarter turn:

Moves freely: yes (X) / no () Needs lubed: yes (X) / no () Repair/Replace: yes () / no (X)

Remarks: _____

Perform Visual Inspection:

Damage: yes () / no (X) Deterioration: yes () / no (X) Corrosion: yes () / no (X) Defects: yes () / no (X)

Remarks: _____

Valve Condition:	RED	WHITE	BLUE
Sealant:	Good (X) Fair () Poor ()	Good (X) Fair () Poor ()	Good (X) Fair () Poor ()
Paint:	Good (X) Fair () Poor ()	Good (X) Fair () Poor ()	Good (X) Fair () Poor ()
Clean:	Good (X) Fair () Poor ()	Good (X) Fair () Poor ()	Good (X) Fair () Poor ()

Maintenance needed: All valves at location were greased and exercised.

Signature of person doing maintenance: Pat Masterson Date: 5/7/08

Corrosion Maintenance Report R/S Survey

Service Line Meter Sets

Location: William Southwell

Must read at least 0.85 Volts for adequate protection

Tests Results at Riser: -1.50 Volts

Maintenance needed to correct deficiency:

A = Anode

I = Insulate

A

Test Results after Maintenance Performed: -1.13 Volts

Other maintenance needed ie: Clean and coat riser at ground
Level to stop corrosion yes: _____ no: X

Notes:

Installed 1 hammer anode

Signature: Pat Masterson

Date: 5-6-08

Corrosion Maintenance Report P/S Survey

Valve Spiders

Location: Public Way Valves

Must read at least 0.85 Volts for adequate protection

	Red Line	White Line	Blue Line	Yellow Line
Tests Results:	<u>-0.89 Volts</u>	<u>-1.89 Volts</u>	<u>-1.89 Volts</u>	<u>Volts</u>

Maintenance needed to correct deficiency:

A = Anode
I = Insulate

<u>A</u>	<u>A</u>	<u>A</u>	<u> </u>
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Test Results after

Maintenance

Performed

<u>-1.60 Volts</u>	<u>-1.60 Volts</u>	<u>-1.49 Volts</u>	<u>Volts</u>
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Other maintenance needed ie: Clean and coat riser at ground

Level to stop corrosion yes: no: X

Notes:

Readings were adequate, we had the equipment in
area and decided to install Anodes.

Signature: Pat Masterson

Date: 5-2-08

Corrosion Maintenance Report P/S Survey

Valve Spiders

Location: West End R.R. Bridge behind Whirley-Harmer

Must read at least 0.85 Volts for adequate protection

	Red Line	White Line	Blue Line	Yellow Line
Tests Results:	<u>-1.54 Volts</u>	<u>-1.54 Volts</u>	<u>-1.37 Volts</u>	<u>Volts</u>

Maintenance needed to correct deficiency:

A = Anode
I = Insulate

(See NOTES)

Test Results after Maintenance Performed

	<u>-1.01 Volts</u>	<u>-1.01 Volts</u>	<u>-1.01 Volts</u>	<u>Volts</u>
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Other maintenance needed ie: Clean and coat riser at ground level to stop corrosion

yes: _____ no: _____

Notes:

Wires were broke from anode to pipe on both lines. Spliced wires together and re-tested.
Red & White line tie together to go across bridge.

Signature: Pat Masterson

Date: 5-8-08

Corrosion Maintenance Report P/S Survey

Valve Spiders

Location: R.R Grade 300yds East of Mohawk Valves

Must read at least 0.85 Volts for adequate protection

	Red Line	White Line	Blue Line	Yellow Line
Tests Results:	<u>- .69 Volts</u>	<u>- .70 Volts</u>	<u>- .87 Volts</u>	<u>Volts</u>

Maintenance needed to correct deficiency:

A = Anode

I = Insulate

<u>A</u>	<u>A</u>	<u>A</u>	<u> </u>
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Test Results after

Maintenance

Preformed

<u>- 1.35 Volts</u>	<u>- 1.29 Volts</u>	<u>- 1.28 Volts</u>	<u>Volts</u>
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Other maintenance needed ie: Clean and coat riser at ground

Level to stop corrosion yes: no: X

Notes:

Installed Anodes

Signature: Pat Masterson

Date: 5-2-08