



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

820 Bear Tavern Road, Suite 103
West Trenton, NJ 08628
609.989.2171

NOTICE OF AMENDMENT

OVERNIGHT EXPRESS MAIL

November 7, 2012

Mr. John Pustulka, President
National Fuel Gas Supply Corporation
6373 Main St.
Williamsville, NY 14221

CPF 1-2012-1023M

Dear Mr. Pustulka:

During the week of April 16, 2012, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) and the New York State Department of Public Service, pursuant to Chapter 601 of 49 United States Code inspected National Fuel Gas Supply Corporation's (National Fuel) procedures for operations and maintenance (O&M) in Williamsville, New York.

On the basis of the inspection, PHMSA has identified the apparent inadequacies found within National Fuel's plans or procedures, as described below:

- 1. 192.605 Procedural manual for operations, maintenance, and emergencies.**
 - (b) *Maintenance and normal operations.* The manual required by paragraph (a) of this section must include procedures for the following, if applicable, to provide safety during maintenance and operations.**
 - (8) Periodically reviewing the work done by operator personnel to determine the effectiveness and adequacy of the procedures used in normal operation and maintenance and modifying the procedure when deficiencies are found.**

National Fuel's O&M procedures failed to include a mechanism to review the work of its personnel in normal operations and maintenance tasks to determine the effectiveness and adequacy of its procedures and to modify the procedures when deficiencies are found.

- 2. 192.615 Emergency plans.**
 - (b) Each operator shall:**
 - (2) Train the appropriate operating personnel to assure that they are knowledgeable of the emergency procedures and verify that the training is effective.**

National Fuel's O&M Procedures 5.8 and 11.1.F.2 failed to define a process to assure that appropriate operating personnel are knowledgeable of the emergency procedures and to verify that the training is effective. The procedures rely on periodic response drills without specifying a frequency.

3. 192.617 Investigation of failures.

Each operator shall establish procedures for analyzing accidents and failures, including the selection of samples of the failed facility or equipment for laboratory examination, where appropriate, for the purpose of determining the causes of the failure and minimizing the possibility of a recurrence.

National Fuel's O&M Procedure 11.5.4 failed to provide adequate guidance to the sample collection process of a failed facility or equipment and preservation of the sample through a chain of custody, if designated for laboratory analysis.

4. §192.605 Procedural manual for operations, maintenance, and emergencies.

(a) General. Each operator shall prepare and follow for each pipeline, a manual of written procedures for conducting operations and maintenance activities and for emergency response. For transmission lines, the manual must also include procedures for handling abnormal operations. This manual must be reviewed and updated by the operator at intervals not exceeding 15 months, but at least one each calendar year. This manual must be prepared before operations of a pipeline system commence. Appropriate parts of the manual must be kept at locations where operations and maintenance activities are conducted.

National Fuel's O&M Procedure 2.15 was inadequate because it failed to address pipelines in areas other than Class 3, or piping in compressor stations, metering stations, regulator stations or measuring stations when it came to testing new pipelines or pipelines that have been replaced or returned to service as described in §192.503(a)(1).

5. §192.605 Procedural manual for operations, maintenance, and emergencies.

(a) General. Each operator shall prepare and follow for each pipeline, a manual of written procedures for conducting operations and maintenance activities and for emergency response. For transmission lines, the manual must also include procedures for handling abnormal operations. This manual must be reviewed and updated by the operator at intervals not exceeding 15 months, but at least one each calendar year. This manual must be prepared before operations of a pipeline system commence. Appropriate parts of the manual must be kept at locations where operations and maintenance activities are conducted.

National Fuel's O&M Procedure Sec 2.16 was inadequate in that it failed to require incremental increases in pressure during an uprate and it does not require a leak test between uprate increments in accordance with §§192.553(a)(1) and (a)(2). The procedure also neglects to advise the operator to repair leaks prior to any further pressure increases unless a leak is determined not to be potentially hazardous and monitoring during the uprate confirms that the leak did not become potentially hazardous.

6. §192.605 Procedural manual for operations, maintenance, and emergencies.

(b) Maintenance and normal operations. The manual required by paragraph (a) of this section must include procedures for the following, if applicable, to provide safety during maintenance and operations.

(1) Operating, maintaining, and repairing the pipeline in accordance with each of the requirements of this subpart and Subpart M of this part.

National Fuel's O&M Procedure Sec. 2.9.3 was inadequate because it did not provide guidance on responding to insufficient odorant level as a result of monitoring under §192.625(f).

7. **§192.605 Procedural manual for operations, maintenance, and emergencies.**
 (b) *Maintenance and normal operations.* The manual required by paragraph (a) of this section must include procedures for the following, if applicable, to provide safety during maintenance and operations.
 (1) **Operating, maintaining, and repairing the pipeline in accordance with each of the requirements of this subpart and Subpart M of this part.**

National Fuel’s O&M Procedure Sec. 2.4 failed to note that encroachment of the tree canopy might obscure conditions within the right-of-way during aerial patrol as required in §192.705(a).

8. **§192.605 Procedural manual for operations, maintenance, and emergencies.**
 (b) *Maintenance and normal operations.* The manual required by paragraph (a) of this section must include procedures for the following, if applicable, to provide safety during maintenance and operations.
 (1) **Operating, maintaining, and repairing the pipeline in accordance with each of the requirements of this subpart and Subpart M of this part.**

National Fuel’s O&M Procedure Sec. 6.2G failed to specify a “safe” distance that flammables may be stored from the compressor buildings as prescribed in §192.735(a).

9. **§192.605 Procedural manual for operations, maintenance, and emergencies.**
 (a) *General.* Each operator shall prepare and follow for each pipeline, a manual of written procedures for conducting operations and maintenance activities and for emergency response. For transmission lines, the manual must also include procedures for handling abnormal operations. This manual must be reviewed and updated by the operator at intervals not exceeding 15 months, but at least one each calendar year. This manual must be prepared before operations of a pipeline system commence. Appropriate parts of the manual must be kept at locations where operations and maintenance activities are conducted.

National Fuel’s O&M Procedure Sec. 9.0 failed to specify the training and experience requirements for welding inspectors in accordance with §192.241(a).

10. **§192.605 Procedural manual for operations, maintenance, and emergencies.**
 (b) *Maintenance and normal operations.* The manual required by paragraph (a) of this section must include procedures for the following, if applicable, to provide safety during maintenance and operations.
 (2) **Controlling corrosion in accordance with the operations and maintenance requirements of Subpart I of this part.**

National Fuel’s O&M Procedure Sec. 4.3 does not require the operator to employ an electrical survey to determine areas of active corrosion on its reevaluations of unprotected piping every three years as prescribed in §192.465(e).

11. **§192.605 Procedural manual for operations, maintenance, and emergencies.**
 (b) *Maintenance and normal operations.* The manual required by paragraph (a) of this section must include procedures for the following, if applicable, to provide safety during maintenance and operations.
 (2) **Controlling corrosion in accordance with the operations and maintenance requirements of Subpart I of this part.**

National Fuel’s O&M Procedure Sec.4.2.4 did not fully constitute a written plan to identify, test for, and minimize the detrimental effects of interference currents which might contribute to external corrosion in accordance with §192.473(a).

- 12. §192.605 Procedural manual for operations, maintenance, and emergencies.**
(b) *Maintenance and normal operations.* The manual required by paragraph (a) of this section must include procedures for the following, if applicable, to provide safety during maintenance and operations.
(2) Controlling corrosion in accordance with the operations and maintenance requirements of Subpart I of this part.

National Fuel's O&M Procedure Sec. 4.5 failed to require particular attention to areas described in §192.481(b). The requirement is specified on the NFG Atm. Corrosion Field Inspection Form however it was not referenced in National Fuel's O&M Procedure Sec. 4.5.

In addition, National Fuel's O&M Procedure Sec 4.5A failed to require the application of protection if corrosion is found as prescribed in §192.481(c).

- 13. §192.605 Procedural manual for operations, maintenance, and emergencies.**
(b) *Maintenance and normal operations.* The manual required by paragraph (a) of this section must include procedures for the following, if applicable, to provide safety during maintenance and operations.
(2) Controlling corrosion in accordance with the operations and maintenance requirements of Subpart I of this part.

National Fuel's O&M Procedure Sec. 4.2A failed to require replacement pipe to have a properly prepared surface and to be provided with an external protective coating as prescribed in §192.483(a).

In addition, National Fuel's O&M Procedure Sec. 4.2A failed to require replacement pipe to be cathodically protected upon installation as prescribed in §192.483(b).

Response to this Notice

This Notice is provided pursuant to 49 U.S.C. § 60108(a) and 49 C.F.R. § 190.237. 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.

If, after opportunity for a hearing, your plans or procedures are found inadequate as alleged in this Notice, you may be ordered to amend your plans or procedures to correct the inadequacies (49 C.F.R. § 190.237). If you are not contesting this Notice, we propose that you submit your amended procedures to my office within **90** days of receipt of this Notice. This period may be extended by written request for good cause. Once the inadequacies identified herein have been addressed in your amended procedures, this enforcement action will be closed.

It is requested (not mandated) that National Fuel maintain documentation of the safety improvement costs associated with fulfilling this Notice of Amendment (preparation/revision of plans, procedures) and submit the total to, as well as any correspondence relating to this Notice to: Byron Coy, PE, Director, PHMSA Eastern Region, 820 Bear Tavern Road, Suite 103, W. Trenton, NJ 08628. Please refer to **CPF 1-2012-1023M** on each document you submit, and please provide a (signed) copy in electronic format whenever possible. Smaller files may be emailed to Byron.Coy@dot.gov. Larger files should be sent on a CD accompanied by the original (signed) paper copy to the Eastern Region Office.

Sincerely,

Byron Coy, PE
Director, Eastern Region
Pipeline and Hazardous Materials Safety Administration

Enclosure: *Response Options for Pipeline Operators in Compliance Proceedings*

Cc: NYS-DPS -w/o enclosure