



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 PROBABLE VIOLATION
PROPOSED CIVIL PENALTY
and
PROPOSED COMPLIANCE ORDER**

EXPRESS OVERNIGHT MAIL

June 11, 2012

Mr. Randy Barnard
Vice President, Operations
Williams Gas Pipeline-Transco
2800 Post Oak Blvd.
Houston, TX 77056

CPF 1-2012-3002

Dear Mr. Barnard:

During the week of December 6, 2010, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected your Liquefied Natural Gas (LNG) Facility in Carlstadt, New Jersey.

As a result of the inspection, it appears that you have committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The items inspected and the probable violations are:

1. 193.2801: Scope

Each operator must provide and maintain fire protection at LNG plants according to sections 9.1 through 9.7 and section 9.9 of NFPA 59A (incorporated by reference, see Sec. 193.2013).

Williams Gas Pipeline-Transco (Williams) failed to maintain fire protection at the Carlstadt LNG facility in accordance with sections 9.1 through 9.7 and section 9.9 of NFPA.

NFPA 9.3.2 states that "Continuously monitored low-temperature sensors or flammable gas detection systems shall sound an alarm at the plant site and at a constantly attended location if the plant site is not attended continuously. Flammable gas detection systems shall activate an audible and visual alarm at not more than 25 percent of the lower flammable limit of the gas or vapor being monitored."

In conversations with the Williams staff and a review of related records, it was established that Williams used 50% LEL methane gas in its calibration of the propane and ethylene gas detectors at the Carlstadt LNG facility. Therefore, Williams cannot assure that the detectors will alarm at not more than 25% of the lower flammable limit as noted above.

2. 193.2635 Monitoring corrosion control

(d) Each component that is protected from atmospheric corrosion must be inspected at intervals not exceeding 3 years.

Williams failed to inspect carbon steel piping for atmospheric corrosion under insulation at intervals not exceeding 3 years.

Williams provided atmospheric corrosion inspection records that did not demonstrate that pipe below insulation had been monitored every 3 years as required by 193.2635.

During the PHMSA inspection, Williams presented the following information:

1. Records for its 2005 and 2008 Atmospheric Corrosion surveys
2. Drawings and summaries of an insulation replacement program covering the years 2006 to 2010
3. Procedures which direct the operator to inspect for staining or visual corrosion at the interface of insulated and non-insulated piping and to remove insulation when necessary to perform visual inspection of pipe surface.
4. A statement from Williams' staff that it does not remove insulation during its atmospheric corrosion surveys.

3. 193.2503 Operating procedures.

Each operator shall follow one or more manuals of written procedures to provide safety in normal operation and in responding to an abnormal operation that would affect safety.

Williams failed to follow Appendix H their Procedure Manual which required them to document the drills demonstrating performance to satisfy 193.2717. Appendix H Section D.2.states that "The drill will be documented on form WGP-0156, "Emergency Response Training Record." Williams could not present any records on which emergency drills were recorded on the Form 0156.

Proposed Civil Penalty

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$100,000 for each violation for each day the violation persists up to a maximum of \$1,000,000 for any related series of violations. Also, for LNG facilities, an additional penalty of not more than \$50,000 for each violation may be imposed. The Compliance Officer has reviewed the circumstances and supporting documentation involved in the above probable violation(s) and has recommended that you be preliminarily assessed a civil penalty of \$ **74,300** as follows:

| <u>Item number</u> | <u>PENALTY</u> |
|--------------------|----------------|
| 1 | \$ 25,900 |
| 2 | \$ 48,400 |

Warning Items

With respect to item 3, we have reviewed the circumstances and supporting documents involved in this case and have decided not to conduct additional enforcement action or penalty assessment proceedings at this time. We advise you to promptly correct these item(s). Be advised that failure to do so may result in Williams being subject to additional enforcement action.

Proposed Compliance Order

With respect to item 2, pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Williams. 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.

Please submit all correspondence in this matter to Byron Coy, PE, Director, PHMSA Eastern Region, 820 Bear Tavern Road, Suite 103, W. Trenton, NJ 08628. Please refer to **CPF 1-2012-3002** on each document you submit, and please whenever possible provide a signed PDF copy in electronic format. Smaller files may be emailed to Byron.Coy@dot.gov. Larger files should be sent on a CD accompanied by the original paper copy to the Eastern Region Office.

Sincerely,



Byron Coy, PE
Director, Eastern 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 Williams Gas Pipeline-Transco (Williams) a Compliance Order incorporating the following remedial requirements to ensure the compliance of Williams with the pipeline safety regulations:

1. In regard to Item Number 2 of the Notice pertaining to the three-year atmospheric corrosion survey, Williams shall rewrite its O&M Proc. 20.13.01.09 Atmospheric and Offshore Splash Zone Corrosion Inspections or produce a separate procedure to provide more detail and guidance to the corrosion technicians responsible for atmospheric corrosion surveys in the Carlstadt LNG Plant. The revision shall require a listing of the insulated piping sections and other insulated components, subject to §193.2625 within the Carlstadt LNG Plant. Williams shall develop a methodology to examine each identified insulated item to reliably categorize its corrosion status in accordance with the requirements §193.2635(d). This item shall be completed within 90 days of receipt of the Final Order.
2. In regard to Item Number 2 of the Notice pertaining to its three-year atmospheric corrosion survey, Williams shall conduct a full plant atmospheric corrosion survey of all identified insulated items, subject to §193.2625, within **15** months after receipt of a Final Order. This activity shall be in accordance with the revised procedures per 1 above.
3. It is requested (not mandated) that Williams maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Byron Coy, Director, Eastern 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.