



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

January 2, 2014

Mr. Barry Cigich, VP Operations
Crestwood Midstream LLC.
Two Brush Creek Blvd., Suite 200
Kansas City, MO 64112

CPF 1-2014-1001

Dear Mr. Cigich:

Between October 15 and November 7, 2012, inspectors from the New York State Department of Public Service (NYS DPS), acting as agents for the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected the Arlington Storage Company, LLC (ASC) Seneca Lake Storage facilities in Watkins Glen, NY.

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. § 192.709 Transmission lines: Record keeping.

Each operator shall maintain the following records for transmission lines for the periods specified:
(c) A record of each patrol, survey, inspection, and test required by subparts L and M of this part must be retained for at least 5 years or until the next patrol, survey, inspection, or test is completed, whichever is longer.

ASC failed to maintain a record of each patrol, survey, inspection, and test required by subparts L and M of this part. Specifically, ASC could not produce any documents or capacity test reviews or calculations as required by §192.743(a) for any of the relief devices on the Seneca Storage and Seneca West Pipeline facilities.

2. § 192.491 Corrosion control records.

(c) Each operator shall maintain a record of each test, survey, or inspection required by this subpart in sufficient detail to demonstrate the adequacy of corrosion control measures or that a corrosive condition does not exist. These records must be retained for at least 5 years, except that records related to §§ 192.465 (a) and (e) and 192.475(b) must be retained for as long as the pipeline remains in service.

ASC failed to maintain a record of each test, survey, or inspection required by this subpart in sufficient detail to demonstrate the adequacy of corrosion control measures or that a corrosive condition does not exist.

Specifically, ASC failed to document the required internal corrosion check upon removal of a section of 16-inch pipe from the Seneca West Pipeline during tie-in of “Project 415: Interconnection with Millennium Pipeline” in 2012, as required by §192.475(b).

Proposed Civil Penalty

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$200,000 per violation per day the violation persists up to a maximum of \$2,000,000 for a related series of violations. For violations occurring prior to January 4, 2012, the maximum penalty may not exceed \$100,000 per violation per day, with a maximum penalty not to exceed \$1,000,000 for a related series of violations. The Compliance Officer has reviewed the circumstances and supporting documentation involved in the above probable violations and has recommended that you be preliminarily assessed a civil penalty of \$20,000 as follows:

<u>Item number</u>	<u>PENALTY</u>
1	\$10,000
2	\$10,000

Proposed Compliance Order

With respect to items 1 and 2 pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Arlington Storage Company, LLC. 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. 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). 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 1-2014-1001** 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.

Additionally, if you choose to respond to this (or any other case), please ensure that any response letter pertains solely to one CPF case number.

Sincerely,

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

Cc: Kevin Speicher NYSDPS

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 Arlington Storage Company, LLC (ASC) a Compliance Order incorporating the following remedial requirements to ensure the compliance of ASC with the pipeline safety regulations:

1. In regard to Item Number 1 of the Notice pertaining to ASC not providing records to verify sizing of relief valves at the Seneca Lake Storage facilities, ASC must perform relief capacity analysis on all associated devices that do not have adequate records, and make any changes, if necessary, to establish adequate capacity.
2. In regard to Item Number 2 of the Notice pertaining to ASC not documenting the required internal corrosion checks on a section of 16-inch pipe removed from service,
 - a. ASC must perform an internal inspection in the vicinity of the project noted in Item Number 2, either by temporarily removing a component such as a valve, or spool piece, a meter, a flanged section, or cutting out a section for inspection.
 - b. Any new segment of pipe that is used to restore the inspection area would have to meet records and MAOP requirements.
 - c. ASC must modify their Internal Corrosion Control Procedure 906 to provide detailed guidance for documenting an internal corrosion inspection when no corrosion is found.
3. ASC shall have 120 days from the receipt of a Final Order to complete the requirements for Item Number 1 and Item Number 2 of the Notice.
4. It is requested (not mandated) that ASC maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Byron Coy, PE, 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.