



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
and
PROPOSED CIVIL PENALTY**

OVERNIGHT EXPRESS MAIL

October 27, 2014

Mr. J. Drake, VP Operations & EHS
Maritimes and Northeast Pipeline, LLC (Spectra Energy)
5400 Westheimer Court
Houston, TX 77056

CPF 1-2014-1011

Dear Mr. Drake:

On January 2, 2014, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), pursuant to Chapter 601 of 49 United States Code contacted Spectra Energy regarding a release of gas at the Maritimes and Northeast Searsmont Compressor Station located in Searsmont, Maine. Maritimes and Northeast Pipeline, LLC is a subsidiary of Spectra Energy. According to information obtained from Spectra Energy, the gas release occurred during the evening of December 31, 2013. The release was caused by the unintentional opening of a station emergency shutdown system (ESD) blow down valve which caused gas from the pipeline to be released through the ESD system. The total amount of gas loss during this incident was calculated by Spectra to be 70 million standard cubic feet (MMSCF).

As a result of PHMSA's investigation into this release of gas, it appears that you have committed a probable violation of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The item inspected and the probable violation is:

1. §191.5(a) Immediate notice of certain incidents.

(a) At the earliest practicable moment following discovery, each operator shall give notice in accordance with paragraph (b) of this section of each incident as defined in §191.3.

Maritimes and Northeast Pipeline failed to notify the National Response Center (NRC) at the earliest practicable moment following the discovery of the natural gas release that occurred the evening of December 31, 2013, at the Maritime Compressor Station located in Searsmont, Maine. In a September 6, 2002, (67 FR 57060) advisory bulletin, "PHMSA advised owners and operators of gas and hazardous liquids pipeline systems and LNG facilities that, 'at the earliest practicable moment,' usually means one-to-two hours after discovery of the incident."

Section §191.5 of the code of Federal Regulation, requires pipeline owners and operators to notify the NRC by telephone or electronically at the earliest practicable moment following discovery of an incident as defined in Section §191.3. Section §191.3 defines incident as any of the following events:

- (1) An event that involves a release of gas from a pipeline, or of liquefied natural gas, liquefied petroleum gas, refrigerant gas, or gas from an LNG facility, and that results in one or more of the following consequences:
 - i. A death, or personal injury necessitating in-patient hospitalization;
 - ii. Estimated property damage of \$50,000 or more, including loss to the operator and others, or both, but excluding cost of gas lost;
 - iii. Unintentional estimated gas loss of three million cubic feet or more;

The total amount of gas loss for this incident was calculated by Spectra to be 70 MMSCF, which exceeds the reporting criteria of 3 MMSCF for an incident as outlined in 191.3 (1)(iii). Thus, the incident should have been reported to the NRC at the earliest practicable moment following discovery. As of January 2, 2014 when PHMSA Eastern Region staff inquired about the release, no notification had been made to the NRC regarding this natural gas release.

On January 2, 2014, PHMSA Headquarters received an inquiry from the Editorial Director of the Penobscot Bay Pilot, a local newspaper in Maine, regarding a possible release of natural gas from the Maritimes Pipeline near Searsmont during the evening of December 31, 2013. The PHMSA Eastern Region office contacted Spectra Energy, the operator of the Maritimes and Northeast Pipeline, and confirmed that a release of gas did occur due to the unintended opening of a station emergency shutdown (ESD) valve at the Maritimes and Northeast Searsmont Compressor Station. PHMSA Eastern Region staff also confirmed that the event had not been reported to the National Response Center.

In an email to Eastern Region staff from Spectra date January 3, 2014, Spectra stated:

“The gas release was caused by the unintended opening of a station emergency shutdown (ESD) blowdown valve at Maritimes & Northeast Searsmont Compressor Station on Dec. 31 around midnight. The ESD System was not activated and a station isolation valve did not close, resulting in the pipeline venting through the station ESD system. The affected section of pipeline was isolated by the control room using mainline remote operated valves located upstream and downstream of the station. The station was then subsequently isolated from the mainline by Spectra responding personnel and the mainline was restored to normal operations. We are investigating the cause of the unintended opening of the ESD blowdown valve and the subsequent non-closure of the station isolation valve.

Since the only gas release was through the ESD system vent, this was not classified as a reportable incident. Thus no NRC report was required. This event does meet the definition of an Abnormal Operating Condition (unintended valve operation), and the required investigation is in progress. Any necessary corrective actions will be implemented as determined by the investigation.”

During a subsequent meeting with Spectra on January 15, 2014, attended by PHMSA and Spectra personnel, Spectra again stated that the event at Searsmont was an intentional release of gas and not a reportable incident due to the fact that the gas released through the ESD vent. Spectra stated that they consider any release through a relief device an intentional release because the relief device is designed and functions to relieve gas pressure in the system. An incident per 191.3 requires an “unintentional estimated gas loss of three million cubic feet or more.”

PHMSA Eastern Region views Spectra’s interpretation of the code to be incorrect and views this event as an unintentional release caused by equipment failure.

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 violation(s) and has recommended that you be preliminarily assessed a civil penalty of \$34,500 as follows:

<u>Item number</u>	<u>PENALTY</u>
1	\$34,500

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 1-2014-1011** 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
 Director, Eastern Region
 Pipeline and Hazardous Materials Safety Administration

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