NOTICE OF AMENDMENT

EXPRESS OVERNIGHT MAIL

January 13, 2015

Miranda Jones
Vice President, Environmental Safety and Regulatory
Crestwood Midstream Partners LP
801 Cherry Street, Suite 3800, Unit 20
Fort Worth, TX 76102

Dear Ms. Jones:

Between September 1 and October 31, 2013, inspectors from the New York State Department of Public Service (NYSDPS), acting as agents for the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected Arlington Storage Company, LLC’s (ASC) (a subsidiary of Crestwood Midstream Partners LP) procedures for operations and maintenance (O&M), for its Seneca Lake gas storage facilities, in Watkins Glen, New York.

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

1. §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.
   (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.

ASC’s O&M Procedure 906, Internal Corrosion Control – revised 1/18/2012, was inadequate because the procedure fails to define “corrosive gas” as prescribed in §192.475(a). In addition, the procedure does not clearly define what actions need to be taken if corrosive gas or its constituents are discovered.
2. §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.
   (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.

ASC’s O&M Procedure 906, Internal Corrosion Control – revised 1/18/2012, was inadequate because the procedure fails to clearly define what actions are to be taken if internal corrosion is discovered during an inspection as prescribed in §192.475(b)(3).

3. §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.
   (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.

ASC’s O&M Procedure 906, Internal Corrosion Control – revised 1/18/2012, was inadequate because the procedure fails to clearly define when coupons or other suitable devices are required as prescribed in §192.477. In addition, the procedure does not provide information as to where these devices would need to be installed and there are no instructions on the frequency that these devices would need to be inspected.

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.
   (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.
ASC’s procedures for Atmospheric Corrosion Control were inadequate in that they did not adequately detail how they meet the requirements prescribed in §192.479. Specifically, O&M Procedure 918, Inspecting for Atmospheric Corrosion – revised 1/18/2012, and Procedure 203, Coating Pipelines – revised 1/17/2012, were inadequate because neither procedure:

1. Provides a criteria for selecting a coating for a specific application including but not limited to:
   a. Materials and applications that are company approved for atmospheric corrosion on above ground facilities situations
   b. Compatible Repair Coatings for Joining Same or Dissimilar Coatings
   c. Repair Coatings for Underground Structures

2. Adequately details specifications for surface preparations prior to the application of a particular coating, including but not limited to:
   a. The degree of surface preparation (example reference material: Steel Structures Painting Council, Painting Manual "Good Painting Practice" - Volume 1; and "Systems and Specifications" - Volume 2)

Procedure O&M 203 Table 1 lists 35 pipeline coating names and generic specifications. Nine (9) of the 35 coatings named in Table 1 include the phrase “no longer available.” Five (5) of the coatings named in Table 1 include the phrase “All designations,” or “All other designations.” The only apparent instruction regarding the coatings listed in Table 1 is the instruction below Table 1: “If the coating name or generic specification cannot be determined or is not listed in this table, contact the Corrosion Process Manager for assistance.”

ASC needs to develop detailed O&M procedures that meet the requirements prescribed in §192.479.

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.
   (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.

ASC’s procedure for atmospheric corrosion control, specifically O&M Procedure 918, Inspecting for Atmospheric Corrosion – revised 1/18/2012, was inadequate because it lacked detailed instructions to monitor atmospheric corrosion.

1. The aforementioned procedure was general and provided no guidance on how to give particular attention to pipe at soil-to-air interfaces, under thermal insulation, under disbonded coatings, at pipe supports, in splash zones, and in spans over water in accordance with section §192.481(b).

2. The procedure references forms that are not used to document inspections and fails to reference forms that are used by field personnel for atmospheric corrosion inspections under §192.481(c).
   a. The “scale and description of rust grades matrix” used by ASC to conduct and document Atmospheric Corrosion Inspections is not referenced in the procedure.
   b. The “Atmospheric Corrosion Control Inspection” form used by ASC to document the triennial atmospheric corrosion control inspection is not referenced in the procedure.
c. Procedure O&M 918 states that the document to record atmospheric corrosion inspection results is Form OM300-03 Valve Inspection Report or a computerized software program named BASS-TRIGON CPDM. However, neither the form nor the program is used to document atmospheric corrosion inspections.

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 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 ASC maintain documentation of the safety improvement costs associated with fulfilling this Notice of Amendment (preparation/revision of plans, procedures) and submit the total to Byron Coy, Director, Eastern Region, Pipeline and Hazardous Materials Safety Administration.

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 1-2015-1001M** on each document you submit and please, whenever possible, provide a signed PDF copy in electronic format. Smaller files may be e-mailed 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
Enclosure: *Response Options for Pipeline Operators in Compliance Proceedings*