

**NOTICE OF PROBABLE VIOLATION**  
**and**  
**PROPOSED CIVIL PENALTY**

**OVERNIGHT EXPRESS DELIVERY**

January 17, 2017

Steven Thompson  
Senior Vice President  
Eastern Shore Natural Gas Co  
909 Silver Lake Blvd  
Dover, DE 19901

**CPF 1-2017-1002**

Dear Mr. Thompson:

During the weeks of December 1, 2014 and December 19, 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 inspected your facilities in Dover, DE.

As a result of the inspection, it is alleged 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. **§192.745 Valve maintenance: Transmission lines.**
  - (a) **Each transmission line valve that might be required during any emergency must be inspected and partially operated at intervals not exceeding 15 months, but at least once each calendar year.**

Eastern Shore Natural Gas (ESNG) failed to partially operate each transmission line valve that might be required during any emergency at intervals not exceeding 15 months, but at least once each calendar year.

Specifically, in seven instances, ESNG failed to operate three valves that might be used in an emergency.

During the inspection, a PHMSA inspector reviewed ESNG's transmission line valve records for 2012, 2013, and 2014. The records indicated the following:

1. Valve P140 – “Will not turn . . .” (2012, 2013, 2014)
2. Valve P290 – “Paved over” (2013, 2014)
3. Valve C050 – “Will not turn . . .” (2013, 2014)

In an email from ESNG to PHMSA dated 1/7/2015, ESNG stated in part that:

“We have inspected and attempted operation of the mainline block valves identified as P290, C050 and P140 each year. As mainline block valves, our procedures state that they are critical valves and must be inspected and operated each year. . .

Based on our records, we inspected but were not able to operate P290 and C050 in 2013 and 2014. P140 was inspected but not able to operate for 2012, 2013 and 2014. Eastern Shore recently developed a maintenance tracking system so that valve maintenance, for example, can be more effectively tracked.”

Thus, ESNG failed to partially operate each transmission line valve that might be required during any emergency.

#### Proposed Civil Penalty

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$205,638 per violation per day the violation persists up to a maximum of \$2,056,380 for a related series of violations. For violations occurring between January 4, 2012 to August 1, 2016, the maximum penalty may not exceed \$200,000 per violation per day, with a maximum penalty not to exceed \$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 maximum penalty not to exceed \$1,000,000 for related series of violations. The Compliance Officer has reviewed the circumstances and supporting documentation involved in the above probable violation and has recommended that you be preliminarily assessed a civil penalty of \$37,300 as follows:

<u>Item number</u>	<u>PENALTY</u>
1	\$37,300

#### 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 submitted 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). Failure to respond within 30 days of receipt of this Notice 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.

In your correspondence on this matter, please refer to **CPF 1-2017-1002**, and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Robert Burrough  
Acting Director, Eastern Region  
Pipeline and Hazardous Materials Safety Administration

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