



U.S. Department
of Transportation

**Pipeline and
Hazardous Materials
Safety Administration**

820 Bear Tavern Road, Suite 103
West Trenton, NJ 08628
609.771.7800

WARNING LETTER

OVERNIGHT EXPRESS DELIVERY

May 14, 2018

Mr. Steven Thompson
Senior Vice President
Eastern Shore Natural Gas Company
1110 Forrest Avenue
Suite 201
Dover, DE 19904

CPF 1-2018-1011W

Dear Mr. Thompson:

From May 15, 2017 to June 22, 2017, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code (U.S.C.) inspected Eastern Shore Natural Gas Company's (ESNG) pipeline system in Delaware, Maryland and Pennsylvania.

As a result of the inspection, it is alleged that you have committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations (CFR). The items inspected and the probable violation(s) are:

1. § 192.709 Transmission lines: Record keeping.

Each operator shall maintain the following records for transmission line 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.

ESNG failed to adequately document that it inspected and tested each pressure relieving device in a compressor station in accordance with § 192.739. Specifically, ESNG's records did not demonstrate that the unit override switch at the Delaware City compressor station was tested to determine its reliability of operation for the service in which it is employed, and that it controls

pressure in accordance with the pressure limits of § 192.201(a).

Section 192.739(a) states:

“(a) Each pressure limiting station, relief device (except rupture discs), and Pressure regulating station and its equipment must be subjected at intervals not exceeding 15 months, but at least once each calendar year, to inspections and tests to determine that it is:

- (1) In good mechanical condition;
- (2) Adequate from the standpoint of capacity and reliability of operation for the service in which it is employed;
- (3) Except as provided in paragraph (b) of this section, set to control or relieve at the correct pressure consistent with the pressure limits of § 192.201(a); and
- (4) Properly installed and protected from dirt, liquids, or other conditions that might prevent proper operation.”

During the inspection, the PHMSA inspector requested records of performance tests for the unit override (high pressure cutoff) switch at the Delaware City station. The unit override switch is the primary overpressure protection device for the downstream piping supplied by the station compression units.

On July 19, 2017, ESNG provided 2015-2016 records for the compression unit override switch at Delaware City station, and the procedure for the testing of these devices. The records showed that the device was calibrated for appropriate span limits, and the ambient conditions were documented at the time of the test, but did not show the device was performance tested to function at the appropriate set pressures.

Subsequently, ESNG provided a screen shot of the control panel display, *Delaware City South Compressor Station Alarms, Overrides, and Shutdown Limits*, which shows the settings for the existing in-service compression units at Delaware City. The record showed discharge pressure limit settings that are appropriate to protect the MAOP of the downstream pipeline, but did not demonstrate that the device was tested to function at the set pressures shown on the panel display.

ESNG therefore failed to maintain adequate records of inspections and tests of each pressure relieving device in a compressor station in accordance with § 192.739.

2. § 192.709 Transmission lines: Record keeping.

(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.

ESNG failed to adequately document that it conducted a performance test of the emergency shutdown system at the Delaware City and Bridgeville compressor stations to determine that these systems would function properly.

During the inspection, the PHMSA inspector requested records for annual emergency shutdown system performance testing at Delaware City and Bridgeville stations. ESNG provided “Fire

System Inspection” records for 2014-2016. The records produced for examination did not show all of the elements of a successful ESD system performance test.

The records demonstrated that ESNG conducted individual device tests over multiple days with the control panel in test mode. The records noted that the control loop for the panel key SESD (System Emergency Shut Down) was activated. There was no indication in the records provided that any one trigger device was used to conduct a full system ESD performance test, in which the fire gates were observed to be fully closed and the station piping blown down.

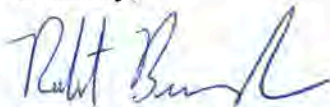
ESNG therefore failed to maintain adequate records of inspections and tests of the emergency shutdown systems at the Delaware City and Bridgeville compressor stations.

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$209,002 per violation per day the violation persists, up to a maximum of \$2,090,022 for a related series of violations. For violations occurring prior to November 2, 2015, 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. 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 correct the item(s) identified in this letter. Failure to do so will result in Eastern Shore Natural Gas Company being subject to additional enforcement action.

Please 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).

No reply to this letter is required. If you choose to reply, please submit all correspondence in this matter to Robert Burrough, Director, PHMSA Eastern Region, 820 Bear Tavern Road, Suite 103, West Trenton, NJ 08628. Please refer to **CPF 1-2018-1011W** on each document you submit, and whenever possible provide a signed PDF copy in electronic format. Smaller files may be emailed to robert.burrough@dot.gov. Larger files should be sent on a CD accompanied by the original paper copy to the Eastern Region Office.

Sincerely,



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