U.S. Department
of Transportation

**Pipeline and
Hazardous Materials
Safety Administration**

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

NOTICE OF AMENDMENT

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 1-2018-1012M

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 inspected Eastern Shore Natural Gas Company's (ESNG) procedures for its pipeline system in Delaware, Maryland and Pennsylvania.

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

1. **§ 192.605 Procedural manual for operations, maintenance, and emergencies.**

   ...

   (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.**

   ...

   (7) Starting, operating and shutting down gas compressor units.

ESNG's procedural manual for operations, maintenance and emergencies was inadequate. Specifically, ESNG's procedures for the inspection and testing of compressor station emergency shutdown system (ESD) were inadequate.

During the inspection, the PHMSA inspector reviewed records for annual performance testing at Delaware City and Bridgeville stations. The records produced for examination did not show all of the elements of a successful ESD system performance test. They 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. Subsequently, ESNG's procedures for ESD testing were requested.

The effective procedure provided for the time frame of records reviewed during the inspection was ESNG's O&M Manual, Compressor Station Operating and Maintenance Procedures, Sections 530-532. These procedures were inadequate in that they did not provide any detailed steps required to perform a full system ESD performance test.

ESNG also provided a draft of a new procedure, Emergency Shut-Down (ESD) Test Procedure, dated November 10, 2017, which addresses the stand-alone ESD system performance testing. The draft incorporated the detailed elements of a test, but did not adopt the specific code language regarding the frequency of the testing, that is, "...at intervals not exceeding 15 months, but at least once each calendar year..."

2. **§ 192.605 Procedural manual for operations, maintenance, and emergencies.**

   ...

   (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.**

   (1) Operating, maintaining, and repairing the pipeline in accordance with each of the requirements of this subpart and subpart M of this part.

ESNG's procedural manual for operations, maintenance and emergencies was inadequate. Specifically, ESNG's procedure for inspection and testing of relief devices failed to include adequate guidance regarding test frequency and devices subject to testing in accordance with § 192.731.

Section 192.731 states:

"Compressor stations: Inspection and testing of relief devices.

(a) Except for rupture discs, each pressure relieving device in a compressor station must be inspected and tested in accordance with §§192.739 and 192.743, and must be operated periodically to determine that it opens at the correct set pressure."

During the inspection, the PHMSA inspector requested ESNG's procedure for the inspection and testing of compressor station unit override switches. On July 18, 2017, ESNG provided 2 manufacturer's calibration procedures for Rosemount and Bristol-Babcock pressure transducers.

ESNG did not provide any Operations and Maintenance manual (O&M) procedures associated with the inspection and testing at that time.

These manufacturer's procedures for inspection and testing of the compressor station pressure transducers for the unit override switches were inadequate, in that they did not specify the frequency of the tests, or provide provisions for testing to verify the correct set pressure for the unit override switches that are subject to the test.

In a response to a follow-up email from the PHMSA inspector, ESNG provided a draft of a new procedure, *Pressure Transmitter Performance Test Procedure,* dated November 10, 2017, which addressed the pressure transmitter performance testing. The draft incorporated some of the detailed elements of a test, but did not present sufficient detailed steps to describe both calibration and performance testing of the device. In addition, the new procedure specified a performance test interval, "annually", but did not adopt the specific code language regarding the frequency of the testing, that is, "…at intervals not exceeding 15 months, but at least once each calendar year…"

ESNG also provided a draft of a new procedure, *SCADA Override Test Procedure,* dated November 10, 2017, which addressed suction pressure settings and discharge pressure and temperature settings. In regard to the interval for testing pressure relief devices, the revised procedure specified an annual test interval, but did not adopt the specific code language regarding the frequency of the testing, that is, "…at intervals not exceeding 15 months, but at least once each calendar year…"

3. **§ 192.605 Procedural manual for operations, maintenance, and emergencies.**

   …

   (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.

   (6) Maintaining compressor stations, including provisions for isolating units or sections of pipe and for purging before returning to service.

ESNG's procedures for maintaining compressor stations were inadequate. Specifically, ESNG's procedures for performance testing of the gas detection and alarm systems failed to verify that the system functions to register a visual and audible alarm when the gas concentration reaches 25% of the lower explosive limit.

During the inspection, the PHMSA inspector requested the procedure as part of the review of the records for this compliance item. ESNG provided a procedure for the inspection and testing of the fire system, including the gas detection devices. The procedure did not provide adequate detail for the testing of fixed gas detectors and alarms.

In response to a follow-up email from the PHMSA inspector, ESNG provided a draft of a new procedure, *Fire Panel Inspection Procedure,* dated November 10, 2017, which addressed the fire panel system performance testing, including the fixed gas detectors. The draft incorporated the detailed elements of a test, but did not adopt specific language to verify the functionality of the devices at gas concentrations exceeding 25% LEL.

4. **§ 192.7 What documents are incorporated by reference partly or wholly in this part?**

   (a) This part prescribes standards, or portions thereof, incorporated by reference into this part with the approval of the Director of the Federal Register in 5 U.S.C. 552(a) and 1 CFR part 51. The materials listed in this section have the full force of law. To enforce any edition other than that specified in this section, PHMSA must publish a notice of change in the Federal Register.

ESNG failed to have a provision in its Integrity Management Plan that specifically addresses non-mandatory language (*should/shall*) from the standards, and that adopts the language as mandatory for purposes of implementing the regulation.

During the inspection, the PHMSA inspector reviewed ESNG's Integrity Management Plan (IM Plan). There was not a specific section in ESNG's IM Plan that incorporates the appropriate editions of ASME B31.8S or NACE SP0502 by reference.

Response to this Notice

This Notice is provided pursuant to 49 U.S.C. § 60108(a) and 49 C.F.R. § 190.206. 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).

Following the receipt of this Notice, you have 30 days to submit written comments, revised procedures, or a request for a hearing under §190.211. 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 an Order Directing Amendment. If 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. § 190.206). If you are not contesting this Notice, we propose that you submit your amended procedures to my office within 60 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 Eastern Shore Natural Gas Company maintain documentation of the safety improvement costs associated with fulfilling this Notice of Amendment (preparation/revision of plans, procedures) and submit the total to Robert Burrough, Director, PHMSA Eastern Region, 820 Bear Tavern Road, Suite 103, West Trenton, NJ 08628. Please refer to **CPF 1-2018-1012M** 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.

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,

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

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