U.S. Department
of Transportation

**Pipeline and
Hazardous Materials
Safety Administration**

840 Bear Tavern Road, Suite 300
West Trenton, NJ 08628
609.771.7800

NOTICE OF AMENDMENT

OVERNIGHT EXPRESS DELIVERY

September 26, 2019

Mr. Steve Newell
Director of Finance
Zeeland Farm Services, Inc.
2525 84th Ave
Zeeland, MI 49464

CPF 1-2019-1018M

Dear Mr. Newell:

From January 23, 2019 – July 11, 2019, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code (U.S.C.), performed an integrated inspection of PGPipeline, LLC's (PGPipeline) pipeline system in Clearfield, Pennsylvania. PGPipeline is a second-tier subsidiary of Zeeland Farm Services, Inc.

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

1. **§ 192.243 Nondestructive testing**

(a) Nondestructive testing of welds must be performed by any process, other than trepanning, that will clearly indicate defects that may affect the integrity of the weld.

(b) Nondestructive testing of welds must be performed:

(1) In accordance with written procedures; and

(2) By persons who have been trained and qualified in the established procedures and with the equipment employed in testing.

(c) Procedures must be established for the proper interpretation of each nondestructive test of a weld to ensure the acceptability of the weld under §192.241(c).

(d) When nondestructive testing is required under §192.241(b), the following percentages of each day's field butt welds, selected at random by the operator, must be nondestructively tested over their entire circumference;

(1) In Class 1 locations, except offshore, at least 10 percent.

(2) In Class 2 locations, at least 15 percent.

(3) In Class 3 and Class 4 locations, at crossings of major or navigable rivers, offshore, and within railroad or public highway rights-of-way, including tunnels, bridges, and overhead road crossings, 100 percent unless impracticable, in which case at least 90 percent. Nondestructive testing must be impracticable for each girth weld not tested.

(4) At pipeline tie-ins, including tie-ins of replacement sections, 100 percent.

(e) Except for a welder or welding operator whose work is isolated from the principal welding activity, a sample of each welder or welding operator's work for each day must be nondestructively tested, when nondestructive testing is required under §192.241(b).

PGPipeline's written procedures were inadequate. Specifically, PGPipeline failed to establish written procedures for nondestructive testing in accordance with § 192.243.

During the inspection, the PHMSA inspector requested PGPipeline's procedures for nondestructive testing. PGPipeline provided its Operations, Maintenance, and Emergency Manual. However, the manual did not include nondestructive testing procedures addressing any of the aspects required under § 192.243.

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.

...

(5) Starting up and shutting down any part of the pipeline in a manner designed to assure operation within the MAOP limits prescribed by this part, plus the build-up allowed for operation of pressure-limiting and control devices.

PGPipeline's written procedures were inadequate. Specifically, PGPipeline's procedures failed to address starting up and shutting down any part of the pipeline in a manner designed to assure operation within the MAOP limits, plus the build-up allowed for operation of pressure-limiting and control devices.

During the inspection, the PHMSA inspector reviewed Section 4: Operations of the Operations, Maintenance and Emergency Manual updated February 17, 2019. The procedures failed to address pipeline start up and shut down activities in accordance with § 192.605(b)(5).

3. § 192.615 Emergency Plans

(a) Each operator shall establish written procedures to minimize the hazard resulting from a gas pipeline emergency. At a minimum, the procedures must provide for the following:

...

(6) Emergency shutdown and pressure reduction in any section of the operator's pipeline system necessary to minimize hazards to life of property

PGPipeline's written procedures were inadequate. Specifically, PGPipeline's written procedures failed to provide for the emergency shutdown and pressure reduction of any section of the its pipeline system necessary to minimize hazards to life and property.

During the inspection, the PHMSA inspector reviewed Section 9: Emergency Plan, of the Operations, Maintenance and Emergency Manual, updated February 17, 2019. The procedure failed to address emergency shutdown and pressure reduction in accordance with § 192.615(a)(6).

4. § 192.615 Emergency Plans

(a) Each operator shall establish written procedures to minimize the hazard resulting from a gas pipeline emergency. At a minimum, the procedures must provide for the following:

...

(8) Notifying appropriate fire, police, and other public officials of gas pipeline emergencies and coordinating with them both planned responses and actual responses during an emergency.

PGPipeline's written procedures were inadequate. Specifically, PGPipeline's written procedures failed to provide for notifying appropriate fire, police, and other public officials of gas pipeline emergencies and coordinating with them both planned responses and actual responses during an emergency.

During the inspection, the PHMSA inspector reviewed Section 9: Emergency Plan, of the Operations, Maintenance and Emergency Manual, updated February 17, 2019. The procedure failed to address notifications for planned responses per § 192.615(a)(8).

5. § 192.805 Qualification Program

Each operator shall have and follow a written qualification program. The program shall include provisions to:

...

(i) After December 16, 2004, notify the Administrator or a state agency participating under 49 U.S.C. Chapter 601 if the operator significantly modifies the program after the administrator or state agency has verified that it complies with this section. Notifications to PHMSA may be submitted by electronic mail to InformationResourcesManager@dot.gov, or by mail to ATTN: Information Resources Manager DOT/PHMSA/OPS, East Building, 2nd Floor, E22-321, New Jersey Avenue SE., Washington, DC 20590.

PGPipeline's written qualification program (OQ Plan) was inadequate. Specifically, PGPipeline's OQ Plan failed to address notifications to the appropriate agency when significant modifications are made to its operator qualification program.

During the inspection, the PHMSA inspector reviewed PGPipeline's Operator Qualification Plan, updated January 23, 2017. The plan did not include notification provisions to PHMSA in accordance with § 192.805. Instead, the plan only addressed sending notifications to the State Regulatory Body. In addition, the plan did not provide clear direction on notifying the appropriate agency (PHMSA) only when significant modifications are made to the plan.

6. § 192.909 How can an operator change its integrity management program?

(b) Notification. An operator must notify OPS, in accordance with §192.949, of any change to the program that may substantially affect the program's implementation or may significantly modify the program or schedule for carrying out the program elements. An operator must also notify a State or local pipeline safety authority when either a covered segment is located in a State where OPS has an interstate agent agreement, or an intrastate covered segment is regulated by that State. An operator must provide the notification within 30 days after adopting this type of change into its program.

PGPipeline's written Integrity Management plan (IMP) was inadequate. Specifically, PGPipeline's IMP failed to address submitting notifications to the appropriate agency when significant modifications are made to the Integrity Management program.

During the inspection, the PHMSA inspector reviewed PGPipeline's Pipeline Integrity Management Plan, updated June 15, 2013. The plan did not include notification provisions in accordance with § 192.909(b).

7. § 192.925 What are the requirements for using External Corrosion Direct Assessment (ECDA)?

(b) *General requirements.* An operator that uses direct assessment to assess the threat of external corrosion must follow the requirements in this section, in ASME/ANSI B31.8S (incorporated by reference, see §192.7), section 6.4, and in NACE SP0502 (incorporated by reference, see §192.7). An operator must develop and implement a direct assessment plan that has procedures addressing pre-assessment, indirect inspection, direct examination, and post assessment. If the ECDA detects pipeline coating damage, the operator must also integrate the data from the ECDA

with other information from the data integration (§192.917(b)) to evaluate the covered segment for the threat of third party damage and to address the threat as required by §192.917(e)(1).

...

(4) Post assessment and continuing evaluation. In addition to the requirements in ASME/ANSI B31.8S section 6.4 and NACE SP0502, section 6, the plan's procedures for post assessment of the effectiveness of the ECDA process must include-

(i) Measures for evaluating the long-term effectiveness of ECDA in addressing external corrosion in covered segments; and

(ii) Criteria for evaluating whether conditions discovered by direct examination of indications in each ECDA region indicate a need for reassessment of the covered segment at an interval less than that specified in § 192.939. (See Appendix D of NACE SP0502.)

PGPipeline's written External Corrosion Direct Assessment (ECDA) procedure was inadequate. Specifically, PGPipeline's ECDA Procedure failed to include measures for evaluating the long-term effectiveness of ECDA in addressing external corrosion in covered segments and criteria for determining when conditions discovered by direct examination of indications warrants reassessment of the covered segment at intervals less than those specified in § 192.939.

During the inspection, the PHMSA inspector reviewed PGPipeline's ECDA procedure. The procedure failed to include adequate details regarding the requirements of § 192.925(b)(4).

8. § 192.935 What additional preventive and mitigative measures must an operator take?

(d) Pipelines operating below 30% SMYS. An operator of a transmission pipeline operating below 30% SMYS located in a high consequence area must follow the requirements in paragraphs (d)(1) and (d)(2) of this section. An operator of a transmission pipeline operating below 30% SMYS located in a Class 3 or Class 4 area but not in a high consequence area must follow the requirements in paragraphs (d)(1), (d)(2) and (d)(3) of this section.

(1) Apply the requirements in paragraphs (b)(1)(i) and (b)(1)(iii) of this section to the pipeline; and
(2) Either monitor excavations near the pipeline, or conduct patrols as required by § 192.705 of the pipeline at bi-monthly intervals. If an operator finds any indication of unreported construction activity, the operator must conduct a follow up investigation to determine if mechanical damage has occurred.
(3) Perform semi-annual leak surveys (quarterly for unprotected pipelines or cathodically protected pipe where electrical surveys are impractical)

PGPipeline's written procedures were inadequate. Specifically, PGPipeline's written procedures failed to include provisions for implementing preventive and mitigative measures required by

§ 192.935(d) for pipelines operating below 30% SMYS within high consequence areas (HCAs) or in Class 3 or 4 areas outside of HCAs.

During the inspection, the PHMSA inspector reviewed PGPipeline's procedures, including Section 6 – Maintenance, Inspection & Surveillance of the Operations, Maintenance and Emergency Manual, updated February 17, 2019, and its Pipeline Integrity Management Plan, updated June 15, 2013. The procedures failed to address the requirements of § 192.935(d).

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 Enforcement 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 30 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 PGPipeline, LLC 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, 840 Bear Tavern Road, Suite 300, West Trenton, NJ 08628. Please refer to **CPF 1-2019-1018M** 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 USB flash drive 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 Enforcement Proceedings*