

WARNING LETTER

OVERNIGHT EXPRESS DELIVERY

September 26, 2019

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

CPF 1-2019-1019W

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.

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 (CFR). The item(s) inspected and the probable violation(s) are:

1. § 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.

...

(3) Perform semi-annual leak surveys (quarterly for unprotected pipelines or cathodically protected pipe where electrical surveys are impractical)

PGPipeline failed to perform semi-annual leak surveys on its Clearfield County, PA transmission pipeline (CC pipeline) during 2018, as required by § 192.935(d)(3).

PGPipeline's CC pipeline is a transmission line operating below 30% SMYS in a Class 3 location, with sections not in a high consequence area. During the inspection, the PHMSA inspector reviewed PGPipeline's procedure and associated 2018 leak survey records for this pipeline. The records demonstrated that PGPipeline only conducted one leak survey of the CC pipeline during calendar year 2018.

Therefore, PGPipeline failed to perform semi-annual leak surveys on its CC pipeline during 2018, as required by § 192.935(d)(3).

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$218,647 per violation per day the violation persists, up to a maximum of \$2,186,465 for a related series of violations. For violation occurring on or after November 27, 2018 and before July 31, 2019, the maximum penalty may not exceed \$213,268 per violation per day, with a maximum penalty not to exceed \$2,132,679. For violation occurring on or after November 2, 2015 and before November 27, 2018, the maximum penalty may not exceed \$209,002 per violation per day, with a maximum penalty not to exceed \$2,090,022. 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 PGPipeline, LLC being subject to additional enforcement action.

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, 840 Bear Tavern Road, Suite 300, West Trenton, NJ 08628. Please refer to **CPF 1-2019-1019W** 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.

Sincerely,

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