

## WARNING LETTER

### CERTIFIED MAIL - RETURN RECEIPT REQUESTED

September 4, 2013

Mr. Jason Few  
Chief Executive Officer  
Seminole Gas Company  
1323 E 71<sup>st</sup> Street, Suite 300  
Tulsa, OK 74136

**CPF 2-2013-6005W**

Dear Mr. Few:

From April 1-3, 2013, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) inspected the Seminole Gas Company's (Seminole's) Seminole Murphy Liquids Terminal (SMLT) pipeline in Bulls Gap, Tennessee, pursuant to Chapter 601 of 49 United States Code.

As a result of the inspection, it appears that Seminole has committed probable violations of the Pipeline Safety Regulations, in Title 49 of the Code of Federal Regulations. The items inspected and the probable violations are as follows:

1. **§195.406 Maximum operating pressure.**
  - (a) **Except for surge pressures and other variations from normal operations, no operator may operate a pipeline at a pressure that exceeds any of the following:**  
... (3) **Eighty percent of the test pressure for any part of the pipeline which has been pressure tested under Subpart E of this part.**

Seminole incorrectly determined the Maximum Operating Pressure (MOP) of its SMLT pipeline to be 800 psig using 80% of 1,000 psig from the 8-hour pressure test conducted on May 19-20, 2009. PHMSA inspectors reviewed the pressure test charts and found the highest test pressure held continuously for 4 hours during the pressure test was approximately 980 psig, not 1,000 psig. [Note: PHMSA inspectors also noted that the operating pressure on the SMLT pipeline did not actually exceed the MOP of the pipeline.]

2. **§195.442 Damage Prevention Program.**

**(a) Except as provided in paragraph (d) of this section, each operator of a buried pipeline must carry out, in accordance with this section, a written program to prevent damage to that pipeline from excavation activities. For the purpose of this section, the term "excavation activities" includes excavation, blasting, boring, tunneling, backfilling, the removal of aboveground structures by either explosive or mechanical means, and other earthmoving operations.**

Seminole's Hazardous Liquid Operations, Maintenance and Emergency Manual (HLOMEM) did not have a fully developed written program to prevent damage to its pipeline from excavation activities. That is, Seminole paraphrased (or mimicked) the federal pipeline safety regulations in §195.442(c) instead of developing a written program to prevent damage to the pipeline from excavation activities as required by the code.

**3. §195.440 Public awareness.**

**(a) Each pipeline operator must develop and implement a written continuing public education program that follows the guidance provided in the American Petroleum Institute's (API) Recommended Practice (RP) 1162 (incorporated by reference, see § 195.3).**

**... (f) The program and the media used must be as comprehensive as necessary to reach all areas in which the operator transports hazardous liquid or carbon dioxide.**

**... (g) The program must be conducted in English and in other languages commonly understood by a significant number and concentration of the non-English speaking population in the operator's area.**

Seminole did not develop and implement a written public education program that follows the guidance provided in API RP1162 nor to reach all areas where Seminole transports hazardous liquid.

Seminole's Public Education procedures, in *Section VII (J)* of its HLOMEM, are general and address public radio service announcements in densely populated areas and using the Tennessee One Call PIPE (Partners in Protecting Everyone) to meet with public officials. Seminole's procedure did not

- have an adequate process to determine the Stakeholder Audiences for the public education program per API RP 1162, Section 3 Stakeholder Audiences,
- have provisions for including a wider coverage area in the program as Seminole transports a highly volatile liquid,
- adequately address the message content, or address the program frequency for the various stakeholder audiences, per API RP 1162, Section 4 Message Content,
- adequately address how the messages are delivered per API RP 1162, Section 5 Message Delivery Methods and/or Media,
- adequately address how Seminole would consider supplemental enhancements to the messages per API RP 1162, Section 6 Recommendations for Supplemental Enhancements of Baseline Public Awareness Program; and,
- address a program evaluation plan per API RP 1162, Section 8 Program Evaluation, in which Seminole did not establish

- a pre-test effectiveness review of its program materials for the stakeholder audiences,
- an annual assessment of the implementation of the program, and
- an evaluation of the effectiveness of the program implementation, to be completed at least every four years.

**4. §195.505 Qualifications program.**

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

**(a) Identify covered tasks;**

Seminole did not explicitly identify covered tasks for hazardous liquids pipeline operations in its *Operator Qualification Plan (OQP)*.

Seminole's *OQP* is used for both natural gas and hazardous liquid pipeline operations but the *OQP* is primarily written for 49 CFR 192, a natural gas pipeline safety regulation. That is, while the *OQP* addressed 49 CFR 192 requirements throughout the plan and the covered task analysis addressed covered tasks for complying with 49 CFR 192, the *OQP* only addressed 49 CFR 195 for hazardous liquid pipeline operations in the *Task Identification and Analysis* and *List of Covered Tasks* sections.

Under 49 United States Code, §60122, you are subject to a civil penalty not to exceed \$200,000 per violation per day the violation persists up to a maximum of \$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 items identified in this letter. Failure to do so will result in Seminole Gas Company being subject to additional enforcement action.

No reply to this letter is required. If you choose to reply, in your correspondence please refer to **CPF 2-2013-6005W**. 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).

Sincerely,

Wayne T. Lemoi  
Director, Office of Pipeline Safety  
PHMSA Southern Region