

NOTICE OF AMENDMENT

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

September 9, 2013

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

CPF 2-2013-6007M

Dear Mr. Few:

From April 1-3, 2013, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Southern Region, Office of Pipeline Safety inspected the Seminole Gas Company (Seminole) Seminole Murphy Liquids Terminal (SMLT) pipeline's written Hazardous Liquids Operations, Maintenance and Emergency Manual (HLOMEM) and Emergency Response Plan (ERP) in Bulls Gap, Tennessee, pursuant to Chapter 601 of 49 United States Code.

On the basis of the inspection, PHMSA has identified apparent inadequacies within Seminole's written HLOMEM and ERP procedures, as described below:

1. **§195.402 Procedural manual for operations, maintenance, and emergencies.**
 - ... (c) **Maintenance and normal operations. The manual required by paragraph (a) of this section must include procedures for the following to provide safety during maintenance and normal operations:**
 - ... (12) **Establishing and maintaining liaison with fire, police, and other appropriate public officials to learn the responsibility and resources of each government organization that may respond to a hazardous liquid or carbon dioxide pipeline emergency and acquaint the officials with the operator's ability in responding to a hazardous liquid or carbon dioxide pipeline emergency and means of communication.**

Seminole's procedures did not address liaison with fire, police, and other public officials to learn the responsibilities and resources of these organizations nor to acquaint the officials in these organizations with Seminole's ability to respond to a pipeline emergency and to acquaint them with Seminole's communications.

That is, while Seminole's HLOMEM *Section VII J, PUBLIC EDUCATION (195.440)* addressed using the Tennessee One-Call's *Partners in Protecting Everyone* program to meet with officials and acquaint them with the SMLT facilities, the procedures did not address how Seminole personnel would learn the responsibilities and resources of the government organizations or how Seminole would acquaint the officials with Seminole's ability to respond to a pipeline emergency or acquaint them with Seminole's communications.

2. **§195.402 Procedural manual for operations, maintenance, and emergencies.**
... (c) **Maintenance and normal operations. The manual required by paragraph (a) of this section must include procedures for the following to provide safety during maintenance and normal operations:**
... (13) **Periodically reviewing the work done by operator to determine the effectiveness of the procedures used in normal operation and maintenance and taking corrective action where deficiencies are found.**

Seminole's procedures did not include procedures covering the periodic review of work done by Seminole or contractor personnel to determine the effectiveness of procedures used in maintenance and operations, and for taking corrective action when deficiencies are found.

That is, while Seminole's HLOMEM *Section VII D, (TRAINING (195.402 AND 403))* required the implementation of a continuing training program that would include periodically reviewing the work done by personnel to determine the effectiveness of procedures and taking corrective action when deficiencies are found, neither the training program or the HLOMEM had procedures explaining how Seminole would actually accomplish these tasks.

3. **§195.402 Procedural manual for operations, maintenance, and emergencies.**
... (c) **Maintenance and normal operations. The manual required by paragraph (a) of this section must include procedures for the following to provide safety during maintenance and normal operations:**
... (14) **Taking adequate precautions in excavated trenches to protect personnel from the hazards of unsafe accumulations of vapor or gas, and making available when needed at the excavation, emergency rescue equipment, including a breathing apparatus and, a rescue harness and line.**

Seminole's HLOMEM procedures for excavation activities did not address the protection of personnel in excavated trenches from unsafe accumulations of vapor or gas and making rescue equipment available when needed.

4. **§195.402 Procedural manual for operations, maintenance, and emergencies.**
... (d) **Abnormal operation. The manual required by paragraph (a) of this section must include procedures for the following to provide safety when operating design limits have been exceeded:**
(1) **Responding to, investigating, and correcting the cause of:**
(i) **Unintended closure of valves or shutdowns;**
(ii) **Increase or decrease in pressure or flow rate outside normal operating limits;**
(iii) **Loss of communications;**

- (iv) **Operation of any safety device;**
- (v) **Any other malfunction of a component, deviation from normal operation, or personnel error which could cause a hazard to persons or property.**

Seminole's procedures for responding to, investigating and correcting the cause of an abnormal operating condition did not provide clear and consistent guidelines on actions that Seminole personnel would take to respond to, investigate, and correct the cause of an abnormal operating condition.

Seminole's procedure for abnormal operations provides general and conflicting guidance. *Section VII, M. Abnormal Operation*, of the HLOMEM stated, "*When there is doubt about possible injury to personnel or damage to facilities, the Pipeline shall be shut down and an inspection performed.*" However, in its suggested actions for possible abnormal operations, Seminole procedures required contacting the Pipeline Supervisor, monitoring the situation, and other actions; but, the suggested actions did not include the requirements to shut down the pipeline and inspect the pipeline to determine the cause of the abnormal operating condition.

5. **§195.402 Procedural manual for operations, maintenance, and emergencies.**
- ... (e) ***Emergencies.*** **The manual required by paragraph (a) of this section must include procedures for the following to provide safety when an emergency condition occurs:**
 - ... (2) **Prompt and effective response to a notice of each type emergency, including fire or explosion occurring near or directly involving a pipeline facility, accidental release of hazardous liquid or carbon dioxide from a pipeline facility, operational failure causing a hazardous condition, and natural disaster affecting pipeline facilities.**
 - ... (5) **Control of released hazardous liquid or carbon dioxide at an accident scene to minimize the hazards, including possible intentional ignition in the cases of flammable highly volatile liquid.**

Seminole's procedures did not provide clear and consistent guidance for personnel to respond to an emergency such as fire or explosion, accidental release of a hazardous liquid, operational failure, natural disaster, and controlling the release of a highly volatile liquid (HVL).

Seminole's emergency response procedures in *Section V Emergency Plan* of the HLOMEM did not provide clear and consistent guidance to personnel on actions to take to control a release, and on who has authority to take the actions necessary to control a release. *Section V, A.2* required "... *the first employee to become aware of the emergency shall take such action as is necessary in their best judgment.*" In extreme emergencies, *B.2* required "...*the employee should contact the Pipeline Supervisor or their designate, advising them of the situation, and they stand-by for further instructions*" after obtaining information on the emergency, and *C.1.e* required "*To minimize the emergency situation, consideration shall be given to closing block valves, initiating emergency shutdown, pressure reduction and/or preventing/minimizing the release of HVL or other hazardous vapors.*" The procedures were not clear on what actions an employee is authorized and required to take in an emergency to control a release.

6. **§195.402 Procedural manual for operations, maintenance, and emergencies.**
... (e) *Emergencies.* The manual required by paragraph (a) of this section must include procedures for the following to provide safety when an emergency condition occurs:

... (8) **In the case of failure of a pipeline system transporting a highly volatile liquid, use of appropriate instruments to assess the extent and coverage of the vapor cloud and determine the hazardous areas.**

Seminole's transports an HVL in its SMLT pipeline but its procedures for verifying the extent and coverage of a vapor cloud and hazardous areas did not provide sufficient detail for Seminole personnel to safely make the determinations, if required.

Seminole's HLOMEM *Section V (Emergency Plan), C.2.a* stated that Seminole would determine the extent and coverage of a vapor cloud and hazardous areas using a Combustible Gas Indicator (CGI). The procedure did not, however, provide guidance on how Seminole would determine the initial possible extent of the vapor cloud so that Seminole personnel could begin to monitor the actual vapor cloud with a CGI safely from outside the limits of the vapor cloud. Nor did the procedure explain exactly how Seminole would use a CGI to determine the actual extent and coverage of a vapor cloud and hazardous areas.

7. **§195.403 Emergency response training.**

(a) **Each operator shall establish and conduct a continuing training program to instruct emergency response personnel to:**

(1) **Carry out the emergency procedures established under 195.402 that relate to their assignments;**

Seminole's *Emergency Response Training Plan* did not incorporate a continuing training program to instruct emergency response personnel to carry out the emergency procedures established under §195.402 that relate to their assignments.

Seminole's *Emergency Response Training Plan* also did not include performance training on emergency procedures and it did not clearly designate employees responsible for carrying out emergency response activities. Moreover, while *Section I. (E) Employee Training of the Emergency Response Plan* makes reference to requirements and periodic drills, it did not list established requirements and training intervals.

8. **§195.403 Emergency response training.**

... (b) **At intervals not exceeding 15 months, but at least once each calendar year, each operator shall:**

(1) **Review with personnel their performance in meeting the objectives of the emergency response training program set forth in paragraph (a) of this section; and**

Seminole's procedures did not require a review of their personnel's performance in meeting the objectives of their emergency response training program at intervals not exceeding 15 months, but at least once each calendar year.

Seminole's HLOMEM *Section VII D TRAINING (195.402 AND 403).1.i* stated, "At intervals not exceeding three (3) years the training program's effectiveness will be reviewed by a review of employee performance." This procedure states that the

effectiveness of the training program itself, not the performance of employees, would be evaluated by reviewing employee performance. While there is nothing incorrect about this additional requirement to evaluate the effectiveness of the training through employee performance, the regulations specifically require each employee's performance to be evaluated at intervals not exceeding 15 months, but at least once each calendar year, to determine if the employee's performance met the objectives of the emergency response training program.

9. §195.403 Emergency response training.

... (c) Each operator shall require and verify that its supervisors maintain a thorough knowledge of that portion of the emergency response procedures established under §195.402 for which they are responsible to ensure compliance.

Seminole's procedures did not require that supervisors maintain a thorough knowledge of the emergency response procedures they are responsible for and that this is verified.

10. §195.420 Valve maintenance.

(a) Each operator shall maintain each valve that is necessary for the safe operation of its pipeline systems in good working order at all times.

(b) Each operator shall, at intervals not exceeding 7½ months, but at least twice each calendar year, inspect each mainline valve to determine that it is functioning properly.

Seminole's procedures for maintaining and inspecting valves did not require that all valves necessary for the safe operation of the pipeline be maintained, and that mainline valves be inspected at least twice each calendar year, at intervals not exceeding 7½ months.

Seminole's HLOMEM *Section VIII B. VALVE MAINTENANCE (195.420)* stated, "*The objective is to insure safe and proper operation of critical/emergency valves on the Pipeline.*" But, Seminole's procedures did not require that all valves necessary for the safe operation of its pipeline be maintained and, while it required the inspection of critical/emergency valves, it did not identify these valves. That is, Seminole did not provide information on which valves along its pipeline are critical/emergency valves.

11. §195.428 Overpressure safety devices and overfill protection systems.

(a) Except as provided in paragraph (b) of this section, each operator shall, at intervals not exceeding 15 months, but at least once each calendar year, or in the case of pipelines used to carry highly volatile liquids, at intervals not to exceed 7½ months, but at least twice each calendar year, inspect and test each pressure limiting device, relief valve, pressure regulator, or other item of pressure control equipment to determine that it is functioning properly, is in good mechanical condition, and is adequate from the standpoint of capacity and reliability of operation for the service in which it is used.

Seminole transports an HVL in its SMLT pipeline but its procedures did not require that each relief device be checked for adequate capacity at intervals not to exceed 7½ months, but at least twice each calendar year.

That is, Seminole's HLOMEM *Section VII G. OVERPRESSURE PROTECTION (195.428)* incorrectly stated, "*Unless a field test to determine relief capacity is shown to be feasible*

and can be performed at one year intervals, [emphasis added] a review and calculation of the required capacity of each relief valve will be made.”

12. §195.505 Qualifications program.

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

... (g) Identify those covered tasks and the intervals at which evaluation of the individual's qualifications is needed;

Seminole's *Operator Qualification Plan (OQP)* did not address the intervals at which evaluation of the individual's qualifications is needed.

Seminole's (OQP) did not adequately address and identify the interval at which individuals would be re-evaluated to perform covered tasks. The *Evaluation Methods and Ongoing Evaluation* section of the OQP addressed a risk based method for determining re-evaluation intervals for covered tasks, but there were no intervals in this section or in the *List of Covered Tasks* section of the OQP.

13. §195.505 Qualifications 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.

Seminole's OQP did not include a procedure to notify the Administrator or state agency if the program is significantly modified.

14. §195.509 General.

... (e) After December 16, 2004, observation of on-the-job performance may not be used as the sole method of evaluation.

Seminole's OQP did not adequately explain that observation of on-the-job performance may not be used as the sole method of evaluation.

Seminole's OQP addresses evaluation methods in the *Premises and Definitions* and the *Evaluation Methods and Ongoing Evaluation* sections and included on-the-job performance as a method of evaluation. However neither section of the OQP explained that observation of on-the-job performance may not be used as the sole method of evaluation.

Response to this Notice

This Notice is provided pursuant to 49 U.S.C. §60108(a) and 49 C.F.R. §190.237. 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). 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 a Final Order.

If, after opportunity for a hearing, 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. § 190.237). 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 Seminole 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 Wayne T. Lemoi, Director, Southern Region, Pipeline and Hazardous Materials Safety Administration. In correspondence concerning this matter, please refer to **CPF 2-2013-6007M** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

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

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