

APRIL 4, 2014

Mr. Connell R. Rader
President
Enmark Energy, Inc.
104 First Choice Drive, Suite A
Madison, MS 39110

Re: CPF No. 2-2013-6011

Dear Mr. Rader:

Enclosed please find the Final Order issued in the above-referenced case. It makes findings of violation and specifies actions that need to be taken by Enmark Energy, Inc., to comply with the pipeline safety regulations. When the terms of the compliance order have been completed, as determined by the Director, Southern Region, this enforcement action will be closed. Service of the Final Order by certified mail is deemed effective upon the date of mailing, or as otherwise provided under 49 C.F.R. § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety

Enclosure

cc: Mr. Wayne T. Lemoi, Director, Southern Region, OPS

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

**U.S. DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
OFFICE OF PIPELINE SAFETY
WASHINGTON, D.C. 20590**

)	
In the Matter of)	
)	
Enmark Energy, Inc.,)	CPF No. 2-2013-6011
)	
Respondent.)	
)	

FINAL ORDER

On August 16, 2013, pursuant to 49 U.S.C. § 60117, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), conducted an on-site pipeline safety inspection of the facilities and records of Enmark Energy, Inc. (Enmark or Respondent), in Louisiana and Mississippi. Enmark operates a 6-inch natural gas pipeline (Rentech Pipeline) and related facilities in multiple States.¹

As a result of the inspection, the Director, OPS Southern Region, issued to Respondent, by letter dated October 25, 2013, a Notice of Probable Violation and Proposed Compliance Order (Notice). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that Enmark had committed various violations of 49 C.F.R. Part 192, and ordering Respondent to take certain measures to correct the alleged violations.

Enmark responded to the Notice by letter dated November 22, 2013 (Response). The company did not contest the allegations of violation but requested that the Proposed Compliance Order (PCO) be modified due to Respondent's intent to abandon the pipeline. Respondent did not request a hearing and therefore has waived its right to one.

FINDINGS OF VIOLATION

In its Response, Enmark did not contest the allegations in the Notice that it violated 49 C.F.R. Part 192, as follows:

Item 1: The Notice alleged that Respondent violated 49 C.F.R. § 192.465(d), which states:

¹ See <http://www.enmarkenergy.com/Projects.html> (Current as of March 10, 2014).

§ 192.465 External corrosion control: Monitoring

(a) Each pipeline that is under cathodic protection must be tested at least once each calendar year, but with intervals not exceeding 15 months, to determine whether the cathodic protection meets the requirements of § 192.463. . . .

(d) Each operator shall take prompt remedial action to correct any deficiencies indicated by the monitoring.

The Notice alleged that Respondent violated 49 C.F.R. § 192.465(d) by failing to take prompt remedial action to correct deficiencies indicated by the company's external corrosion control monitoring program. Specifically, the Notice alleged that Enmark had noted inadequate pipe-to-soil readings at its cathodic protection test stations at Mile Posts 15.5 and 17.7 during its annual external corrosion control testing in 2010, 2011 and 2012, but had failed to take any remedial action to correct such deficiencies.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 192.465(d) by failing to take prompt remedial action to correct deficiencies identified by the company's external corrosion control monitoring program.

Item 2: The Notice alleged that Respondent violated 49 C.F.R. § 192.517(a), which states, in relevant part:

§ 192.517 Records.

(a) Each operator shall make, and retain for the useful life of the pipeline, a record of each test performed under §§192.505 and 192.507. The record must contain at least the following information: . . .

(5) Pressure recording charts, or other record of pressure readings; . . .

The Notice alleged that Respondent violated 49 C.F.R. § 192.517(a) by failing to make, and retain for the useful life of the Rentech Pipeline, adequate records for each test performed under §§ 192.505 and 192.507. Specifically, the Notice alleged that Enmark could not provide pipeline pressure recording charts or other records of pressure readings for a 1985 hydrostatic pressure test. The 1985 test was memorialized only by a "Memo to File," which stated only: 1) the test pressure; 2) the dates of the test; and 3) several other bits of information.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 192.517(a) by failing to make, and retain for the useful life of the Rentech Pipeline, adequate records for each test performed under §§ 192.505 and 192.507.

Item 3: The Notice alleged that Respondent violated 49 C.F.R. § 192.745(b), which states:

§ 192.745 Valve maintenance: Transmission lines.

(a) Each transmission line valve that might be required during any emergency must be inspected and partially operated at intervals not

exceeding 15 months, but at least once each calendar year.

(b) Each operator must take prompt remedial action to correct any valve found inoperable, unless the operator designates an alternative valve.

The Notice alleged that Respondent violated 49 C.F.R. § 192.745(b) by failing to take prompt remedial action to correct any “critical transmission line valve” (i.e., a transmission line that may be necessary during an emergency) found to be inoperable during a regular valve inspection required under § 192.745(a). Specifically, the Notice alleged that in July 2009, Enmark discovered four critical valves to be inoperable during a regular inspection but failed to take any corrective action. The same four valves were found to be inoperable in subsequent November 2009, November 2010, October 2011 and August 2012 Critical Valve Inspections, but the company failed to take any remedial action following those inspections.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 192.745(b) by failing to take prompt remedial action to correct multiple critical transmission line valves that were found to be inoperable.

These findings of violation will be considered prior offense in any subsequent enforcement action taken against Enmark.

COMPLIANCE ORDER

The Notice proposed a compliance order with respect to Items 1, 2, and 3 in the Notice for violations of 49 C.F.R. §§ 192.465(d), 192.517(a), and 192.745(b), respectively. Under 49 U.S.C. § 60118(a), each person who engages in the transportation of gas or who owns or operates a pipeline facility is required to comply with the applicable safety standards established under chapter 601.

In its Response, Enmark requested that the PCO be modified to reflect the company’s intention to abandon the Rentech Pipeline. However, since Respondent has apparently not yet filed the necessary paperwork with the Federal Energy and Regulatory Commission to formally abandon the pipeline, nor specified what (if any) modifications should be made to the PCO, this request is denied.

Accordingly, pursuant to the authority of 49 U.S.C. § 60118(b) and 49 C.F.R. § 190.217, Respondent is ordered to take the following actions to ensure compliance with the pipeline safety regulations applicable to its operations:

1. With respect to the violation of § 192.465(d) (**Item 1**), Enmark must:
 - a. Identify all deficiencies on its Rentech Pipeline indicated by external corrosion control monitoring in 2010, 2011, 2012, and 2013; and
 - b. Correct any deficiencies that do not meet external corrosion control cathodic protection criteria per § 192.463.

2. With respect to the violation of § 192.517(a) (**Item 2**), Enmark must:
 - a. Locate the original pressure recording charts or other original records of pressure readings for the February 13-14, 1985 hydrostatic pressure test of the Rentech Pipeline; or
 - b. Complete a hydrostatic pressure test of the Rentech Pipeline.
3. With respect to the violation of § 192.745(b) (**Item 3**), Enmark must:
 - a. Repair or replace all four faulty critical transmission valves identified in the 2009 to 2012 Critical Valve Inspection Reports; or
 - b. Designate alternative valves, as allowed under §192.745(b).
4. Enmark must notify the Director, OPS Southern Region, within 150 days following the date of issuance of the Final Order that Compliance Order Items 1, 2, and 3 have been completed.
5. It is requested (not mandated) that Enmark maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order, and submit the total to Wayne T. Lemoi, Director, OPS Southern Region. It is requested that these costs be reported in two categories: 1) total cost associated with preparation/revision of plans, procedures, studies and analyses; and 2) total costs associated with replacements, additions and other changes to pipeline infrastructure.

The Director, OPS Southern Region, may grant an extension of time to comply with any of the required items upon a written request: 1) timely submitted by the Respondent; and 2) demonstrating good cause for an extension. Failure to comply with this Order may result in the administrative assessment of civil penalties not to exceed \$200,000 for each violation for each day the violation continues or in referral to the Attorney General for appropriate relief in a district court of the United States.

The terms and conditions of this Final Order are effective upon service in accordance with 49 C.F.R. § 190.5.

Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety

Date Issued