

**NOTICE OF PROBABLE VIOLATION
and
PROPOSED COMPLIANCE ORDER**

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

July 18, 2018

Mr. Hugh Berglund
Director of Operations
Mississippi Hub, LLC
2925 Briarpark Drive, Suite 850
Houston, TX 77042

CPF 2-2018-1005

Dear Mr. Berglund:

From April 23 – 26, 2018, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code (U.S.C.) inspected Mississippi Hub, LLC (Mississippi Hub) programs, records, and facilities in Mississippi. Mississippi Hub is a subsidiary of Sempra LNG & Midstream.

As a result of the inspection, it is alleged that Mississippi Hub has committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations (CFR).

The items inspected and the probable violations are:

- 1. §192.13 What general requirements apply to pipelines regulated under this part?**
 - (a) ...**
 - (c) Each operator shall maintain, modify as appropriate, and follow the plans, procedures, and programs that it is required to establish under this part.**

Mississippi Hub failed to comply with the regulation because it did not follow its established procedures for minimizing the detrimental effects of stray currents, as required by § 192.473(a).

During review of records documenting the annual cathodic protection (CP) surveys of Mississippi Hub's 30-inch Transco line, the PHMSA inspector noted pipe-to-soil (p/s) potentials of -715 mV and -775 mV at Mile Post (MP) 20.58 in 2015 and 2016,

respectively, which did not meet the -850mV criteria, as adopted by Mississippi Hub. Further review confirmed a foreign line crossing at the above-referenced MP, as well as a second foreign line crossing at MP 20.6.

Mississippi Hub personnel confirmed stray current testing had been conducted in November 2016, in coordination with the foreign pipeline operator crossing at MP 20.6, but could not provide any documentation of testing for stray currents from the foreign line crossing at MP 20.58. Furthermore, Mississippi Hub personnel were unable to provide documentation of any determinations made as to the potential presence, magnitude, or depressive impacts of any stray current interference from the foreign line crossing at MP 20.58.

2. §192.805 Qualification program.

Each operator shall have and follow a written qualification program...

Mississippi Hub failed to comply with the regulation because it did not follow its written qualification program. Specifically, it did not follow the requirements of its Operator Qualification (OQ) Program to evaluate the appropriateness and effectiveness of established span of control limits.

Mississippi Hub uses the Sempra LNG & Midstream Operator Qualification (OQ) Program. Section 8.0 of the OQ Program, titled “Use of Nonqualified Persons to perform Covered Tasks,” includes provisions to allow non-qualified individuals to perform covered tasks if directed and observed by a qualified individual. These provisions include span of control limits which identify the maximum number of non-qualified individuals that can be directed and observed by a qualified individual. The span of control limits are listed in Exhibit A of Mississippi Hub’s OQ Program, which documents covered tasks.

Section 8.0 of the OQ Program further states that the “Appropriateness and effectiveness of established span of control limits shall be evaluated as part of the Company’s quality assurance and program evaluation efforts.” PHMSA’s review identified several instances of covered tasks with inappropriate or ineffective span of control limits, examples of which are listed below:

- Task 411OP, titled “Inspect/Test to Assure Electrical Isolation is Adequate,” involves testing insulators such as insulating flanges, unions and in-line insulators. This type of testing is typically accomplished by one individual using a hand-held insulation tester, or by measuring potentials on each side of the insulator. Mississippi Hub’s OQ Program established a span of control of 1:3 for this covered task. There is no practical way that one qualified individual could be expected to provide direction and observation to three individuals performing this type of testing on three different insulators.
- Task 702OP, titled “Leakage Survey with Leak Detection Device,” is typically conducted by an individual traversing pipeline facilities while using a hand-held leak detection device. Mississippi Hub’s OQ Program established a span of control of 1:3 for this covered task. This task does not require three individuals to perform it. There is no practical way that one qualified individual could be

expected to provide direction and observation to three individuals performing leakage surveys at different locations along a pipeline.

Proposed Compliance Order

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$209,002 per violation per day the violation persists, up to a maximum of \$2,090,022 for a related series of violations. 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 propose a civil penalty assessment at this time.

With respect to Item 2 pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Mississippi Hub, LLC. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

Warning Items

With respect to Item 1 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 promptly correct this Item. Failure to do so may result in additional enforcement action.

Response to this Notice

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).

Following the receipt of this Notice, you have 30 days to submit written comments, or request a hearing under 49 CFR § 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 a Final Order. If you are responding to this Notice, we propose that you submit your correspondence to my office within 30 days from receipt of this Notice. This period may be extended by written request for good cause.

In your correspondence on this matter, please refer to **CPF 2-2018-1005** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

James A. Urisko
Director, Office of Pipeline Safety
PHMSA Southern Region

Enclosures: *Proposed Compliance Order*
Response Options for Pipeline Operators in Compliance Proceedings

PROPOSED COMPLIANCE ORDER

Pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to Mississippi Hub, LLC (Mississippi Hub) a Compliance Order incorporating the following remedial requirements to ensure the compliance of Mississippi Hub with the pipeline safety regulations:

1. In regard to Item Number 2 of the Notice pertaining to Mississippi Hub's failure to follow the requirements of its Operator Qualification (OQ) Program to evaluate the appropriateness and effectiveness of established span of control limits, Mississippi Hub must, within 60 days following the date of issuance of the Final Order, complete the following:
 - a. Review and update the span of control limits for all covered tasks included in its OQ Program to ensure each's appropriateness and effectiveness in accordance with Mississippi Hub's OQ Program.
2. Within 90 days of issuance of the Final Order, Mississippi Hub must submit to the Director, Office of Pipeline Safety, PHMSA Southern Region, documentation demonstrating satisfactory completion of Item 1, including, at a minimum, a list of covered tasks reviewed and span of control limits that were changed.
3. It is requested (not mandated) that Mississippi Hub maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to the Director, Office of Pipeline Safety, PHMSA 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 cost associated with replacements, additions and other changes to pipeline infrastructure, if applicable.