



**MIDWESTERN GAS
TRANSMISSION
COMPANY**
A SUBSIDIARY OF ONEOK PARTNERS, L.P.

RECEIVED OCT 29 2010

October 28, 2010

Pipeline and Hazardous Materials Safety Administration
Central Region
901 Locust Street, Suite 462
Kansas City, MO 64106-2641

Attention: Mr. David Barrett
Director, Central Region

Re: Notice of Probable Violation and Proposed Civil Penalty
Midwestern Gas Transmission Company
CPF 3-2010-1004

Dear Mr. Barrett:

Pursuant to the Notice of Probable Violation and Proposed Civil Penalty CPF3-2010-1004 dated September 27, 2010, Midwestern Gas Transmission Company (MGT) respectfully submits the following response to the issues brought forth from the inspection of MGT records and facilities in Channahon, Illinois during May 18 – 22, 2009.

The Pipeline and Hazardous Materials Safety Administration (PHMSA) issued a Notice of Probable Violation for four items with a preliminary assessed civil penalty as noted below.

1. §191.5 Telephonic notice of certain events.

(a) At the earliest practicable moment following discovery, each operator shall give notice in accordance with paragraph (b) of this section of each incident as defined in §191.3.

Midwestern Gas Transmission (MGT) did not give the required telephonic notice following discovery for an incident which occurred at its Petersburg Compressor Station on June 24, 2008. Blowing gas was detected at the station the morning of June 25, 2008, and it was discovered during review and calculations on June 27, 2008 that the gas had been blowing since the evening of June 24, 2008.

During the inspection, a record was found of a memo describing the June 24, 2008 incident. Initial estimates placed the gas loss at approximately 19,893 MCF, or a value of approximately \$250,000 based on gas price at that time. More precise calculations performed by MGT personnel during the inspection showed that the value of the gas was estimated to be \$98,908. After discussion and review of the appropriate definition of an incident under §191.3 during the PHMSA inspection, MGT provided a telephonic notice on June 9, 2009.

Proposed civil penalty of \$20,000.



MGT NOPV Response:

After discussion and review of the definition of an incident, a determination was made during the audit that this event was a reportable incident based on gas loss value. A telephonic report was made to the National Response Center (NRC) on June 9, 2009. The NRC report number is 908043.

The event described in the memo dated June 24, 2008 resulted in the release of gas through a 1.5 inch vent valve which is electrically operated to vent gas during compressor unit shutdown. This allows the blow down of the compressor and unit piping. This controlled blow down vents gas into a vent manifold system and to a remote vent stack location. This permits gas to be vented in a safe location away from the compressor building and compressor equipment, with little risk to public safety. Due to the loss of electric power at the unit control panel, the unit suction, discharge and vent valves remained open causing the remote vent valve to vent gas until it was manually closed by a team member. Changes have since been made to the electric power supply for the unit control panel which will minimize the loss of power to the control panel and loss of the suction, discharge and vent valve operation.

Additional language was also added to the company operating procedure which clarifies the requirement to report gas loss events exceeding \$50,000. An event that involves the release of flammable, toxic or corrosive gas from a jurisdictional pipeline which results in "Estimated damage of \$50,000 or more on all interstate and intrastate facilities (Damage includes value of gas lost, repair cost, cost of temporary measures, and damage to property of others). Note: Normal operation or malfunction of control and relief equipment or incorrect operations which results in a loss of gas of \$50,000 or more, is considered a reportable incident. Release of gas during maintenance (i.e. pipeline blow down) or other routine activities need not be reported if the only reportable criteria are the \$50,000 gas loss".

We believe the changes made to the unit control panel, clarifications made to our operating procedure and the fact that the blow down was of little risk to public safety, warrants mitigation of the proposed civil penalties.

2. ***§191.15 Transmission and gathering systems: Incident Report.***
 - (a) ***Except as provided in paragraph (c) of this section, each operator of a transmission or gathering pipeline system shall submit Department of Transportation Form 7100.2 as soon as practicable but not more than 30 days after detection of an incident required to be reported under §191.5.***

MGT did not submit an incident report within 30 days for the incident described in item 1 of this Notice which occurred on June 24, 2008. MGT submitted the Form 7100.2 for the incident on June 9, 2009 after the PHMSA inspection.

Proposed civil penalty of \$20,000.



MGT NOPV Response:

The Incident Report Form 7100.2 was submitted on June 9, 2009. The Incident Report number is 20090062—7501. See response in item number 1 above.

3. §192.227 Qualification of Welders.

(b) Except as provided in paragraph (b) of this section, each welder must be qualified in accordance with section 6 of API 1104 (incorporated by reference, see §192.7) or section IX of the ASME Boiler and Pressure Code (incorporated by reference, §192.7). However, a welder qualified under an earlier edition than listed in §192.7 of this part may weld but may not requalify under that earlier edition.

MGT's Welder Qualification Test Reports for the Sullivan and Paris Compressor Station pipeline reversal projects indicated that an insufficient number of destructive tests had been performed on the qualification butt welds. API 1104 Section 6 requires multiple destructive tests, and that the results of the welder tests be documented in detail. MGT personnel stated during the inspection that they believed this was a record keeping error, and provided additional information from the welding inspector that the proper number of tests had been performed.

MGT Warning Item Response:

A copy of an email from ONEOK Partner's inspector Mr. Terry Hester, which states that all welder qualifications conducted by Terry were in accordance with API 1104 and that the number of test specimens exceeded the number required by API 1104 was provide at the time of the audit. In response to this warning item, we have also revised our welder qualification test report to provide more detail of the welder testing parameters in accordance with the API 1104 Section 6.8 recommendations. The welder test form is now available in the ONEOK Welding Manual.

4. 192.743 Pressure limiting and regulator stations: Capacity of relief devices. (b) If review and calculations are used to determine if a device has sufficient capacity, the calculated capacity must be compared with the rated or experimentally determined relieving capacity of the device for the conditions under which it operates. After the initial calculations, subsequent calculations need not be made if the annual review documents that the parameters have not changed to cause the rated or experimentally determined relieving capacity to be insufficient.

Annual relief capacity calculations were not conducted for the relief devices at MGT facilities from 2005 to 2009. MGT maintenance procedures specified the MARRS computer program for use in calculating the required capacity of relief devices annually, however, the program was not utilized. During the inspection MGT personnel asserted that the MARRS program had not been fully accessible to the appropriate maintenance personnel, and that they had relied on annual set point checks and routine maintenance of the relief valves as verification that the capacity remained sufficient. Subsequent to the PHMSA inspection MGT personnel implemented a new process of annually verifying sufficient relief capacity and determined the device capacities to be sufficient.



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MGT Warning Item Response:

The MARRS (Meter and Regulator/Relief Sizing) report for the relief equipment located at the Channahon, Potomac, Paris, Petersburg and Sullivan compressor stations was provided during the inspection process. The print out showed the required and actual capacities for the listed equipment. In response to this warning item, the MARRS application is currently being utilized to document the inspection, testing and capacity verification of regulator and over pressure protection equipment. As part of this review, a new process was put in place which requires the Regional Engineer to review previous calculations for each relief device and compare the required capacity to the rated capacity of the device in order to determine that the device capacities are sufficient.

We look forward to your review of the MGT responses and believe you will find the above information sufficient to warrant mitigation of the civil penalties. If you require any additional information or clarification to this response letter, please contact Mark Mickelberg, Senior Pipeline Safety Engineer, at 1-651-994-0332 Ext 1225.

Sincerely,

Mr. Michel E. Nelson
Senior Vice President, Natural Gas Pipeline Operations