

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

January 4, 2017

Mr. Michel Nelson
Sr. VP Operations of Natural Gas Pipelines
Viking Gas Transmission Company
100 West Fifth Street
Tulsa, OK 74103

CPF 3-2017-1001W

Dear Mr. Nelson:

Beginning March 9, 2015 and ending June 12, 2015, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected Viking Gas Transmission Company (Viking) procedures, facilities and records in North Dakota and Wisconsin.

As a result of the inspection, it is alleged that you have committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The items inspected and the probable violation(s) are:

- 1. §192.947 What records must an operator keep?
An operator must maintain, for the useful life of the pipeline, records that demonstrate compliance with the requirements of this subpart. At minimum, an operator must maintain the following records for review during an inspection.**

(d) Documents to support any decision, analysis and process developed and used to implement and evaluate each element of the baseline assessment plan and integrity management program. Documents include those developed and used in support of any identification, calculation, amendment, modification, justification, deviation and determination made, and any action taken to implement and evaluate any of the program elements;

§192.917 How does an operator identify potential threats to pipeline integrity and use the threat identification in its integrity program?

(b) Data gathering and integration. To identify and evaluate the potential threats to a covered pipeline segment, an operator must gather and integrate existing data and information on the entire pipeline that could be relevant to the covered segment. In performing this data gathering and integration, an operator must follow the requirements in ASME/ANSI B31.8S, section 4. At a minimum, an operator must gather and evaluate the set of data specified in Appendix A to ASME/ANSI B31.8S, and consider both on the covered segment and similar non-covered segments, past incident history, corrosion control records, continuing surveillance records, patrolling records, maintenance history, internal inspection records and all other conditions specific to each pipeline.

Viking did not document its integration of data for assessment review to identify potential threats to pipeline integrity. Viking integrated ILI or ECDA results with data on encroachments and foreign line crossings in the same segment to define locations of potential third party damage manually, but results of integration were not documented for assessment review.

2. §192.917 How does an operator identify potential threats to pipeline integrity and use the threat identification in its integrity program?

(a) Threat identification. An operator must identify and evaluate all potential threats to each covered pipeline segment. Potential threats that an operator must consider include, but are not limited to, the threats listed in ASME/ANSI B31.8S (incorporated by reference, see §192.7), section 2, which are grouped under the following four categories:

- (1) Time dependent threats such as internal corrosion, external corrosion, and stress corrosion cracking;**
- (2) Static or resident threats, such as fabrication or construction defects;**
- (3) Time independent threats such as third party damage and outside force damage; and**
- (4) Human error.**

Viking did not evaluate all potential threats to each covered pipeline segment according to ASME/ANSI B31.8S, Section 2. Viking's integrity management program failed to list all of the threats associated with the categories. As a result, a relief valve leak in 2013 was not incorporated into the risk model.

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$205,638 per violation per day the violation persists up to a maximum of \$2,056,380 for a related series of violations. For violation occurring between January 4, 2012 to August 1, 2016, 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. For violations occurring prior to January 4, 2012, the maximum penalty may not exceed \$100,000 per violation per day, with a maximum penalty not to exceed \$1,000,000 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 Viking 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 3-2017-1001W**. 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,

Allan C. Beshore
Director, Central Region, OPS
Pipeline and Hazardous Materials Safety Administration