

**NOTICE OF PROBABLE VIOLATION
and
PROPOSED CIVIL PENALTY**

VIA ELECTRONIC MAIL TO: rhatchett@westtexasgas.com; reed@westtexasgas.com

January 24, 2022

Richard Hatchett
President
WTG-Hugoton, LP
211 North Colorado
Midland, TX 79701

CPF 3-2022-030-NOPV

Dear Mr. Hatchett:

From June 29, 2021 to July 14, 2021, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), pursuant to Chapter 601 of 49 United States Code (U.S.C.), inspected facilities and records of your natural gas pipeline systems in Kansas.

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 (CFR). The items inspected and the probable violations are:

1. **§ 192.227 Qualification of welders and welding operators.**
 - (a) **Except as provided in paragraph (b) of this section, each welder or welding operator must be qualified in accordance with section 6, section 12, Appendix A or Appendix B of API Std 1104 (incorporated by reference, *see* §192.7), or section IX of the ASME Boiler and Pressure Vessel Code (ASME BPVC) (incorporated by reference, *see* § 192.7).**

WTG-Hugoton (WTG) failed to properly qualify a welder that performed repairs to its KSG-390-01 pipeline in Finney County, KS. From a review of welder qualification records, PHMSA found that a welder qualification dated April 23, 2019 showed that the welder did not adhere to the parameters of WTG’s “Standard Welding Procedure Specification #6” (Procedure). The Procedure was qualified according to the requirements of API Standard 1104, 20th Edition. Regarding welder qualification, Section 6.2.1 of the API Standard states that “a welder shall make a test weld using a qualified procedure.”

The test weld record showed that the welder failed to follow the specification for amperage and welding electrode (rod) size, as follows:

	Specified parameters	Recorded parameters
Root bead current	110-130 amps	93-98 amps
Root bead electrode size	5/32”	1/8”
Cap pass current	135-175 amps	124-130 amps
Cap pass electrode size	3/16”	5/32”

By allowing the welder to qualify using amperage and electrodes that did not conform to the qualified welding procedure, WTG failed to properly qualify the welder.

2. **§ 192.605 Procedural manual for operations, maintenance, and emergencies.**
 - (a) **General.** Each operator shall prepare and follow for each pipeline, a manual of written procedures for conducting operations and maintenance activities and for emergency response. For transmission lines, the manual must also include procedures for handling abnormal operations. This manual must be reviewed and updated by the operator at intervals not exceeding 15 months, but at least once each calendar year. This manual must be prepared before operations of a pipeline system commence. Appropriate parts of the manual must be kept at locations where operations and maintenance activities are conducted.
 - (b) **Maintenance and normal operations.** The manual required by paragraph (a) of this section must include procedures for the following, if applicable, to provide safety during maintenance and operations.
 - (1)
 - (2) **Controlling corrosion in accordance with the operations and maintenance requirements of subpart I of this part.**

WTG failed to follow its written procedural manual regarding controlling corrosion. WTG’s procedure P-192.465(a) requires personnel performing cathodic protection (CP) monitoring to “field-analyze readings to ensure that they meet one of the following criteria as allowed in 49 CFR 192 Appendix D” and to “promptly notify appropriate personnel if readings do not fall within desired range.” Procedure P-192.465(d) further directs field personnel to “immediately contact the District / Division Manager” upon discovery of a cathodic deficiency that cannot be corrected onsite, and states that “[r]emedial action will be started and documented using F-192.465(d).”

WTG stated that the -850mV and 100mV polarization shift criteria from Appendix D are applied to evaluate the adequacy of their cathodic protection. From a review of the 2019 and 2020 annual cathodic protection monitoring surveys, PHMSA found that the following test points showed that cathodic protection did not meet the criteria required by Part 192, Appendix D:

CP Test Station	Test Date	Energized CP Potential	Instant Off Potential	Depolarized Potential
Drip #5	03/25/2019	-0.818	-0.715	-0.670
Rmillo Farm Tap	03/25/2019	-0.880	-0.669	-0.631
SV Wilson F#3	03/25/2019	-0.993	-0.727	-0.660
TL & Sec Ln Road	03/25/2019	-0.971	-0.665	-0.601
SV TO KB608 – BV TO KNE	03/13/2020	-0.850	-0.712	-0.679
TL at N/S Fence on East ROW Lakin Ln	03/02/2020	-0.904	-0.785	-0.687

In each instance above, WTG failed to perform analysis of the reading, report the deficiency, or take any corrective action.

Proposed Civil Penalty

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$225,134 per violation per day the violation persists, up to a maximum of \$2,251,334 for a related series of violations. For violation occurring on or after January 11, 2021 and before May 3, 2021, the maximum penalty may not exceed \$222,504 per violation per day the violation persists, up to a maximum of \$2,225,034 for a related series of violations. For violation occurring on or after July 31, 2019 and before January 11, 2021, the maximum penalty may not exceed \$218,647 per violation per day the violation persists, up to a maximum of \$2,186,465 for a related series of violations. For violation occurring on or after November 27, 2018 and before July 31, 2019, the maximum penalty may not exceed \$213,268 per violation per day, with a maximum penalty not to exceed \$2,132,679. For violation occurring on or after November 2, 2015 and before November 27, 2018, the maximum penalty may not exceed \$209,002 per violation per day, with a maximum penalty not to exceed \$2,090,022.

We have reviewed the circumstances and supporting documentation involved for the above probable violation and recommend that you be preliminarily assessed a civil penalty of \$41,400 as follows:

<u>Item number</u>	<u>PENALTY</u>
2	\$41,400

Warning Item

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 Enforcement Proceedings*. Please refer to this document and note the response options. All material you submit in response to this enforcement action may be 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 3-2022-030-NOPV** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Gregory A. Ochs
Director, Central Region Region, Office of Pipeline Safety
Pipeline and Hazardous Materials Safety Administration

Enclosures: *Response Options for Pipeline Operators in Enforcement Proceedings*

cc: Ray Reed, Director of Pipeline Compliance reed@westtexasgas.com