



U.S. Department
of Transportation

**Pipeline and
Hazardous Materials Safety
Administration**

400 Seventh Street, S.W.
Washington, D.C. 20590

AUG 18 2005

Mr. Randy Barnard
Vice President, Operations
Williams Gas Pipeline
2800 Post Oak Boulevard
Houston, TX 77056

Re: CPF No. 4-2003-1004

Dear Mr. Barnard:

Enclosed is the Final Order issued by the Associate Administrator for Pipeline Safety in the above-referenced case. It makes findings of violation and assesses a civil penalty of \$27,000. The penalty payment terms are set forth in the Final Order. This enforcement action closes automatically upon payment. Your receipt of the Final Order constitutes service of that document under 49 C.F.R. § 190.5.

Sincerely,

James Reynolds
Pipeline Compliance Registry
Office of Pipeline Safety

Enclosure

cc: Joseph P. Robertson, P.E.
Manager, Pipeline Safety
Williams Gas Pipeline

Rod Seeley, Region Director
Southwest Region, OPS

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
OFFICE OF PIPELINE SAFETY
WASHINGTON, DC 20590

In the Matter of)
)
Williams Gas Pipeline,)
)
Respondent.)
)

CPF No. 4-2003-1004

FINAL ORDER

Between July 16, 2001 and June 28, 2002, pursuant to 49 U.S.C. § 60117, a representative of the Office of Pipeline Safety (OPS) conducted an on-site pipeline safety inspection of Respondent's facilities and records pertaining to its Texas Gas onshore and offshore pipeline systems consisting of Morgan City, Youngsville, Woodlawn, Offshore Gas, Eunice, Pineville, Columbia, Bastrop-Guthrie, and Sharon districts in Louisiana, and its Central natural gas pipeline systems consisting of Independence-Joplin, Alva, Edmond, and Blackwell districts in Oklahoma and Texas. As a result of the inspection, the Director, Southwest Region, OPS, issued to Respondent, by letter dated April 7, 2003, a Notice of Probable Violation and Proposed Civil Penalty (Notice). In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that Respondent had committed violations of 49 C.F.R. Part 192 and proposed assessing a civil penalty of \$33,000 for the alleged violations.

By letter dated April 28, 2003, Respondent responded to the Notice by requesting a hearing. Respondent submitted written information and explanations on September 10, 2003, and the hearing was held via teleconference on September 16, 2003. After the hearing, Respondent provided further information for the record on October 8, 2003.

FINDINGS OF VIOLATION

Item 2 in the Notice alleged that Respondent violated 49 C.F.R. § 192.459 by failing to demonstrate that areas of exposed pipe at four separate locations in the Central Blackwell district were timely examined for evidence of external corrosion. During the hearing, Respondent acknowledged that it did not have records demonstrating that the required inspections were adequately conducted at these locations. Accordingly, I find that Respondent violated § 192.459 by failing to demonstrate that external corrosion inspections were conducted at the specified locations as more fully described in the Notice.

Item 3 in the Notice alleged that Respondent violated 49 CFR § 192.465(d) by failing to promptly correct low pipe-to-soil (PTS) potentials identified by annual monitoring at 21 locations in the

Sharon and Bastrop-Guthrie districts. At the hearing, Respondent acknowledged that the majority of the locations were below the -850 mV threshold for two consecutive years, but explained that it could provide documentation demonstrating that the PTS deficiencies were corrected within one inspection cycle with respect to 6 of the 21 locations. Accordingly, I find that Respondent violated § 192.465(d) by failing to promptly correct cathodic protection deficiencies at 15 of the 21 locations specified in the Notice.

Item 4 of the Notice alleged that Respondent committed violations of 49 CFR § 192.605(a) by failing to follow certain of its operations and maintenance (O&M) procedures. Specifically, Item 4A alleged that Respondent failed to make all persons who are required to be notified about its damage prevention (DP) program aware of it in accordance with its O&M procedures. In its response, Respondent provided information concerning the attendance of officials from 3 counties at the April 16, 2002 Government Liaison Emergency Response program in Bartlesville, Oklahoma, information concerning the attendance of officials from 5 counties at the May 2, 2002 program in Vineta, Oklahoma, and information concerning the receipt of follow-up materials by the attendees. Respondent, however, failed to demonstrate that it made public officials in the other 22 counties in which it operates aware of its DP program, or made potentially affected excavators aware of its DP program. Accordingly, I find that Respondent violated § 192.605(a) by failing to follow its O&M procedures for notification of all persons required to be notified about its DP program.

Item 4B of the Notice alleged that Respondent failed to access and utilize the "Comments" section of its program for receiving and recording one-call information in accordance with its O&M procedures. In its response and at the hearing, Respondent acknowledged that it failed to utilize the Comments section. Accordingly, I find that Respondent violated § 192.605(a) by failing to follow its O&M procedures for receiving and recording one-call data.

Item 4C of the Notice alleged that Respondent failed to free-up two valves found to be hard to operate in 1999-2000 in accordance with its O&M procedures, and failed to adequately document whether all valves in the Youngsville district were partially operated during the 2000 and 2001 inspection cycles. In its response and at the hearing, Respondent argued that it considered many of the valves in its system unnecessary for the operation of its pipeline, but acknowledged that it could not demonstrate that the two specified valves were actually freed or that the referenced valve inspections were adequately documented. Accordingly, I find that Respondent violated § 192.605(a) by failing to follow its O&M procedures for freeing-up hard to operate valves and failed to adequately document the specified valve inspections.

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

ASSESSMENT OF PENALTY

Under 49 U.S.C. § 60122, Respondent is subject to a civil penalty not to exceed \$100,000 per violation for each day of the violation up to a maximum of \$1,000,000 for any related series of violations.

49 U.S.C. § 60122 and 49 C.F.R. § 190.225 require that, in determining the amount of the civil penalty, I consider the following criteria: nature, circumstances, and gravity of the violation, degree of Respondent's culpability, history of Respondent's prior offenses, Respondent's ability to pay the penalty, good faith by Respondent in attempting to achieve compliance, the effect on Respondent's ability to continue in business, and such other matters as justice may require.

With respect to Item 2, the Notice proposed a civil penalty of \$2,000 for Respondent's failure to demonstrate that areas of exposed pipe at the specified locations in the Central Blackwell district were timely examined for evidence of external corrosion. Section 192.459 requires pipeline operators to evaluate portions of buried pipeline for evidence of coating deterioration and external corrosion any time they are discovered to be exposed. In its Response and at the hearing, Respondent acknowledged the failure to evaluate the specified exposed areas, but explained that these inspections were eventually conducted and that it had taken measures to improve its practices in this regard.

Conducting timely evaluations of exposed areas of buried pipeline for evidence of coating deterioration or external corrosion is a key part of pipeline surveillance because washouts and other circumstances that expose buried pipeline can involve damage or deterioration of the coating. These evaluations also provide the operator with important information concerning the effectiveness of its corrosion control activities. While Respondent eventually conducted the required inspections, in all four cases they were performed over two years after the time of discovery. Respondent has not submitted information that would warrant a reduction in the civil penalty amount proposed in the Notice for this violation. Accordingly, I assess Respondent a civil penalty of \$2,000 for the above-described violation of 49 C.F.R. § 192.459.

With respect to Item 3, the Notice proposed a civil penalty of \$21,000 for Respondent's failure to promptly correct low pipe-to-soil (PTS) potentials identified by annual monitoring at 21 locations in the Sharon and Bastrop-Guthrie districts. Whenever PTS readings are below the minimum threshold, pipeline operators are obligated to take prompt remedial action to correct the deficiencies in order to ensure corrosion affecting the integrity of the pipe does not develop.

In connection with the hearing, Respondent provided documentation demonstrating that the PTS deficiencies were corrected within one inspection cycle with respect to 6 of the 21 locations. Therefore, I find that a proportional reduction in the civil penalty amount is warranted. Accordingly, I assess Respondent a civil penalty of \$15,000 for the above-described violation of 49 C.F.R. § 192.465(d).

With respect to Item 4A, the Notice proposed a civil penalty of \$2,500 for Respondent's failure to make all persons who are required to be notified about its DP program aware of it in accordance with its O&M procedures. In connection with the hearing, Respondent provided information concerning the attendance of officials from 3 counties at the April 16, 2002 Government Liaison Emergency Response program in Bartlesville, Oklahoma, information concerning the attendance of officials from 5 counties at the May 2, 2002 program in Vineta, Oklahoma, and information concerning the receipt of follow-up materials by the attendees.

A pipeline operator's obligation to notify all appropriate public officials and excavators about its DP program is a key part of effectively implementing the program. While Respondent provided information concerning a subset of the public officials it was required to notify, it did not demonstrate that all appropriate officials were notified or that persons who engage in excavation activities in the areas in which the pipeline is located were notified. Respondent has not submitted information that would warrant a reduction in the civil penalty amount proposed in the Notice for this violation. Accordingly, I assess Respondent a civil penalty of \$2,500 for the above described violation of 49 C.F.R. § 192.605(a).

With respect to Item 4B, the Notice proposed a civil penalty of \$2,500 for Respondent's failure to access and utilize the "Comments" section of its program for receiving and recording one-call information in accordance with its O&M procedures. In its response and at the hearing, Respondent acknowledged that it failed to utilize the Comments section during the relevant period but explained that similar information had been recorded in other daily logs and that it had since discontinued the use of that particular program and changed its procedures accordingly.

A pipeline operator's obligation to maintain adequate records concerning its receipt of and response to one-call notifications is key to evaluating the effectiveness of the operator's actions in response to receiving dig tickets. In order to monitor the ongoing effectiveness of dig notification response activities, operators must ensure that established written procedures, including procedures for maintaining records, are consistently applied and followed by personnel. Respondent has not submitted information that would warrant a reduction in the civil penalty amount proposed in the Notice for this violation. Accordingly, I assess Respondent a civil penalty of \$2,500 for the above-described violation of 49 C.F.R. § 192.605(a).

With respect to Item 4C, the Notice proposed a civil penalty of \$5,000 for Respondent's failure to free-up two valves found to be hard to operate in 1999-2000 in accordance with its O&M procedures, and its failure to adequately document whether all valves in the Youngsville district were partially operated during the 2000 and 2001 inspection cycles. In its response and at the hearing, Respondent argued that it considered many of the valves in its system unnecessary for the operation of its pipeline. Respondent also noted that while correcting hard to operate valves was required under its procedures, a valve being hard to operate was not necessarily an automatic code violation.

Inspection and maintenance of line valves is key to ensuring the proper operation of pipeline systems and ensuring that personnel are able to take appropriate actions in response to abnormal operating conditions. While Respondent may not currently consider all of the valves to be "necessary" to operate its pipeline, the fact remains that the design and construction of the pipeline included these valves and Respondent has elected not to remove them. Moreover, Respondent did not contend that it would be an acceptable practice for its personnel to deviate from the established procedures and intervals for valve inspection and maintenance based on ad hoc determinations about whether the use of any given valve might be necessary at some point in the future. Respondent is well aware that such a practice could have adverse implications for safety. Respondent has not submitted

information that would warrant a reduction in the civil penalty amount proposed in the Notice for this violation. Accordingly, I assess Respondent a civil penalty of \$5,000 for the above-described violation of 49 C.F.R. § 192.605(a).

Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a total civil penalty of \$27,000.

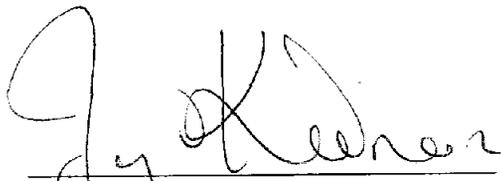
Payment of the civil penalty must be made within 20 days of service. Federal regulations (49 C.F.R. § 89.21(b)(3)) require this payment be made by wire transfer, through the Federal Reserve Communications System (Fedwire), to the account of the U.S. Treasury. Detailed instructions are contained in the enclosure. Questions concerning wire transfers should be directed to: Financial Operations Division (AMZ-120), Federal Aviation Administration, Mike Monroney Aeronautical Center, P.O. Box 25082, Oklahoma City, OK 73125; (405) 954-8893.

Failure to pay the \$27,000 civil penalty will result in accrual of interest at the current annual rate in accordance with 31 U.S.C. § 3717, 31 C.F.R. § 901.9 and 49 C.F.R. § 89.23. Pursuant to those same authorities, a late penalty charge of six percent (6%) per annum will be charged if payment is not made within 110 days of service. Furthermore, failure to pay the civil penalty may result in referral of the matter to the Attorney General for appropriate action in a United States District Court.

WARNING ITEM

The Notice did not propose a civil penalty or corrective action for Item 1 in the Notice, Respondent's alleged failure to follow its qualified welding procedures during welder re-qualification tests in accordance with 49 C.F.R. § 192.225(b). Therefore, this is considered to be a warning item. Respondent is warned that if it does not take appropriate action to correct this item, enforcement action will be taken if a subsequent inspection reveals a violation.

Under 49 C.F.R. § 190.215, Respondent has a right to submit a petition for reconsideration of this Final Order. Should Respondent elect to do so, the petition must be received within 20 days of Respondent's receipt of this Final Order and must contain a brief statement of the issue(s). The filing of a petition automatically stays the payment of any civil penalty assessed. However if Respondent submits payment for the civil penalty, the Final Order becomes the final administrative decision and the right to petition for reconsideration is waived. The terms and conditions of this Final Order are effective on receipt.

for


 Stacey Gerard
 Associate Administrator
 for Pipeline Safety

AUG 18 2005

 Date Issued