

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

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

June 16, 2010

Michael Nelson
Senior Vice President
Ok-Tex Pipeline Company
P. O. Box 22089
Tulsa, OK 74121-2089

CPF 4-2010-1003

Dear Mr. Nelson:

On April 26-30, 2010, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA) inspected OKTEX Pipeline Company's (OKTEX) pipelines in Oklahoma and Texas pursuant to Chapter 601 of 49 United States Code.

As a result of the inspection, it appears 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. §192.745 Valve maintenance: Transmission lines.**
 - (a) Each transmission line valve that might be required during any emergency must be inspected and partially operated at intervals not exceeding 15 months, but at least once each calendar year.**

During the records review, the PHMSA representative reviewed valve maintenance records that indicated that the valve operation that is required annually on the OKTEX 9 and OKTEX 10 lines did not occur in 2006. While the valve inspections were performed within the maximum 15 month inspection interval, they were not performed during the calendar year of 2006. As a result, OKTEX failed to inspect 12 valves at least once each calendar year on OKTEX 9 and OKTEX 10 pipelines in 2006.

2. **§192.705 Transmission lines: Patrolling.**

(a) Each operator shall have a patrol program to observe surface conditions on and adjacent to the transmission line right-of-way for indications of leaks, construction activity, and other factors affecting safety and operation.

(b) The frequency of patrols is determined by the size of the line, the operating pressures, the class location, terrain, weather, and other relevant factors, but intervals between patrols may not be longer than prescribed in the following table:

Maximum interval between patrols		
Class location of line	At highway and railroad crossings	At all other places
1, 2	7 1/2 months; but at least twice each calendar year	15 months; but at least once each calendar year.

During the records review, the PHMSA representative observed that the patrol of OKTEX Line 4 exceeded the maximum 15 month interval between the 2006 and 2007 calendar year inspections. A patrol of Line 4 was conducted on April 5, 2006, and the next patrol took place on August 7, 2007 which exceeded the 15 month maximum interval for patrols of Class 1 locations at all places other than highways and railroad crossings.

Proposed Civil Penalty

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$100,000 for each violation for each day the violation persists up to a maximum of \$1,000,000 for any related series of violations. The Compliance Officer has reviewed the circumstances and supporting documentation involved in the above probable violation(s) and has recommended that you be preliminarily assessed a civil penalty of \$16,200 as follows:

<u>Item number</u>	<u>PENALTY</u>
1	\$16,200

Warning Items

With respect to item 2, 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 these item(s). Be advised that failure to do so may result in OKTEX being subject to 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). 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.

In your correspondence on this matter, please refer to **CPF 4-2010-1003** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

R. M. Seeley
Director, Southwest Region
Pipeline and Hazardous Materials Safety Administration

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