

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

February 24, 2012

Mr. Thomas Stone
Vice President
Chief Operations and Maintenance Officer
Florida Gas Transmission Company, LLC
5444 Westheimer Road
Houston, TX 77056

CPF 4-2012-1001S

Dear Mr. Stone:

Enclosed is a Notice of Proposed Safety Order (Notice) issued in the above-referenced case. The Notice proposes that you take certain measures with respect to your LAMEB-8 natural gas pipeline to ensure pipeline safety. Your options for responding are set forth in the Notice. Your receipt of the Notice constitutes service of that document under 49 C.F.R. § 190.5.

We look forward to a successful resolution to ensure pipeline safety. Please direct any questions on this matter to me at 713-272-2859.

Sincerely,

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

Enclosure: Notice of Proposed Safety Order
49 C.F.R. §190.239

**U.S. DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
OFFICE OF PIPELINE SAFETY**

Southwest Region
Houston, Texas 77074

In the Matter of)
)
)
Florida Gas Transmission Company,)
LLC.,)
)
Respondent.)
_____)

CPF No. 4-2012-1001S

NOTICE OF PROPOSED SAFETY ORDER

Background and Purpose

Pursuant to Chapter 601 of title 49, United States Code, the Pipeline and Hazardous Materials Safety Administration (PHMSA) has initiated an on-site investigation of the safety of your LAMEB-8 natural gas pipeline in East Baton Rouge, Louisiana.

As a result of that investigation, it appears that a condition or conditions exist on your pipeline facilities that pose a pipeline integrity risk to public safety, property or the environment. Pursuant to 49 U.S.C. § 60117(l), PHMSA is issuing this Notice of Proposed Safety Order to notify you of the preliminary findings of the investigation and propose that you take measures to ensure that the public, property, and the environment are protected from the potential risk.

Preliminary Findings

- Florida Gas Transmission Company, LLC (FGT) operates a 5,400-mile natural gas pipeline system that extends from Texas to Florida.
- One of the pipelines in that system is LAMEB-8, which originates in the Lafayette Region-East Unit with a 24-inch pipeline that begins at compressor station Number 6 near Vidor, Texas, and travels east across Louisiana. A separate, 30-inch pipeline begins to run parallel to the 24-inch line near Opelousas, Louisiana.
- In the early morning hours of February 13, 2012, a rupture occurred on the segment of LAMEB-8 that extends from the Zachary Compressor Station to milepost (MP) 8.1 in East Baton Rouge, Louisiana (Affected Segment).

- FGT reported the failure to the National Response Center (NRC) at 5:15 am Central Standard Time (CST) on February 13, 2012, after gas control noticed a pressure drop in the line and initiated an investigation into the pressure variation. According to the NRC report, the rupture occurred at 3:00 a.m. CST.
- PHMSA received electronic notification of the incident through the Crisis Management Center (CMC) at 5:38 am CST on February 13, 2012.
- The force of the rupture caused a 44-foot section of pipe to rip open in the Affected Segment. A cleaning pig was found in the pipeline right of way after the rupture.
- The cause of the rupture is not known at this time.
- FGT has arranged for the failed portion of the Affected Segment to undergo metallurgical analysis to determine the cause of the rupture and has indicated that such testing will adhere to the written guidance provided by the PHMSA inspector who visited the failure site on February 14, 2012.
- Without a determination as to the cause of the incident, similar conditions on the pipeline could impair the serviceability. The cause of the rupture needs to be evaluated prior to the return to service of the pipeline and segment. This rupture occurred under very unusual conditions and while conducting a highly routine activity, therefore it is imperative that all of the potential causes be thoroughly investigated. It is important to have an identified or suspected cause of failure to take action as necessary on the affected pipeline and associated system.
- The 30-inch pipe, 0.344-inch wall thickness, is Kaiser double submerged arc welded (DSAW) and was installed in 1966. The maximum allowable operating pressure (MAOP) is 976 psig at the Zachary compressor station. The pressure at the station at the time of the incident was 965 psig, and the calculations put the pressure at the failure site at 944 psig. The Affected Segment is 8.1 miles long, with the rupture length of approximately 44 feet.
- The pipeline transports dry, “sweet” natural gas with a MAOP of 976 psig.
- The Affected Segment is in a remote wooded area, designated as a class 1 location.
- According to the 2010 census data for East Baton Rouge Parish, the population is listed at 440,171 people with a growth rate of 6.6% since the 2000 census.
- On February 21, 2012, the Director sent a records request to FGT for historical information and other documents relating to the Affected Segment and LAMEB-8.

Proposed Issuance of Safety Order

Section 60117(l) of Title 49, United States Code, provides for the issuance of a safety order, after reasonable notice and the opportunity for a hearing, requiring corrective measures, which may include physical inspection, testing, repair, or other action, as appropriate. The basis for making the determination that a pipeline facility has a condition or conditions that pose a pipeline integrity risk to public safety, property, or the environment is set forth both in the above-referenced statute and 49 C.F.R. § 190.239, a copy of which is enclosed.

After evaluating the foregoing preliminary findings of fact and considering the age of the pipe involved, the manufacturer, the hazardous nature of the product transported and the pressure required for transporting such product, the characteristics of the geographical areas where the pipeline facility is located, and the likelihood that the conditions could worsen or develop on other areas of the pipeline and potentially impact its serviceability, it appears that the continued operation of the affected pipeline without corrective measures would pose a pipeline integrity risk to public safety, property, or the environment.

Accordingly, PHMSA issues this Notice of Proposed Safety Order to notify Respondent of the proposed issuance of a safety order and to propose that Respondent take measures specified herein to address the potential risk.

Response to this Notice

In accordance with § 190.239, you have 30 days following receipt of this Notice to submit a written response to the official who issued the Notice. If you do not respond within 30 days, this constitutes a waiver of your right to contest 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 Safety Order. In your response, you may notify that official that you intend to comply with the terms of the Notice as proposed, or you may request that an informal consultation be scheduled (you will also have the opportunity to request an administrative hearing before a safety order is issued). Informal consultation provides you with the opportunity to explain the circumstances associated with the risk condition(s) alleged in the notice and, as appropriate, to present a proposal for a work plan or other remedial measures, without prejudice to your position in any subsequent hearing. If you and PHMSA agree within 30 days of informal consultation on a plan and schedule for you to address each identified risk condition, we may enter into a written consent agreement (PHMSA would then issue an administrative consent order incorporating the terms of the agreement). If a consent agreement is not reached, or if you have elected not to request informal consultation, you may request an administrative hearing in writing within 30 days following receipt of the Notice or within 10 days following the conclusion of an informal consultation that did not result in a consent agreement, as applicable. Following a hearing, if the Associate Administrator finds the facility to have a condition that poses a pipeline integrity risk to the public, property, or the environment in accordance with § 190.239, the Associate Administrator may issue a safety order.

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).

In your correspondence on this matter, please refer to CPF **4-2012-1001S** and for each document you submit, please provide a copy in electronic format whenever possible.

Proposed Corrective Measures

Pursuant to 49 U.S.C. § 60117(l) and 49 C.F.R. § 190.239, PHMSA proposes to issue to FGT a safety order incorporating the following remedial requirements with respect to the Affected Segment:

1. *Restart Plan.* Prior to resuming operation of the LAMEB-8 line from the Zachary Compressor station to MLV 8.1, FGT must develop and submit a written comprehensive restart plan for approval by the Director, Southwest Region, PHMSA for Affected Segment. The restart plan must provide for adequate patrolling of the pipeline during the restart process, specify a daylight restart, include a hydrostatic test of the section, and detail advance communications with local emergency response officials. The restart plan must include actions taken by FGT to confirm the integrity of the pipeline facilities that were damaged, or were suspected of being damaged as a result of the incident prior to restart.
2. *Pressure Restriction.* After receipt of approval from the Director, the operating pressure for this section of pipe from the upstream compressor station to the downstream compressor station must not exceed 80% of the actual operating pressure in effect immediately prior to the February 13, 2012 failure. Specifically, the discharge pressure at the Zachary Compressor Station must not exceed 772 psig. This pressure reduction requires any relevant remote or local alarm limits, software programming set-points or control points, and mechanical over-pressure devices to be adjusted accordingly. The pressure restrict must remain in effect until written approval to increase the pressure or return the pipeline to its pre-failure operating pressure is obtained from the Director. If the results of any action undertaken pursuant to the Order or Agreement necessitate a reduction in the operating pressure permitted by the Order or Agreement, FGT must further reduce the operating pressure accordingly and notify the director.
3. *Metallurgical Testing and Failure Analysis.* FGT must perform third party mechanical and metallurgical testing and failure analysis of the segment of pipeline that failed following the written guidance provided by the PHMSA inspector at the site on February 14, 2012.
4. *Remedial Work Plan.* Within 90 days after completing the metallurgical testing and analysis, develop and submit to the Director for approval a written remedial work plan that includes corrective measures as a result of the failure investigation. The plan must provide for the verification of the integrity of the Affected Segment and the remainder of

the pipeline and must fully address all known or suspected factors that caused or contributed to the February 13, 2012 incident. The work plan must include at a minimum:

- (A) The integration of the information developed from the actions required by the agreement or Order with all historical construction, operating, maintenance, testing, and assessment data for the entire Affected Segment included.
- (B) The performance of additional field testing, inspections, and evaluations to determine whether and to what extent the conditions contributing to the failure are present elsewhere on the affected pipeline system. Make the results of the inspections, field excavations, and evaluations available to PHMSA or its representative;
- (C) The performance of repairs or other corrective measures that fully remediate the identified risk condition(s). Include provisions for continuing long-term periodic testing and integrity verification measures to ensure the ongoing safe operation of the pipeline considering the results of the analyses, inspections, and corrective measures undertaken pursuant to the safety order; and
- (D) A proposed schedule for completion of the actions required by paragraphs (A) (B), and (C) of this Item.

5. *Remedial Work Plan Revision.* Revise the remedial work plan as necessary to incorporate new information obtained during the evaluations and associated remedial activities. Submit any such plan revisions to the Director for prior approval. The Director may approve plan elements incrementally. The remedial work plan shall become incorporated into the safety order.
6. *Remedial Work Plan Implementation.* Implement the work plan as it is approved by the Director, including any revisions to the plan.
7. *Quarterly Reports.* Submit quarterly reports to the Director that: (1) include available data and results of the testing and evaluations required by the safety order; and (2) describe the progress of the repairs and other remedial actions being undertaken.
8. *Extensions of Time.* The Director may grant an extension of time for compliance with any of the terms of the safety order upon a written request timely submitted demonstrating good cause for an extension.
9. *Appeals.* Respondent may appeal any decision of the Director to the Associate Administrator for Pipeline Safety. Decisions of the Associate Administrator shall be final.
10. *Documentation.* It is requested, but not mandated, that FGT maintain documentation of the safety improvement costs associated with fulfilling this Safety Order and submit the total to R.M. Seeley, Director, Southwest, Pipeline and Hazardous Materials Safety Administration. It is requested that these costs be reported in two categories:
 - 1) total cost associated with preparation/revision of plans, procedures, studies and analyses, and

2) total cost associated with replacements, additions and other changes to pipeline infrastructure.

The actions proposed by this Notice of Proposed Safety Order are in addition to and do not waive any requirements that apply to Respondent's pipeline system under 49 C.F.R. Parts 190 through 199, under any other order issued to Respondent under authority of 49 U.S.C. § 60101 et seq., or under any other provision of Federal or state law.

After receiving and analyzing additional data in the course of this proceeding and implementation of the work plan, PHMSA may identify other safety measures that need to be taken. In that event, Respondent will be notified of any proposed additional measures and, if necessary, amendments to the work plan or safety order.

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

Date issued