

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

**CERTIFIED MAIL - RETURN RECEIPT REQUESTED**

June 26, 2012

Mr. Robert Bahnick  
Vice President, Operations and Technical Services  
Southern Star Central Gas Pipeline, Inc  
4700 Highway 56; Box 20010,  
Owensboro, KY 42304

**CPF 4-2012-1013**

Dear Mr. Bahnick:

On multiple occasions between June 21 and October 28, 2011 representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code were onsite and inspected Southern Star Central Gas Pipeline's (SSCGP) integrity management program in Owensboro, KY.

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

**1. §192.907 What must an operator do to implement this subpart?**

**(a) General.** No later than December 17, 2004, an operator of a covered pipeline segment must develop and follow a written integrity management program that contains all the elements described in § 192.911 and that addresses the risks on each covered transmission pipeline segment. The initial integrity management program must consist, at a minimum, of a framework that describes the process for implementing each program element, how relevant decisions will be made and by whom, a time line for completing the work to implement the program element, and how information gained from experience will be continuously incorporated into the program. The framework will evolve into a more detailed and comprehensive program. An operator must make continual improvements to the program.

**(b) Implementation Standards.** In carrying out this subpart, an operator must follow the requirements of this subpart and of ASME/ANSI B31.8S (incorporated by reference, see § 192.7) and its appendices, where specified. An operator may follow an equivalent standard or practice only when the operator demonstrates the alternative standard or practice provides an equivalent level of safety to the public and property. In the event of a conflict between this subpart and ASME/ANSI B31.8S, the requirements in this subpart control.

§192.911 What are the elements of an integrity management program?

An operator's initial integrity management program begins with a framework (see § 192.907) and evolves into a more detailed and comprehensive integrity management program, as information is gained and incorporated into the program. An operator must make continual improvements to its program. The initial program framework and subsequent program must, at minimum, contain the following elements. (When indicated, refer to ASME/ANSI B31.8S (incorporated by reference, see § 192.7) for more detailed information on the listed element.)

(1) A quality assurance process as outlined in ASME/ANSI B31.8S, section 12.

ASME B31.8S Section 12 Quality Control Plan

12.2 Quality Management Control

(B) specifically, activities that should be included in the quality control program are as follows:

(3) results of the integrity management program and the quality control program shall be reviewed at predetermined intervals, making recommendations for improvement.

SSCGP did not follow their procedures by failing to conduct and properly document their IMP reviews as required in their IM program manual. SSCGP's procedure IMP E12.QA.01.01 dated June 30, 2006 Section 4.1.1 states:

“Ensure a Primary IMP Review is performed once every four years, at intervals not to exceed 52 months.”

Section 5.1.1 states:

“Ensure a Secondary IMP review is performed once every two years, at intervals not to exceed 27 months, for the years where a Primary IMP Review is not scheduled to be performed”

5.1.1.1 “Ensure a Secondary IMP Review is performed in the year following a Primary IMP Review. This will help ensure that SSCGP is following up on the results of the primary IMP Review.”

Both sections 4 and 5 go on to detail the scope of the reviews and the documentation requirements. At the inspection, documentation for the Primary and Secondary IMP reviews conducted since the 2006 Primary IMP review was requested, however none was provided at that time. SSCGP considers the PHMSA IM audit in 2006 as a Primary IMP Review thus Secondary IMP Reviews would be required in 2007 and again in 2009. The next Primary IMP Review would need to be conducted by 2010.

Subsequent to the inspection, SSCGP provided a response to PHMSA’s exit briefing. In the response, SSCGP acknowledged not following their procedures by the lack of documentation and “nebulous” activities.

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 and has recommended that you be preliminarily assessed a civil penalty of \$6,200.00 as follows:

<u>Item number</u>	<u>PENALTY</u>
1	\$6,200.00

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 4-2012-1013** 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

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