

DECEMBER 21, 2012

Mr. Rolf A. Gafvert
President
Texas Gas Transmission, LLC
3800 Frederica Street
Owensboro, KY 42301

Re: CPF No. 4-2012-1015

Dear Mr. Gafvert:

Enclosed please find the Final Order issued in the above-referenced case. It makes findings of violation, assesses a civil penalty of \$162,900, and specifies actions that need to be taken by Texas Gas Transmission, LLC, to comply with the pipeline safety regulations. This is to acknowledge receipt of payment of the full penalty amount, by wire transfer dated August 7, 2012. When the terms of the compliance order have been completed, as determined by the Director, Southwest Region, this enforcement action will be closed. Service of the Final Order by certified mail is deemed effective upon the date of mailing, or as otherwise provided under 49 C.F.R. § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety

Enclosure

cc: Mr. David Goodwin, Vice President, Technical Services, Texas Gas Transmission, LLC,
3800 Frederica Street, Owensboro, KY, 42301
Mr. Rodrick M. Seeley, Southwest Region Director, OPS
Mr. Alan Mayberry, Deputy Associate Administrator for Field Operations, OPS

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

**U.S. DEPARTMENT OF TRANSPORTATION
PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION
OFFICE OF PIPELINE SAFETY
WASHINGTON, D.C. 20590**

In the Matter of)	
)	
Texas Gas Transmission, LLC,)	CPF No. 4-2012-1015
)	
Respondent.)	
)	

FINAL ORDER

Between May 2 and September 29, 2011, pursuant to 49 U.S.C. § 60117, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), conducted an on-site pipeline safety inspection of the facilities and records of Texas Gas Transmission, LLC (TXGT), in Arkansas, Mississippi and Louisiana. TXGT, a subsidiary of Boardwalk Pipeline Partners, LP, operates approximately 6,100 miles of natural gas pipelines from the Gulf of Mexico to the Midwest and Northeast.¹

As a result of the inspection, the Director, Southwest Region, OPS (Director), issued to Respondent, by letter dated July 11, 2012, a Notice of Probable Violation, Proposed Civil Penalty, and Proposed Compliance Order (Notice), which also included a warning pursuant to § 190.205. In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that TXGT had violated 49 C.F.R. §§ 192.613, 192.475, 192.605, 192.705, 192.739, 192.709, and 192.745 and proposed assessing a civil penalty of \$162,900 for the alleged violations. The Notice also proposed ordering Respondent to take certain measures to correct the alleged violations.

Respondent responded to the Notice by letter dated August 7, 2012 (Response). The company did not contest the allegations of violation and paid the proposed civil penalty of \$162,900, as provided in 49 C.F.R. § 190.227. Payment of the penalty serves to close the case with prejudice to Respondent.

FINDINGS OF VIOLATION

In its Response, TXGT did not contest the allegations in the Notice that it violated 49 C.F.R. Part 192, as follows:

Item 1: The Notice alleged that Respondent violated 49 C.F.R. § 192.613, which states:

¹ <http://www.txgt.com/AboutUsTXGT.aspx> (last accessed on November 27, 2012).

§ 192.613 Continuing surveillance.

(a) Each operator shall have a procedure for continuing surveillance of its facilities to determine and take appropriate action concerning changes in class location, failures, leakage history, corrosion, substantial changes in cathodic protection requirements, and other unusual operating and maintenance conditions.

(b) If a segment of pipeline is determined to be in unsatisfactory condition but no immediate hazard exists, the operator shall initiate a program to recondition or phase out the segment involved, or, if the segment cannot be reconditioned or phased out, reduce the maximum allowable operating pressure in accordance with § 192.619(a) and (b).

The Notice alleged that Respondent violated 49 C.F.R. § 192.613 by failing to have and implement a procedure for continuing surveillance of its facilities to determine and take appropriate action concerning unusual operating and maintenance conditions. Specifically, it alleged that TXGT failed to initiate a program to take appropriate action following a hydrotest that overstressed two ANSI 150 WNRF flanges for Project #1339. According to the Notice, TXGT tested the two flanges (which had been rated to 275 psig) to 530 pounds, or 105 pounds above the allowable test pressure of 425 psig. The company failed, however, to take appropriate follow-up action to deal with the overstressed pipe.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 192.613 by failing to have and implement a procedure for continuing surveillance of its facilities to determine and take appropriate action concerning unusual operating and maintenance conditions.

Item 2: The Notice alleged that Respondent violated 49 C.F.R. § 192.475(b), which states:

§ 192.475 Internal corrosion control: General.

(a) . . .

(b) Whenever any pipe is removed from a pipeline for any reason, the internal surface must be inspected for evidence of corrosion. If internal corrosion is found—

- (1) The adjacent pipe must be investigated to determine the extent of internal corrosion;
- (2) Replacement must be made to the extent required by the applicable paragraphs of §§ 192.485, 192.487, or 192.489; and
- (3) Steps must be taken to minimize the internal corrosion.

The Notice alleged that Respondent violated 49 C.F.R. § 192.475(b) by failing to inspect the internal surface of pipe for evidence of corrosion when the pipe has been removed from the pipeline for any reason. Specifically, the Notice alleged that TXGT failed to perform such inspections on 13 occasions in the areas of Bastrop-Guthrie, Pineville-Columbia, and Eunice-Woodlawn when pipe sections were replaced or valves installed.

TXGT did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 192.475(b) by failing to inspect the internal surface of pipe for evidence of corrosion when the pipe has been removed from the pipeline for

any reason.

Item 3: The Notice alleged that Respondent violated 49 C.F.R. § 192.605(a), which states:

§ 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.

The Notice alleged that Respondent violated 49 C.F.R. § 192.605(a) by failing to follow its own written procedures for conducting operations and maintenance activities. Specifically, the Notice alleged that TXGT failed to follow its own procedures in two situations:

1. TXGT personnel failed to remediate external corrosion that the company had graded as “P4” within the 180-day time period required under TXGT’s *O&M Corrosion Control Procedure OM.20.13.01.08, Atmospheric and Offshore Splash Zone Corrosion Inspections, section 5, Remedial Actions, 5.1.1*.²
2. TXGT personnel failed to calibrate 12 gas detector devices to within the required operating range of 0% Lower Explosive Limit (LEL) to 50% LEL at the Sharon Compressor Station during calendar years 2010 and 2011, in accordance with TXGT’s *Electrical and Automation Policy OM.30.03.00.05 Gas Detection, Policy section 1.3.1*, and with *Work Instruction, WI-01085 Testing & Maintaining Gas Detection Alarm/Shutdown Systems*.³

² *O&M Corrosion Control Procedure OM.20.13.01.08, Atmospheric and Offshore Splash Zone Corrosion Inspections, section 5, Remedial Actions, 5.1.1* states: “After inspection, piping, flanges, and straps and supports with a corrosion condition of 4 require remediation within 180 days.” On January 25, 2008, during an inspection of the 2460 Deep Saline facility located in the Morgan City/Offshore area, TXGT graded the corrosion as “P4F3S2.” A subsequent inspection on May 21, 2008, resulted in a grading of the site as “P4F4S4.” The company completed remediation on December 5, 2008, which exceeded the 180 days required under TXGT’s own procedure.

³ *Electrical and Automation Policy OM.30.03.00.05 Gas Detection, Policy section 1.3.1*, states “All gas detection devices will be calibrated at least once each calendar year not to exceed 15 months, except where shorter intervals are required by the manufacturer.” The TXGT *Work Instruction, WI-01085 Testing & Maintaining Gas Detection Alarm/Shutdown Systems, step 4.3* states: “Calibrate all sensors per manufacturer’s instruction and check at:

- Alarm shall be set at 20% LEL
- Shutdown shall be set at 40% LEL
- Calibration gas level at 50% LEL.”

During the annual calibration testing for 2010 at the Sharon Compressor Station, TXGT personnel failed to calibrate the upper limit of eight gas detectors to the required limit of 50% LEL and for 2011 failed to calibrate the upper limit of four detectors to the 50% LEL limit.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 192.605(a) by failing to follow its own written procedures for conducting operations and maintenance activities.

Item 4: The Notice alleged that Respondent violated 49 C.F.R. § 192.705(b), which states:

§ 192.705 Transmission lines: Patrolling.

(a) . . .

(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:

Class location of line	Maximum interval between patrols	
	At highway and railroad crossings	At all other places
1, 2.....	7½ months; but at least twice each calendar year.	15 months; but at least once each calendar year.
3.....	4½ months; but at least four times each calendar year.	7½ months; but at least twice each calendar year.
4.....	4½ months; but at least four times each calendar year.	4½ months; but at least four times each calendar year.

The Notice alleged that Respondent violated 49 C.F.R. § 192.705(b) by failing to meet the required patrolling intervals for Class 1 and 2 locations on numerous inspections during 2007.⁴ Specifically, the Notice alleged that TXGT exceeded the required patrolling interval of at least twice each calendar year but at intervals of not more than 7½ months on 41 separate occasions in the Morgan City area.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 192.705(b) by failing to meet the required patrolling intervals for Class 1 and 2 locations on numerous inspections during 2007.

Item 5: The Notice alleged that Respondent violated 49 C.F.R. § 192.739(a), which states:

⁴ Section 49 C.F.R. § 192.5 defines Class 1 locations generally as (i) an offshore area; or (ii) any class location unit that has 10 or fewer buildings intended for human occupancy. Class 2 locations generally consist of “any class location unit that has more than 10 but fewer than 46 buildings intended for human occupancy.”

§ 192.739 Pressure limiting and regulating stations: Inspection and testing.

(a) Each pressure limiting station, relief device (except rupture discs), and pressure regulating station and its equipment must be subjected at intervals not exceeding 15 months, but at least once each calendar year, to inspections and tests to determine that it is —

- (1) In good mechanical condition;
- (2) Adequate from the standpoint of capacity and reliability of operation for the service in which it is employed;
- (3) Except as provided in paragraph (b) of this section, set to control or relieve at the correct pressure consistent with the pressure limits of § 192.201(a); and
- (4) Properly installed and protected from dirt, liquids, or other conditions that might prevent proper operation.

The Notice alleged that Respondent violated 49 C.F.R. § 192.739(a) by failing to perform annual regulator/relief valve inspections to determine that they were in good mechanical condition and adequate to meet other performance standards. Specifically, the Notice alleged that TXGT failed to perform the inspections for Avoca Island #1 Relief Valve 9488 in 2007 and Old Camp Pass 9012 in 2008 and 2009.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 192.739(a) by failing to perform annual regulator/relief valve inspections to determine that they were in good mechanical condition and adequate to meet other performance standards.

Item 6: The Notice alleged that Respondent violated 49 C.F.R. § 192.709(c), which states:

§ 192.709 Transmission lines: Record keeping.

Each operator shall maintain the following records for transmission lines for the periods specified:

- (a) . . .
- (c) A record of each patrol, survey, inspection, and test required by subparts L and M of this part must be retained for at least 5 years or until the next patrol, survey, inspection, or test is completed, whichever is longer.

The Notice alleged that Respondent violated 49 C.F.R. § 192.709(c) by failing to maintain a record of each patrol, survey, inspection, and test required by subparts L and M of Part 192 for at least five years or until the next patrol, survey, inspection or test is completed, whichever is longer.⁵

⁵ The Notice alleged that TXGT did not maintain the annual inspection and testing data records for the following facilities and years:

- A730-G-16 Avoca Island #1 Relief Valve 9488 for calendar year 2007;
- B705-G-30 REL Blk 20 Burlington 9552 for calendar year 2008;
- C234-G-6 REG/FCPO Old Camp Pass 9012 for calendar years 2008 and 2009;
- L420-G-29 REL South Lake Pagie 2198 for calendar years 2008 and 2009; and
- L440-G-27 REL Lake Pagie for calendar year 2008.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 192.709(c) by failing to maintain a record of each patrol, survey, inspection, and test required by subparts L and M of Part 192 for at least five years or until the next patrol, survey, inspection or test is completed, whichever is longer.

Item 8: The Notice alleged that Respondent violated 49 C.F.R. § 192.745(a), which states:

§ 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.

The Notice alleged that Respondent violated 49 C.F.R. § 192.745(a) by failing to inspect and partially operate each transmission line valve that might be required during any emergency at intervals not exceeding 15 months, but at least once each calendar year. Specifically, TXGT personnel maintained 229 valves in 2006, from June through December. However in 2007, TXGT maintained only 128 of these same 229 valves. The remaining 101 valves were not maintained in the 2007 calendar year.

Respondent did not contest this allegation of violation. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 192.745(a) by failing to inspect and partially operate each transmission line valve that might be required during any emergency at intervals not exceeding 15 months, but at least once each calendar year.

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 an administrative civil penalty not to exceed \$100,000 per violation for each day of the violation, up to a maximum \$1,000,000 for any related series of violations. In determining the amount of a civil penalty under 49 U.S.C. § 60122 and 49 C.F.R. § 190.225, I must consider the following criteria: the nature, circumstances, and gravity of the violation, including adverse impact on the environment; the degree of Respondent's culpability; the history of Respondent's prior offenses; the Respondent's ability to pay the penalty and any effect that the penalty may have on its ability to continue doing business; and the good faith of Respondent in attempting to comply with the pipeline safety regulations. In addition, I may consider the economic benefit gained from the violation without any reduction because of subsequent damages, and such other matters as justice may require. The Notice proposed a total civil penalty of \$162,900 for the violations cited above.

Item 2: The Notice proposed a civil penalty of \$25,000 for Respondent's violation of 49 C.F.R. § 192.475(b), by failing to inspect the internal surface of pipe for evidence of corrosion when the pipe has been removed from the pipeline for any reason. The record shows that TXGT did not perform the required inspections on 13 different occasions during 2007-2011.

TXGT paid the proposed penalty for the alleged violation, which serves to close the case with prejudice. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$25,000 for violation of 49 C.F.R. § 192.475(b).

Item 3: The Notice proposed a civil penalty of \$35,600 for Respondent's violation of 49 C.F.R. § 192.605(a), for failing to follow its own written procedures for conducting operations and maintenance activities. As discussed above, I found that TXGT failed to follow company procedures for remediating external corrosion and for calibrating certain gas detectors. TXGT paid the proposed penalty for the alleged violation, which serves to close the case with prejudice. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$35,600 for violation of 49 C.F.R. § 192.605(a).

Item 4: The Notice proposed a civil penalty of \$29,000 for Respondent's violation of 49 C.F.R. § 192.705(b), for failing to meet the required patrolling intervals for Class 1 and 2 locations on numerous occasions during 2007. As discussed above, I found that during 2007, TXGT exceeded the required patrolling interval on 41 separate occasions in the Morgan City area. TXGT paid the proposed penalty for the alleged violation, which serves to close the case with prejudice. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$29,000 for violation of 49 C.F.R. § 192.705(b).

Item 5: The Notice proposed a civil penalty of \$28,100 for Respondent's violation of 49 C.F.R. § 192.739(a), for failing to perform annual relief valve inspections. As discussed above, I found that TXGT failed to perform annual regulator/relief valve inspections to determine that they were in good mechanical condition and adequate to meet other performance standards. TXGT paid the proposed penalty for the alleged violation, which serves to close the case with prejudice. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$28,100 for violation of 49 C.F.R. § 192.739(a).

Item 6: The Notice proposed a civil penalty of \$20,200 for Respondent's violation of 49 C.F.R. § 192.709, for failing to maintain a record of each patrol, survey, inspection, and test required by subparts L and M of Part 192 for at least five years or until the next patrol, survey, inspection or test is completed, whichever is longer. As discussed above, I found that TXGT failed to maintain the proper documentation that should be utilized in its integrity management program. TXGT paid the proposed penalty for the alleged violation, which serves to close the case with prejudice. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$20,200 for violation of 49 C.F.R. § 192.709.

Item 8: The Notice proposed a civil penalty of \$25,000 for Respondent's violation of 49 C.F.R. § 192.745(a), for failing to inspect and partially operate each transmission line valve that might be required during any emergency at intervals not exceeding 15 months, but at least once each calendar year. As discussed above, I found that TXGT failed to perform proper annual inspections for 101 transmission line valves during 2007. TXGT paid the proposed penalty for the alleged violation, which serves to close the case with prejudice. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$25,000 for violation of 49 C.F.R. § 192.745(a).

In summary, having reviewed the record and considered the assessment criteria for each of the Items cited above, I assess Respondent a total civil penalty of **\$162,900**.

COMPLIANCE ORDER

The Notice proposed a compliance order with respect to Item 1 in the Notice for violation of 49 C.F.R. § 192.613. Under 49 U.S.C. § 60118(a), each person who engages in the transportation of gas or who owns or operates a pipeline facility is required to comply with the applicable safety standards established under chapter 601. Pursuant to the authority of 49 U.S.C. § 60118(b) and 49 C.F.R. § 190.217, Respondent is ordered to take the following actions to ensure compliance with the pipeline safety regulations applicable to its operations:

1. With respect to the violation of § 192.613 (**Item 1**), Respondent must provide PHMSA with justification for testing the two flanges to 530 psig, or 105 psig above the allowable test pressure. The justification should establish that the structural integrity of the flanges has not been damaged. Otherwise, TXGT must replace the two flanges. This item of the compliance order must be completed within 45 days after receipt of the Final Order.
2. With respect to the violation of § 192.613 (**Item 1**), Respondent is requested to maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to R.M. Seeley, Director, Southwest Region, Pipeline and Hazardous Materials Safety Administration. It is requested that these costs be reported in two categories: 1) total cost associated with preparation/revisions of plans, procedures, studies and analyses; and 2) total cost associated with replacements, additions and other changes to pipeline infrastructure.

The Director may grant an extension of time to comply with any of the required items upon a written request timely submitted by the Respondent and demonstrating good cause for an extension.

Failure to comply with this Order may result in the administrative assessment of civil penalties not to exceed \$100,000 for each violation for each day the violation continues or in referral to the Attorney General for appropriate relief in a district court of the United States.

WARNING ITEM

With respect to Item 7, the Notice alleged probable violations of Part 192 but did not propose a civil penalty or compliance order for this item. Therefore, this is considered to be a warning item. The warning was for:

49 C.F.R. § 192.743(a) (**Item 7**) — Respondent's failure to conduct capacity reviews for 31 relief devices in a timely manner. Specifically, the Notice alleged that TXGT exceeded the capacity review timelines for 31 relief devices by one month between March 6, 2007, and July 8, 2008 and the capacity review for the relief device L420-G-29-REL at South Lake Pagie 2198 during the 2008 calendar year.

If OPS finds a violation of this provision in a subsequent inspection, Respondent may be subject to future enforcement action.

The terms and conditions of this Final Order are effective upon service in accordance with 49 C.F.R. § 190.5.

Jeffrey D. Wiese
Associate Administrator
for Pipeline Safety

Date Issued