

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

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

October 28, 2016

Mr. Gary Buchler
Vice President of Gas Operations
Natural Gas Pipeline Company of America, LLC
1001 Louisiana Street
Houston, TX 77002

CPF 4-2016-1011

Dear Mr. Buchler:

On multiple occasions between March 9, 2015 and September 18, 2015, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), pursuant to Chapter 601 of 49 United States Code were onsite and inspected Natural Gas Pipeline Company of America's (NGPL) pipeline assets in Texas, Oklahoma, Arkansas and Illinois.

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 violations are:

1. §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 operating 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.

§ 192.615 Emergency plans.

(b) Each operator shall:

- (2) Train the appropriate operating personnel to assure that they are knowledgeable of the emergency procedures and verify that the training is effective.**

NGPL failed to document that training of personnel in the Emergency Procedures is effective. Kinder Morgan's O&M Procedure, O&M 1900, Emergency Response, 4. Training, states that "Area/facility management will ensure that the ERP is reviewed annually with each employee to verify emergency training is effective per the Company's Training Matrix." "Document the individual employee review and training effectiveness verification. Recommended verification methods for training and drills are to conduct discussions of employees' emergency response scenarios specific to each area/facility or to administer a written evaluation containing questions about emergency response procedures."

During the inspection, NGPL provided drills that were conducted by NGPL on November 12, 2013, and April 15, 2014, as documentation of the effectiveness training of the emergency procedures. Documentation of drill activities does not include verification of personnel's knowledge of emergency procedures or verification of training effectiveness, as per Kinder Morgan procedure O&M 1900 Emergency Response.

2. §192.605 Procedural manual for operations, maintenance and emergencies.

- (a) See above.**

§ 192.615 Emergency plans.

(b) Each operator shall:

- (3) Review employee activities to determine whether the procedures were effectively followed in each emergency.**

NGPL failed to document the review of employee activities to determine whether procedures were effectively followed by employees in response to an emergency. Kinder Morgan's O&M Procedures, O&M 159, Emergency Reporting and Investigation, states: "Include in the investigation, at a minimum: Evaluation of the response of the employees to determine the effectiveness of the procedures and corrective actions taken when deficiencies are found." During the inspection, records for incident DOT 20150096-16858 reported on June 18, 2015, near Marshall, Texas, were reviewed. Kinder Morgan's Form OM100-45 was completed by NGPL personnel following the incident to document the incident and summarize the event. The form failed to document a review of employee activities for the purpose of determining whether the Emergency Plan procedures were effectively followed.

3. §192.603 General provisions.

(b) Each operator shall keep records necessary to administer the procedures established under § 192.605.

§192.605 Procedural manual for operations, maintenance, and emergencies.

(b) Maintenance and normal operations. The manual required by paragraph (a) of this section must include procedures for the following, if applicable, to provide safety during maintenance and operations.

(1) Operating, maintaining, and repairing the pipeline in accordance with each of the requirements of this subpart and subpart M of this part.

NGPL's records do not document that valves necessary during an emergency were partially operated during NGPL's inspections of emergency valves as required under §192.745. NGPL inspection forms included check boxes for their inspectors to indicate whether valves were lubricated and operated. Kinder Morgan's O&M Procedure, O&M 301, Inspecting and Servicing Emergency Valves, states "Operate valves fully whenever possible; otherwise, partial operation is acceptable." During the inspection it was noted from the valve inspection records that there were 21 emergency valves that were not partially operated in 2013 and 12 emergency valves that were not partially operated in 2012. There were 2 locations that did not indicate any operation of the valves in both 2012 and 2013.

4. §192.603 General provisions.

(b) Each operator shall keep records necessary to administer the procedures established under § 192.605.

§192.605 Procedural manual for operations, maintenance, and emergencies.

(b) Maintenance and normal operations. The manual required by paragraph (a) of this section must include procedures for the following, if applicable, to provide safety during maintenance and operations.

(5) Starting up and shutting down any part of the pipeline in a manner designed to assure operations within the MAOP limits prescribed by this part, plus the build-up allowed for operation of pressure limiting and control devices.

NGPL failed to document set points of pressure limiting and control devices designed to assure operating pressures are within the MAOP limits prescribed by Part 192, plus the buildup allowed for operation of pressure limiting and control devices. At NGPL Station 300, an inspection of overpressure protection devices was conducted on October 1, 2014, but the MAXIMO work order records did not include documentation of device set points.

5. § 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.

(b) Maintenance and normal operations. The manual required by paragraph (a) of this section must include procedures for the following, if applicable, to provide safety during maintenance and operations.

(1) Operating, maintaining, and repairing the pipeline in accordance with each of the requirements of this subpart and subpart M of this part.

NGPL personnel failed to follow their manual for operations and maintenance activities. Kinder Morgan's O&M Procedure O&M 301 *Inspecting and Servicing Emergency Valves* states that they are to "Inspect and service pipeline valves at least once each calendar year, at intervals not to exceed 15 months." Section 5 *Documentation*, states "Keep records indicating the servicing dates, and valve and components condition on O&M Form OM300-01 – Automatic Valve Service Report, O&M Form OM300-02-Appurtenance Inspection Service Report, O&M Form 300-03-Valve Inspection Report, or capture the same data in the I&M Program database as your documentation."

A review of the MAXIMO work orders for the Kinder Morgan's Valve –Natural Gas Service did not include valve and components conditions on the form. It was identified that there were 553 valves records that did not have the valve and components condition noted on the form, as required by Kinder Morgan's procedures.

The evidence demonstrates that the operator violated § 192.605(a) by failing to perform the valve inspections as described in their procedures. In the event that such inspections were, in fact, performed, the evidence demonstrates the operator violated §192.709(c) by failing to maintain a record of each inspection and test required by subpart L and M.

Proposed Civil Penalty

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$200,000 per violation per day the violation persists up to a maximum of \$2,000,000 for a related series of violations. For violations occurring prior to January 4, 2012, the maximum penalty may not exceed \$100,000 per violation per day, with a maximum penalty not to exceed \$1,000,000 for a 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 \$131,000 as follows:

<u>Item number</u>	<u>PENALTY</u>
3	\$27,900
5	\$103,100

Warning Items

With respect to items 1 and 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 items. Failure to do so may result in additional enforcement action.

Proposed Compliance Order

With respect to items 4 and 5 pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Natural Gas Pipeline Company of America. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

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. All material submit in response to this enforcement action may be 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 4-2016-1011** 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

PROPOSED COMPLIANCE ORDER

Pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to Natural Gas Pipeline Company of America (NGPL) a Compliance Order incorporating the following remedial requirements to ensure the compliance of Natural Gas Pipeline Company of America with the pipeline safety regulations:

1. In regard to Item Number 4 of the Notice pertaining to the failure to document the set points of pressure-limiting and control devices during inspections of overpressure protection devices to assure operating pressures are maintained within the MAOP limits:
 - a. NGPL must provide training to field personnel to ensure inspections are properly and completely documented in accordance with procedures and the usage of the work management system (MAXIMO).
 - b. Provide documentation of the training personnel received. Also provide the names and dates of when the training was completed for the individuals who would be performing and documenting the inspections of pressure-limiting and control device set points.
2. In regard to Item Number 5 of the Notice pertaining to the failure to follow the manual for operations and maintenance, specifically inspecting emergency valves.
 - a. NGPL must provide training to field personnel to ensure emergency valve inspections are properly conducted and documented, as per Kinder Morgan's O&M Procedure, O&M 301 Inspection and Servicing Emergency Valves.
 - b. Provide documentation of the training personnel received. Also provide the names and dates of when the training was completed for the individuals who would be performing and documenting the inspection of emergency valves, and more specifically to document valve and component's conditions and whether the valve was partially or fully operated successfully.
3. NGPL shall complete Items 1 and 2 above with 60 days after receipt of the Final Order.
4. It is requested (not mandated) that Natural Gas Pipeline Company of America 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/revision of plans, procedures, studies and analyses, and 2) total cost associated with replacements, additions and other changes to pipeline infrastructure.