



U.S. Department
of Transportation

Pipeline and Hazardous Materials
Safety Administration

1200 New Jersey Avenue SE
Washington DC 20590

DEC 20 2018

Mr. Alan S. Armstrong
President and Chief Executive Officer
The Williams Companies, Inc.
One Williams Center
Tulsa, OK 74172

Re: CPF No. 4-2017-2005

Dear Mr. Armstrong:

Enclosed please find the Final Order issued in the above-referenced case to your subsidiary, Williams Energy, LLC. It makes findings of violation and assesses a civil penalty of \$56,900. This is to acknowledge receipt of payment of the full penalty amount, by wire transfer dated November 16, 2017. The order further finds that Williams Energy, LLC, has completed the actions specified in the Notice to comply with the pipeline safety regulations. Therefore, this enforcement action is now closed. Service of the Final Order by certified mail is effective upon the date of mailing as provided under 49 C.F.R. § 190.5.

Thank you for your cooperation in this matter.

Sincerely,

Alan K. Mayberry
Associate Administrator
for Pipeline Safety

Enclosure

cc: Ms. Mary McDaniel, Director, Southwest Region, Office of Pipeline Safety, PHMSA
Mr. Mark Cluff, Vice President of Operations and Operational Disciplines, Williams
Energy, LLC, 525 Central Park Drive, Oklahoma City, OK 733105
Mr. Larry Legendre, Manager Pipeline Safety, Williams Atlantic Gulf, 2800 Post Oak
Blvd., Houston, TX 77056

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))

Williams Energy, LLC,))
a subsidiary of The Williams Companies, Inc.,))

Respondent.))
_____)

CPF No. 4-2017-2005

FINAL ORDER

From September 2015 through February 2016, 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 Williams Energy, LLC (Williams or Respondent) in Houston, Texas. Williams is a subsidiary of The Williams Companies, Inc.,¹ whose Atlantic-Gulf Operating Area includes a natural gas pipeline extending approximately 1,800 miles between South Texas and New York City, a 745-mile natural gas pipeline across the Gulf of Mexico to Florida, and several other gathering and processing facilities. Williams also operates approximately 480 miles of offshore gas gathering in the Gulf of Mexico.²

As a result of the inspection, the Director, Southwest Region, OPS (Director), issued to Respondent, by letter dated October 16, 2017, a Notice of Probable Violation, Proposed Civil Penalty, and Proposed Compliance Order (Notice), which also included a warning pursuant to 49 C.F.R. § 190.205. In accordance with 49 C.F.R. § 190.207, the Notice proposed finding that Williams had committed five violations of 49 C.F.R. Part 192 and proposed assessing a civil penalty of \$56,900 for two of the alleged violations. The Notice also proposed ordering Respondent to take certain measures to correct the alleged violations. The warning item required no further action but warned the operator to correct the probable violation or face possible future enforcement action.

Williams responded to the Notice by letter dated October 31, 2017 (Response). The company

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<http://app.quotemedia.com/data/downloadFiling?ref=12075170&type=HTML&symbol=WMB&companyName=Williams+Companies+Inc.+%28The%29&formType=10-K&formDescription=Annual+report+with+a+comprehensive+overview+of+the+company&dateFiled=2018-02-22>

² <https://co.williams.com/operations-2/atlantic-gulf-operating-area/> (last visited Sept. 10, 2018).

did not contest the allegations of violation or the proposed compliance order and provided information concerning the corrective actions it had taken. The company also indicated it would pay the proposed civil penalty, which it did by wire transfer dated November 16, 2017. Respondent did not request a hearing and therefore has waived its right to one. Williams' payment of the civil penalty authorizes entry of this final order without further proceedings.

FINDINGS OF VIOLATION

In its Response, Williams 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(a), which states:

§ 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.

The Notice alleged that Respondent violated 49 C.F.R. § 192.613(a) by failing to have procedures 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. Specifically, the Notice alleged that Williams did not have procedures for continuing surveillance and did not have any records demonstrating that continuing surveillance had been performed for calendar years 2012 through 2015.

Respondent did not contest this allegation of violation, but explained that it had prepared new procedures and submitted the procedures to the Director. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 192.613(a) by failing to have procedures for continuing surveillance of its facilities.

Item 2: The Notice alleged that Respondent violated 49 C.F.R. § 192.605(b)(8), 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

(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) ...

(8) Periodically reviewing the work done by operator personnel to

determine the effectiveness, and adequacy of the procedures used in normal operation and maintenance and modifying the procedures when deficiencies are found.

The Notice alleged that Respondent violated 49 C.F.R. § 192.605(b)(8) by failing to prepare and follow written procedures for periodically reviewing the work done by operator personnel to determine the effectiveness and adequacy of the procedures used in normal operation and maintenance and modifying the procedures when deficiencies were found. Specifically, the Notice alleged that Williams did not have procedures for performing a periodic effectiveness review of work done by personnel and did not have any records documenting that effectiveness reviews had been conducted.

Respondent did not contest this allegation of violation, but explained that it had implemented new procedures and submitted them to the Director. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 192.605(b)(8) by failing to prepare and follow written procedures for periodically reviewing the work done by operator personnel.

Item 4: The Notice alleged that Respondent violated 49 C.F.R. § 192.479(a), which states:

§ 192.479 Atmospheric corrosion control: General.

(a) Each operator must clean and coat each pipeline or portion of pipeline that is exposed to the atmosphere, except pipelines under paragraph (c) of this section.

The Notice alleged that Respondent violated 49 C.F.R. § 192.479(a) by failing to clean and coat each pipeline or portion of pipeline that is exposed to the atmosphere. Specifically, the Notice alleged that Williams failed to clean and coat the 8- and 20-inch gas risers on platform GI-115-A between 2014 and 2016.

Respondent did not contest this allegation of violation, but explained that the segments had now been cleaned and recoated and submitted confirming documentation to the Director. Accordingly, based upon a review of all of the evidence, I find that Respondent violated 49 C.F.R. § 192.479(a) by failing to clean and coat each pipeline or portion of pipeline that is exposed to the atmosphere.

Item 5: The Notice alleged that Respondent violated 49 C.F.R. § 192.807, which states:

§ 192.807 Recordkeeping.

Each operator shall maintain records that demonstrate compliance with this subpart.

- (a) Qualification records shall include:
- (1) Identification of qualified individual(s);
 - (2) Identification of the covered tasks the individual is qualified to perform;
 - (3) Date(s) of current qualification; and
 - (4) Qualification method(s).

(b) Records supporting an individual's current qualification shall be maintained while the individual is performing the covered task. Records of prior qualification and records of individuals no longer performing covered tasks shall be retained for a period of five years.

The Notice alleged that Respondent violated 49 C.F.R. § 192.807 by failing to maintain qualification records for individuals performing covered tasks. Specifically, the Notice alleged that Williams failed to have documentation showing that certain individuals were qualified when they performed an atmospheric-corrosion inspection, inspected a leak, and closed a valve.

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. § 192.807 by failing to maintain qualification records for individuals performing covered tasks.

Item 6: The Notice alleged that Respondent violated 49 C.F.R. § 192.805(b), which states:

§ 192.805 Qualification program.

Each operator shall have and follow a written qualification program. The program shall include provisions to . . .

(a) . . .

(b) Ensure through evaluation that individuals performing covered tasks are qualified

The Notice alleged that Respondent violated 49 C.F.R. § 192.805(b) by failing to follow its own written qualification program to ensure through evaluation that individuals performing covered tasks were qualified. Specifically, the Notice alleged that Williams failed to ensure that an employee was qualified to perform the covered task of performing pipe-to-soil cathodic protection surveys on May 16, 2013, and August 8, 2014.

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. § 192.805(b) by failing to follow its written qualification program to ensure through evaluation that individuals performing covered tasks were qualified.

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 \$200,000 per violation for each day of the violation, up to a maximum of \$2,000,000 for any related series of violations.³ In determining the amount of a civil penalty under 49 U.S.C.

³ These amounts are adjusted annually for inflation. *See, e.g.*, Pipeline Safety: Inflation Adjustment of Maximum Civil Penalties, 82 Fed. Reg. 19325 (April 27, 2017).

§ 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; 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 \$56,900 for two of the violations cited above.

Item 5: The Notice proposed a civil penalty of \$24,800 for Respondent's violation of 49 C.F.R. § 192.807, for failing to maintain qualification records for individuals performing covered tasks. Respondent did not contest the penalty and submitted payment on November 16, 2017.

Item 6: The Notice proposed a civil penalty of \$32,100 for Respondent's violation of 49 C.F.R. § 192.805(b), for failing to follow its own written qualification program to ensure through evaluation that individuals performing covered tasks are qualified. Respondent did not contest the penalty and submitted payment on November 16, 2017.

Accordingly, I assess Respondent a total civil penalty of **\$56,900**, which amount has already been paid.

COMPLIANCE ORDER

The Notice proposed a compliance order with respect to Items 1, 2, and 4 in the Notice for violations of 49 C.F.R. §§ 192.613(a), 192.605(b)(8), and 192.479(a), respectively. 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.

Respondent submitted documentation in response to the proposed compliance order, including: procedures for continuing surveillance under 49 C.F.R. § 192.613(a) (Item 1); procedures for periodically reviewing the work done by personnel under § 192.605(b)(8) (Item 2); and documentation of cleaned and coated segments exposed to the atmosphere under § 192.479(a) (Item 4). The Director has reviewed the submissions and finds them satisfactory. Therefore, it is not necessary to include the terms of the proposed compliance order in this Order.

WARNING ITEM

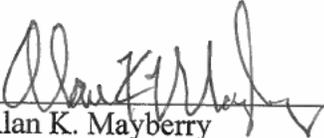
With respect to Item 3, the Notice alleged a probable violation of Part 192 but did not propose a civil penalty or compliance order for this item. Therefore, this is considered to be a warning item. The warning was for:

49 C.F.R. § 192.605(b)(8) (**Item 3**) — Respondent's alleged failure to review and update its manual of written procedures for conducting operations and

maintenance activities at intervals not exceeding 15 months, but at least once each 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.



Alan K. Mayberry
Associate Administrator
for Pipeline Safety

DEC 20 2018

Date Issued