

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

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

October 16, 2017

Mark Cluss
VP of Operations and Operational Disciplines
Williams Energy, LLC
525 Central Park Drive
Oklahoma City, OK 73105

CPF 4-2017-2005

Dear Mr. Cluss:

On multiple dates between the months of September 2015 and February 2016, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), pursuant to Chapter 601 of 49 United States Code inspected your Williams Energy Discovery – Offshore Gas (Williams) pipeline system in Houston, Texas.

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. § 192.613 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).**

During the inspection, the PHMSA inspector learned that Williams does not have a required procedure for continuing surveillance.

Also, Williams failed to provide records demonstrating that they performed continuing surveillance of pipeline facilities for the calendar year 2012 through 2015 as required by § 192.613.

2. § 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.**
 - (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.**

At the time of the inspection, the PHMSA inspector learned that Williams does not have associated procedures addressing a periodic effectiveness review for work done by their personnel as required by § 192.605(b)(8). This became evident when Williams was unable to provide records validating that effectiveness reviews had been conducted periodically.

Williams must prepare procedures that address the requirements of § 192.605(b)(8).

3. § 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.**

Williams conducted annual reviews of the written procedures in the O&M manual, but the reviews were vague and lacked details about the procedures reviewed and the updates made.

For the 2011 through 2014 records, Williams provided a statement indicating the System Integrity Plan (SIP) has been in review as an ongoing project to improve the quality and merge the content with legacy gas pipes policies and procedures. The legacy gas pipes procedures are known as the Williams Integrated Management System (WIMS) project.

While reviewing the aforementioned records, the PHMSA inspector noted the documentation provided lacked details of which procedures were reviewed and what updates were made during each calendar year. If there were any updates, the records failed to establish an interval in which the review recommendation will be inserted into the manual.

4. §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.**

William personnel did not clean or coat the following pipeline segment exposures, the 8” gas riser from EW-921-A and the 20” gas riser to ST-256-30 SSTI both located on platform GI-115-A, between the 2014 atmosphere corrosion inspection and this inspection. According to the documentation provided, the condition worsened in the calendar year 2015.

On 5/1/2013, a Williams’ contract employee inspected the 8” gas riser from EW-921-A for the atmospheric corrosion inspection at platform GI-115-A. He documented that "Riser has splashtron coating to +16', riser has tear at +1' and it has light surface corrosion at the top of the splashtron coating at +16". On the 8/6/2014 atmospheric corrosion inspection, it was reported as passive pitting throughout and the riser guard has a through wall corrosion hole. On the 10/6/2015 atmospheric corrosion inspection, Williams reported metal loss due to passive pitting throughout and guard has a through-wall corrosion hole. When Williams was questioned about the repair status of the riser from the previous inspections, the operator stated that a work order to perform the work was issued on 1/26/2015. The work order has not been started/completed at the time of this inspection. Further, Williams did not provide an RSTRENG analysis and the operating pressure was not reduced in the pipeline.

On 5/1/2013, a Williams’ contract employee inspected the 20” gas riser to ST-256-30 SSTI for the atmospheric corrosion inspection at Platform GI115-A. He documented that “Riser has moderate surface corrosion at the top of the splashtron coating at +24’, on the flange fasteners, and on the valve assembly and moderate corrosion on the flange fasteners at +17””. On the 8/6/2014 atmospheric corrosion inspection, it was reported that riser has light crevice corrosion at +24’ and it was coated. During the 10/6/2015 inspection, Williams documented that the riser has moderate surface corrosion throughout the processing equipment at the cellar deck and riser guard with an impact damage and active pitting. When Williams was questioned about the repair status, the operator stated that a work order to perform the work was issued on 1/26/2015. The work order

has not been started/completed at the time of this inspection. Further, Williams did not provide RSTRENG analysis and the operating pressure was not reduced in the pipeline.

5. §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.

Williams failed to follow their DOT-Operator Qualification Plan and maintain records as required by §192.807 on the following three occasions:

The Williams Operator Qualification (OQ) Plan – Rev. 9, Section 8: Contractor states, “Prior to commencing work, verify through the ISNetwork (ISN) website that each contractor and subcontractor employee is qualified or will be overseen by a qualified contract employee, to perform those Covered Tasks (Appendix B of the Williams' Operator Qualification Program) assigned to them in accordance with the process described by the Project Manager Responsibilities for OQ Compliance Flowchart. Retain documentation.”

On 5/1/2013, a Williams contract employee inspected the 8” gas riser from EW-921-A and 20” gas riser to ST-256-30 SSTI for the atmospheric corrosion inspection at platform GI-115-A. When the PHMSA inspector requested the qualification records of this employee to perform visual atmospheric inspection (OQCT 409), Williams failed to provide documentation indicating the employee was qualified on 5/1/2013 through ISNetwork.

Williams reported an incident on 12/3/2014 under NRC # 1102545. While reviewing the condensed activity report related to this incident, the PHMSA inspector noted diver # 32 inspected a leak and closed a valve to make safe. When the PHMSA inspector requested the qualification records of diver # 32, Williams failed to provide his qualification through ISNetwork website.

Williams updated its DOT-Operator Qualification Plan (Rev. 00) on July 6, 2015. The Section 8.2: Contractor OQ Administration states “The Company has contracted Veriforce, LLC, to administer its Contractor process and recordkeeping requirements. All aspects of this

administration will be made available to local Management through the Veriforce website (www.Veriforce.com).”

On 10/6/2015, a Williams contract employee inspected the 8” gas riser from EW-921-A and 20” gas riser to ST-256-30 SSTI for the atmospheric corrosion inspection at platform GI-115-A. When the PHMSA inspector requested the qualification records of this employee to perform visual atmospheric inspection (OQCT 409), Williams failed to provide documentation indicating the employee was qualified on 10/6/2015 through Veriforce.

6. §192.805 Qualification program.

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

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

Williams failed to ensure through evaluation that an employee was qualified to perform covered tasks on the following two occasions.

While reviewing records associated with the 2013 and 2014 Annual Cathodic Protection Survey on Segment 10845 and 10823 respectively, the PHMSA inspector noted that Williams failed to ensure through evaluation that an employee was qualified to perform a covered task. Specifically, task CT401: Perform pipe to soil surveys including close interval surveys. A Williams’s employee performed the task on 5/16/2013 and 8/8/2014. PHMSA reviewed the qualification records for this individual, and the records indicated his qualification was not current for this covered task. Williams implemented a new Operator Qualification Plan; Rev. 0, and the individual was found qualified on covered task CT407: Perform Cathodic Protection Survey on 4/6/2015. Covered Task CT407 in the new plan is equivalent to CT401 in the old plan.

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 violations and has recommended that you be preliminarily assessed a civil penalty of \$56,900 as follows:

<u>Item number</u>	<u>PENALTY</u>
5	\$24,800
6	\$32,100

Warning Items

With respect to item 3 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 item. Failure to do so may result in additional enforcement action.

Proposed Compliance Order

With respect to items 1, 2 and 4 pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Williams Energy, LLC 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 you 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 4-2017-2005** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Frank Causey
Acting Director, SW Region
Pipeline and Hazardous Materials Safety Administration

Enclosures: *Proposed Compliance Order*
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 Williams Energy, LLC (Williams) a Compliance Order incorporating the following remedial requirements to ensure the compliance of Williams with the pipeline safety regulations:

1. In regard to Item Number 1 of the Notice pertaining to Williams failure to have procedures addressing continuing surveillance of pipeline facilities Williams must develop procedures to comply with §192.613 as required by §192.605(e).
2. In regard to Item Number 2 of the Notice pertaining to Williams failure to have procedures addressing the periodic review of work done by the operator's personnel to determine the effectiveness, and adequacy of the procedures used in normal operation and maintenance, Williams must develop procedures required by §192.605 (b)(8).
3. In regards to Item Number 4 of the Notice pertaining to Williams failure to clean or coat the pipeline segment exposures located at platform GI-115-A, Williams must perform RSTRENG analysis to calculate the remaining strength of corroded pipe. If the analysis indicates safety issue, Williams must mitigate it by either reducing the operating pressure or replaced the pipe.
4. Williams must complete Item Number 1 and 2 within 30 days and Item Number 3 in 90 days.
5. It is requested (not mandated) that Williams maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Jon Manning, Acting Director, SW 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.