

July 24, 2017

Mr. Alan Armstrong
President & Chief Executive Officer
Williams Olefins Feedstock Pipelines, LLC
One Williams Center
Tulsa, Oklahoma 74172

Re: CPF No. 4-2017-5001

Dear Mr. Armstrong:

Enclosed please find the Final Order issued in the above-referenced case. It makes findings of violation, assesses a civil penalty of \$253,900, and specifies actions that need to be taken by Williams Olefins Feedstock Pipelines, LLC to comply with pipeline safety regulations. This is to acknowledge receipt of payment of the full penalty amount, by wire transfer, dated March 21, 2017. When the terms of the compliance order are completed, as determined by the Director, Southwest Region, this enforcement action will be 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: Director, Southwest Region, Office of Pipeline Safety, PHMSA
Mr. Larry D. Legendre, Manager, Pipeline Safety – 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**

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In the Matter of)	
)	
Williams Olefins Feedstock Pipelines, LLC,)	CPF No. 4-2017-5001
)	
Respondent.)	
)	

FINAL ORDER

On several occasions from August 31, 2015 to December 10, 2015, pursuant to 49 U.S.C. § 60117, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), conducted an on-site pipeline safety inspection of the records for operations and maintenance of Williams Olefins Feedstock Pipelines, LLC (Williams or Respondent), a subsidiary of Williams Partners, LP, in Houston, Texas. PHMSA also conducted field inspections of Williams' Bayou Ethane System and Iowa to Port Neches 6-inch pipeline system. Williams' interstate gas pipeline and gathering operations span the United States, including pipelines in the Gulf of Mexico, the Rockies, the Pacific Northwest and the Eastern Seaboard.¹

As a result of the inspection, the Director, Southwest Region, OPS (Director), issued to Respondent, by letter dated January 25, 2017, a Notice of Probable Violation, Proposed Civil Penalty, and Proposed Compliance Order (Notice). 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 195 and proposed assessing a civil penalty of \$253,900 for the alleged violations. The Notice also proposed ordering Respondent to take certain measures to correct the alleged violations.

Williams responded to the Notice by letter dated March 1, 2017 (Response). The company did not contest the allegations of violation and paid the proposed civil penalty of \$253,900. In accordance with 49 C.F.R. § 190.208(a)(1), such payment authorizes the Associate Administrator to make findings of violation and to issue this final order.

¹ Williams' website, *available at* <http://co.williams.com/> (last accessed July 20, 2017). On April 17, 2017, Williams Partners, LP, announced that it had agreed to sell 100 percent of its interest in Williams Olefins, LLC, the parent of Respondent, to NOVA Chemicals.

FINDINGS OF VIOLATION

In its Response, Williams did not contest the allegations in the Notice that it violated 49 C.F.R. Part 195, as follows:

Item 1: The Notice alleged that Respondent violated 49 C.F.R. § 195.49, which states:

§ 195.49 Annual report.

Each operator must annually complete and submit DOT Form PHMSA F 7000-1.1 for each type of hazardous liquid pipeline facility operated at the end of the previous year. An operator must submit the annual report by June 15 each year, except that for the 2010 reporting year the report must be submitted by August 15, 2011. A separate report is required for crude oil, HVL (including anhydrous ammonia), petroleum products, carbon dioxide pipelines, and fuel grade ethanol pipelines. For each state a pipeline traverses, an operator must separately complete those sections on the form requiring information to be reported for each state.

The Notice alleged that Respondent violated 49 C.F.R. § 195.49 by failing to submit to PHMSA an annual report that included information on all its pipeline assets. Specifically, the Notice alleged that Williams did not submit a 2014 annual report that included information on the BASF Connection pipeline, which was constructed in 2013. 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. § 195.49 by failing to submit a complete 2014 annual report.

Item 2: The Notice alleged that Respondent violated 49 C.F.R. § 195.222,² which states:

§ 195.222 Welders and welding operators: Qualification of welders and welding operators.

(a) Each welder or welding operator must be qualified in accordance with section 6, section 12, Appendix A or Appendix B of API Std 1104 (incorporated by reference, see § 195.3), or section IX of the ASME Boiler and Pressure Vessel Code (ASME BPVC), (incorporated by reference, see § 195.3) except that a welder or welding operator qualified under an earlier edition than listed in § 195.3, may weld but may not requalify under that earlier edition.

The Notice alleged that Respondent violated 49 C.F.R. § 195.222(a) by failing to ensure that its welders were qualified in accordance with section 6 of API 1104 or section IX of the ASME Boiler and Pressure Vessel Code. Specifically, the Notice alleged that, in response to a Request for Specific Information, Williams could not produce records sufficient to demonstrate that its welders who worked on the Bayou Ethane Pipeline Rehabilitation Project were qualified to weld

² This regulation was amended after issuance of the Notice. Amdt. 195-101, 82 FR 7999 (Jan. 23, 2017).

in accordance with § 195.222(a).³ 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. § 195.222(a) by failing to qualify its welders in accordance with section 6 of API 1104 or section IX of the ASME Boiler and Pressure Vessel Code.

Item 3: The Notice alleged that Respondent violated 49 C.F.R. § 195.569, which states:

§ 195.569 Do I have to examine exposed portions of buried pipelines?

Whenever you have knowledge that any portion of a buried pipeline is exposed, you must examine the exposed portion for evidence of external corrosion if the pipe is bare, or if the coating is deteriorated. If you find external corrosion requiring corrective action under § 195.585, you must investigate circumferentially and longitudinally beyond the exposed portion (by visual examination, indirect method, or both) to determine whether additional corrosion requiring remedial action exists in the vicinity of the exposed portion.

The Notice alleged that Respondent violated 49 C.F.R. § 195.569 by failing to examine portions of exposed pipelines for evidence of external corrosion.⁴ Specifically, the Notice alleged that during the construction of new pipelines and pipeline facilities for the Bayou Ethane Pipeline Rehabilitation Project in 2013 and 2014, Williams failed to examine portions of exposed pipelines for evidence of external corrosion for six segments of 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. § 195.569 by failing to examine portions of exposed pipeline segments for evidence of external corrosion during the Bayou Ethane Pipeline Rehabilitation Project in 2013 and 2014.

Item 4: The Notice alleged that Respondent violated 49 C.F.R. § 195.579, which states:

§ 195.579 What must I do to mitigate internal corrosion?

(a) . . .

(c) *Removing pipe.* Whenever you remove pipe from a pipeline, you must inspect the internal surface of the pipe for evidence of corrosion. If you find internal corrosion requiring corrective action under § 195.585, you must investigate circumferentially and longitudinally beyond the exposed portion (by visual examination, indirect method, or both) to determine whether additional corrosion requiring remedial action exists in the vicinity of the exposed portion.

³ See, generally, Request for Specific Information (August 29, 2016) (requesting information from Williams regarding its welding qualification procedures and records, to which Williams responded by providing limited, incomplete information) (on file with PHMSA).

⁴ See, Violation Report at Exhibit B, *Williams Procedure No. 7.04-ADM-005, Section 1.2* (requiring that “each time a buried pipeline or related underground facility is exposed for any reason (intentionally or unintentionally), it must be thoroughly inspected (end-to-end) and the conditions documented on the appropriate form(s).” The procedures also require personnel to perform an inspection of the pipe coating and pipe conditions and to document the findings on *Form 02-OPR-1581-Maintenance Report* or *02-LEG-1035-Encroachment Agreement* (on file with PHMSA).

The Notice alleged that Respondent violated 49 C.F.R. § 195.579(c) by failing to examine portions of exposed pipelines for evidence of internal corrosion.⁵ Specifically, the Notice alleged that during the construction of new pipelines and pipeline facilities for the Bayou Ethane Pipeline Rehabilitation Project in 2013 and 2014, Williams failed to examine portions of exposed pipelines for evidence of internal corrosion for 10 segments of 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. § 195.579(c) by failing to examine portions of exposed pipelines for evidence of internal corrosion.

Item 5: The Notice alleged that Respondent violated 49 C.F.R. § 195.583, which states, in pertinent part:

§ 195.583 What must I do to monitor atmospheric corrosion control?

(a) . . .

(c) If you find atmospheric corrosion during an inspection, you must provide protection against corrosion as required by § 195.581.

The Notice alleged that Respondent violated 49 C.F.R. § 195.583(c) by failing to provide protection against corrosion after atmospheric corrosion was identified during inspections of Williams' Iowa to Orange 6-inch pipeline system. Specifically, the Notice alleged that Williams conducted valve inspections in April 2014, May 2015, and October 2015 that resulted in atmospheric corrosion being observed at several valve sites. Williams failed, however, to correct all the deficiencies noted from these inspections and to provide protection against corrosion pursuant to § 195.581.⁶ 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. § 195.583(c) by failing to provide protection against corrosion as required by § 195.581 upon discovering evidence of atmospheric corrosion during several valve inspections.

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

⁵ See also, Williams Procedure No. 7.04-ADM-005, Section 2 (requiring that “[i]f the internal portion of the pipe is exposed from being cut, coupon extracted, or other reasons, include the internal surface in the Corrosion examination.” The procedures also state to perform an inspection of the internal pipe conditions and to document the findings on 02-OPR-1581-Maintenance Report or 02-LEG-1035-Encroachment Agreement (Short Form)).

⁶ Respondent noted that its Iowa Extension, which was experiencing atmospheric corrosion, was idled and a “complete and total inspection and rehabilitation of the pipeline, including valve replacement, atmospheric corrosion remediation, and in-line inspection” would be completed prior to putting the line back into service. *Id.* at 7. PHMSA regulations, however, do not recognize idle status, and consider pipelines to be either active and fully subject to all relevant parts of the safety regulations or abandoned. See, PHMSA Advisory Bulletin 2016-0075 (August 11, 2016).

related series of violations.⁷ 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; 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 \$253,900 for violations of Items 1-4.

Item 1: The Notice proposed a civil penalty of \$57,000 for Respondent's violation of 49 C.F.R. § 195.49, for failing to submit a full and complete 2014 annual report to PHMSA. Williams neither contested the allegation nor presented any evidence or argument justifying a reduction in the proposed penalty. Although pipeline safety was minimally affected and Williams took steps to comply with the requirement, Williams did not achieve compliance and the violation was discovered by PHMSA. This is a repeat violation.⁸ Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$57,000 for violation of 49 C.F.R. § 195.49.

Item 2: The Notice proposed a civil penalty of \$46,600 for Respondent's violation of 49 C.F.R. § 195.222(a), for failing to qualify its welders working on the Bayou Ethane Pipeline Rehabilitation Project, in accordance with Section 6 of API 1104 or Section IX of the ASME Boiler and Pressure Vessel Code. Williams neither contested the allegation nor presented any evidence or argument justifying a reduction in the proposed penalty. Williams failed to take appropriate action to comply with a requirement that was clearly applicable, and as a result, pipeline integrity was compromised in areas other than an HCA or HCA "could affect" segment. This violation was discovered by PHMSA. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$46,600 for violation of 49 C.F.R. § 195.222(a).

Item 3: The Notice proposed a civil penalty of \$69,100 for Respondent's violation of 49 C.F.R. § 195.569, for failing to examine portions of exposed pipeline for evidence of external corrosion if the pipe is bare or if the coating is deteriorated. Williams neither contested the allegation nor presented any evidence or argument justifying a reduction in the proposed penalty. Williams failed to take appropriate action to comply with a requirement that was clearly applicable, and as a result, pipeline integrity was compromised in areas other than an HCA or HCA "could affect" segment. Further, PHMSA discovered the violation. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$69,100 for violation of 49 C.F.R. § 195.569.

Item 4: The Notice proposed a civil penalty of \$81,200 for Respondent's violation of 49 C.F.R. § 195.579(c), for failing to examine portions of exposed pipeline for evidence of internal

⁷ 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).

⁸ *In the Matter of Williams Olefins Feedstock Pipelines, LLC*, Final Order, CPF. No. 4-2013-5016 (March 20, 2014).

corrosion. Williams neither contested the allegation nor presented any evidence or argument justifying a reduction in the proposed penalty. Williams failed to take appropriate action to comply with a requirement that was clearly applicable, and as a result, pipeline integrity was compromised in areas other than an HCA or HCA “could affect” segment. Further, Williams did not have a credible justification for its actions. PHMSA discovered the violation. Accordingly, having reviewed the record and considered the assessment criteria, I assess Respondent a civil penalty of \$81,200 for violation of 49 C.F.R. § 195.579(c).

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 **\$253,900**, which amount has already been paid by Respondent.

COMPLIANCE ORDER

The Notice proposed a compliance order with respect to Items 1 and 5 in the Notice for violations of 49 C.F.R. §§ 195.49 and 195.583(c), respectively. Under 49 U.S.C. § 60118(a), each person who engages in the transportation of hazardous liquids 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 § 195.49 (**Item 1**), Respondent must submit a supplemental annual report to PHMSA to include the BASF Connection pipeline information. This must be completed within 30 days of after receipt of the Final Order.
2. With respect to the violation of § 195.583(c) (**Item 5**), Respondent must correct all deficiencies identified in its atmospheric corrosion inspections of the Iowa Extension. Williams must provide a monthly update regarding all deficiencies that have been corrected, beginning 30 days after receipt of the Final Order. All work is to be completed within 365 days after receipt of the Final Order.

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 the Director. 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.

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 \$200,000, as adjusted for inflation (49 C.F.R. § 190.223), 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.

Under 49 C.F.R. § 190.243, Respondent may submit a Petition for Reconsideration of this Final Order to the Associate Administrator, Office of Pipeline Safety, PHMSA, 1200 New Jersey Avenue, SE, East Building, 2nd Floor, Washington, DC 20590, with a copy sent to the Office of Chief Counsel, PHMSA, at the same address, no later than 20 days after receipt of service of this Final Order by Respondent. Any petition submitted must contain a statement of the issue(s) and meet all other requirements of 49 C.F.R. § 190.243. The filing of a petition automatically stays the payment of any civil penalty assessed. The other terms of the order, including corrective action, remain in effect unless the Associate Administrator, upon request, grants a stay. The terms and conditions of this Final Order are effective upon service in accordance with 49 C.F.R. § 190.5.

July 24, 2017

Alan K. Mayberry
Associate Administrator
for Pipeline Safety

Date Issued