

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

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

October 1, 2019

Gary Buchler
Vice President Engineering/Operations
El Paso Natural Gas Company, L.L.C.
1001 Louisiana Street
Houston, Texas 77002 - 5089

CPF 4-2019-1010

Dear Mr. Buchler:

From January 16, 2018 through July 19, 2019, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS) and Arizona Corporation Commission, pursuant to Chapter 601 of 49 United States Code inspected your El Paso West North pipeline system in Texas, Oklahoma, New Mexico, and Arizona.

As a result of the inspection, it is alleged that you have committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations (CFR). The items inspected and the probable violations are:

1. §192.619 Maximum allowable operating pressure - Steel or plastic pipelines.

(a) No person may operate a segment of steel or plastic pipeline at a pressure that exceeds a maximum allowable operating pressure determined under paragraph (c) or (d) of this section, or the lowest of the following:

(3) The highest actual operating pressure to which the segment was subjected during the 5 years preceding the applicable date in the second column. This pressure restriction applies unless the segment was tested according to the requirements in paragraph (a)(2) of this section after the applicable date in the third column or the segment was uprated according to the requirements in subpart K of this part:

El Paso Natural Gas Company, L.L.C. (EPNG) failed to establish a maximum allowable operating pressure (MAOP) for one segment of the El Paso West North pipeline system in accordance with § 192.619. When deciding the MAOP to operate the MP 64 + 2964 to MP 138 + 2128 segment, EPNG chose to use the highest actual operating pressure the segment had been subjected to during the last 5 years, pursuant to § 192.619(a)(3). EPNG did, however, not have the documentation to support its determination.

EPNG's records show that the MAOP of the segment between MP 64 + 2964 and MP 138 + 2128 was established using the criteria in section 3.3 of EPNG's Operation and Maintenance 201 procedures, which are the same as those in § 192.619(a)(3). EPNG, however, could not provide records showing the highest actual operating pressure that the segment was subjected to during the past 5 years.

2. § 191.5 Immediate notice of certain incidents.

(a) At the earliest practicable moment following discovery, but no later than one hour after confirmed discovery, each operator must give notice in accordance with paragraph (b) of this section of each incident as defined in § 191.3.

EPNG failed to provide immediate notice at the earliest practical moment following discovery (within one hour) of each of the following incidents as defined in §191.3:

The first incident, involving a fire and release of natural gas, occurred at 8:00 am on January 10, 2017, on the L1600 Casa Grande to Wenden pipeline in Arizona. According to EPNG's PHMSA Form F7100.2 (Report No. 20170017), EPNG discovered the incident at 10:00am on January 11, 2017, and reported it to the National Response Center (NRC) at 11:17am. The notification was made one hour and seventeen minutes following the confirmation of the need to report the incident.

For the second incident, on July 9, 2017, at 4:50pm, EPNG notified the NRC of a 3:24pm incident involving the Florida B Staion in New Mexico. The incident resulted in the release of 500 MCF

of natural gas. The NRC notification was made one hour and twenty-six minutes following discovery.

3. §192.465 External corrosion control: Monitoring.

(a) Each pipeline that is under cathodic protection must be tested at least once each calendar year, but with intervals not exceeding 15 months, to determine whether the cathodic protection meets the requirements of §192.463. However, if tests at those intervals are impractical for separately protected short sections of mains or transmission lines, not in excess of 100 feet (30 meters), or separately protected service lines, these pipelines may be surveyed on a sampling basis. At least 10% of these protected structures, distributed over the entire system must be surveyed each calendar year, with a different 10% checked each subsequent year, so that the entire system is tested in each 10-year period.

EPNG failed to test each pipeline that is under cathodic protection at least once each calendar year, but with intervals not exceeding 15 months to determine whether the cathodic protection met the requirements of § 192.463 for four of its pipeline systems.

EPNG provided records for its annual pipe to soil surveys for calendar years 2016 and 2017 for pipeline systems 1200, 1201, 1204, and 1208. These records showed that EPNG failed to perform the annual surveys on those lines within the required 15 month interval. The survey records showed that the annual survey was carried out between March 8-14, 2016, while the subsequent survey did not occur until July 20-23, 2017, August 17, 2017, and November 29, 2017. In each instance, the 15 month interval was exceeding by a period of one to five months.

For line 1208, this is a repeat violation from CPF 4-2016-1005 Item 4.

4. §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-

(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);

EPNG failed to correctly set the relief point on the relief device in order to control or relieve at the correct pressure as required by § 192.201(a) at the Window Rock station. PHMSA reviewed EPNG's May 12, 2016, record that showed that the relief setting was set at 1000 psi, which is higher than the pressure limits set forth in 49 CFR §192.201(a). EPNG corrected the setting on January 19, 2017, to the correct set pressure of 900 psi.

5. §192.605 Procedural manual for operations, maintenance, and emergencies.

(3) 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 one 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.

EPNG failed to follow its procedures to accurately record all required data on its annual on-site rectifier inspection in twelve instances.

EPNG's Operations and Maintenance procedures 903 (External Corrosion Control for Buried or Submerged Pipelines) and CorrBP-004 (Rectifier and Anode Bed Guide) require the completion of all the required information on its form to document its annual on-site rectifier inspections for twelve inspections. Records reviewed from various inspections carried out in 2017 were missing required information, including the nearest pipe to soil readings, AC volts/amps, anode readings, and some other required data.

Proposed Civil Penalty

Under 49 U.S.C. § 60122 and 49 CFR § 190.223, you are subject to a civil penalty not to exceed \$218,647 per violation per day the violation persists, up to a maximum of \$2,186,465 for a related series of violations. For violation occurring on or after November 27, 2018 and before July 31, 2019, the maximum penalty may not exceed \$213,268 per violation per day, with a maximum penalty not to exceed \$2,132,679. For violation occurring on or after November 2, 2015 and before November 27, 2018, the maximum penalty may not exceed \$209,002 per violation per day, with a maximum penalty not to exceed \$2,090,022. For violations occurring prior to November 2, 2015, the maximum penalty may not exceed \$200,000 per violation per day, with a maximum penalty not to exceed \$2,000,000 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 \$45,900 as follows:

<u>Item number</u>	<u>PENALTY</u>
3	\$45,900

Warning Items

With respect to items 2 , 4, and 5, 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 item 1 pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to El Paso Natural Gas Company, L.L.C. 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).

Following the receipt of this Notice, you have 30 days to submit written comments, or request a hearing under 49 CFR § 190.211. 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. If you are responding to this Notice, we propose that you submit your correspondence to my office within 30 days from receipt of this Notice. This period may be extended by written request for good cause.

In your correspondence on this matter, please refer to **CPF 4-2019-1010** and, for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Mary L. McDaniel, P.E.
Director, Southwest 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 El Paso Natural Gas, L.L.C. (EPNG) a Compliance Order incorporating the following remedial requirements to ensure the compliance of EPNG with the pipeline safety regulations:

1. In regard to Item Number 1 of the Notice pertaining to MAOP determination EPNG shall submit records showing the highest operating pressure to which the MP 64 + 2964 to MP 138 + 2128 segment was operated during the 5 years preceding July 1, 1970.
2. Records of the MAOP determination shall be submitted within 90 days of the issuance of the Final Order.
4. It is requested (not mandated) that EPNG maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Mary. L. McDaniel P.E., 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.