

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

**ELECTRONIC MAIL - RETURN RECEIPT REQUESTED**

October 30, 2020

Tom Correll  
Vice President of Pipeline Safety and Risk  
Northern Natural Gas Company  
1111 South 103<sup>rd</sup> Street  
Omaha, Nebraska 68124

**CPF 4-2020-1008**

Dear Mr. Correll:

From September 9, 2019 through February 2, 2020, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA) pursuant to Chapter 601 of 49 United States Code inspected Northern Natural Gas Company's (NNGC) natural gas transmission pipeline system located in Texas, New Mexico, and Oklahoma.

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. § 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.**

NNGC failed to notify the National Response Center (NRC) at the earliest practicable moment following discovery but no later than one hour after confirmed discovery, following an incident that occurred on March 20, 2019, in Iowa.

During the inspection, PHMSA inspectors reviewed *NRC# 20190042-32017* with NNGC personnel. According to the NRC report, NNGC's field operator reported an incident that occurred at 12:00 on March 20, 2019, to the NRC at 16:30 on March 20, 2019, for the Ogden to Ventura Line (Segment ID: M520A) in Iowa. The incident met the criteria of a reportable event as defined in § 191.3 because the amount of gas released exceeded 3 MMCF. However, the notification was made four hours and thirty minutes following the confirmed discovery.

**2. § 192.935 What additional preventive and mitigative measures must an operator take?**

(a) ....

**(c) Automatic shut-off valves (ASV) or Remote control valves (RCV). If an operator determines, based on a risk analysis, that an ASV or RCV would be an efficient means of adding protection to a high consequence area in the event of a gas release, an operator must install the ASV or RCV. In making that determination, an operator must, at least, consider the following factors—swiftness of leak detection and pipe shutdown capabilities, the type of gas being transported, operating pressure, the rate of potential release, pipeline profile, the potential for ignition, and location of nearest response personnel.**

NNGC failed to perform a risk analysis that would consider all factors in § 192.935(c) to determine whether automatic shut-off valves (ASV) or remote control valves (RCV) would be an efficient means of adding protection to their high consequence areas (HCA) in the event of a gas release.

During the inspection, PHMSA inspectors reviewed NNGC's *Operating Procedure, 140.301, Risk Assessment and Prioritization of HCAs (Rev. 11, 10/02/2019)*, including *Section 5*, which states:

“5.3.11 Review the remote control valve (RCV) “guide material” against the data used in the risk assessment model for incident response time. Update the “guide material” as needed. Consider response time improvements with the installation RCVs to address high risk HCAs.”

and

”5.3.14.2 \*If remote control valves (RCVs) are needed to reduce risk, refer to the RCV guide material.”

NNGC's *Guide Material, 140.501, RCVs and ASVs (Rev. 3, 09/28/2019)*, *Response Study* section states:

“To complete the response study Northern reviewed both of these threat conditions:

1. All class 3 locations and all HCAs that operate at 30% SMYS or higher and the response time is two or more hours.

2. HCAs with limited egress or access.”

According to NNGC’s procedures and *Guide Material*, a risk analysis performed under this procedure would not consider all the factors in § 192.935(c), such as swiftness of leak detection and pipe shutdown capabilities, the type of gas being transported, the operating pressure, the rate of potential release, the pipeline profile, the potential for ignition, and the location of the nearest response personnel.

Therefore, NNGC failed to perform a risk analysis that would consider all factors listed in § 192.935(c) to determine whether ASVs/RCVs are adequate to protect HCAs.

Proposed Compliance Order

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.

We have reviewed the circumstances and supporting documents involved in this case, and have decided not to propose a civil penalty assessment at this time.

With respect to item 2 pursuant to 49 U.S.C. § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to NNGC Natural Gas Co. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

Warning Item

With respect to item 1 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 this item. Failure to do so may result in additional enforcement action.

Response to this Notice

Enclosed as part of this Notice is a document entitled *Response Options for Pipeline Operators in Enforcement Proceedings*. Please refer to this document and note the response options. Be advised that all material you submit in response to this enforcement action is subject to being 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 4-2020-1008** 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 Enforcement Proceedings*

## PROPOSED COMPLIANCE ORDER

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

- A. In regard to Item Number 2 of the Notice pertaining to the performance of a risk analysis for preventive and mitigative measures, NNGC must conduct a risk analysis of its pipelines to determine if automatic shut-off valves (ASV) or remote control valves (RCV) would be an efficient means of adding protection to each high consequence area in an event of a release of gas to reduce risk. This study must consider factors such as swiftness of leak detection and pipe shutdown capabilities, the type of gas being transported, operating pressure, the rate of potential release, pipeline profile, the potential for ignition, and location of nearest response personnel. NNGC must also amend procedures to reflect or incorporate the findings or conclusion of the analysis.
- B. NNGC must complete Item A of the Compliance Order within **90** days following receipt of the Final Order and provide the resulting amended procedures to PHMSA.
- C. It is requested (not mandated) that NNGC maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Mary L. McDaniel, 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.