



U.S. Department
of Transportation
**Pipeline and Hazardous
Materials Safety
Administration**

8701 S. Gessner Rd, Suite 630
Houston, Texas 77074

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

ELECTRONIC MAIL - RETURN RECEIPT REQUESTED

April 23, 2020

Jeff Shipper
Principal and Vice President Operations
Panther Interstate Pipeline Energy, LLC
16000 Stuebner Airline Road
Suite 200
Spring, Texas 77379

CPF 4-2020-2001

Dear Mr. Shipper:

From April 29 through June 27, 2019, 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 Panther Interstate Pipeline Energy, LLC's (Panther) Operations and Maintenance procedures, Integrity Management Plan, and associated records and pipeline facilities in Spring, 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 violation are:

1. **§191.17 Transmission systems; gathering systems; liquefied natural gas facilities; and underground natural gas storage facilities: Annual report**
 - (a) **Transmission or Gathering. Each operator of a transmission or a gathering pipeline system must submit an annual report for that system on DOT Form PHMSA 7100.2.1. This report must be submitted each year, not later than March 15, for the preceding calendar year, except that for the 2010 reporting year the report must be submitted by June 15, 2011.**

Panther failed to file its calendar year 2018 annual report, DOT Form PHMSA 7100.2.1, by March 15, 2019. The report was submitted April 4, 2019, (19 days late) and did not accurately reflect the most current onshore and offshore mileage and all pipeline diameters within the system.

2. §192.469 External corrosion control: Test stations.

Each pipeline under cathodic protection required by this subpart must have sufficient test stations or other contact points for electrical measurement to determine the adequacy of cathodic protection.

Panther failed to maintain sufficient test stations or contact points on pipelines to determine the adequacy of cathodic protection (CP) as required by §192.469. Panther informed PHMSA that because the pipeline was not accessible due to removal of platforms in High Island by the producer, it was unable to monitor cathodic protection. The last annual offshore cathodic protection survey was conducted in 2009 using the test stations located on the now removed platforms. No additional test stations have been established, nor has Panther performed an evaluation to determine an appropriate location for additional monitoring locations.

3. §192.612 Underwater inspection and reburial of pipelines in the Gulf of Mexico and its inlets.

(a) Each operator shall prepare and follow a procedure to identify its pipelines in the Gulf of Mexico and its inlets in waters less than 15 feet (4.6 meters) deep as measured from mean low water that are at risk of being an exposed underwater pipeline or a hazard to navigation. The procedures must be in effect August 10, 2005.

(b) Each operator shall conduct appropriate periodic underwater inspections of its pipelines in the Gulf of Mexico and its inlets in waters less than 15 feet (4.6 meters) deep as measured from mean low water based on the identified risk.

Panther failed to identify its affected underwater pipelines to conduct periodic underwater inspections of its pipelines in the Gulf of Mexico and its inlets in waters less than 15 feet (4.6 meters) deep as measured from mean low water based on the identified risk. During the PHMSA inspection, Panther acknowledged that it had not conducted the underwater inspections as required by §192.612. Panther's written procedures Section 2.12, Underwater Inspections, requires the identification of its pipelines that would be subject to the underwater inspection.

4. §192.709 Transmission lines: Record keeping.

Each operator shall maintain the following records for transmission line for the periods specified:

(a) The date, location, and description of each repair made to pipe (including pipe-to-pipe connections) must be retained for as long as the pipe remains in service.

(b) The date, location, and description of each repair made to parts of the pipeline system other than pipe must be retained for at least 5 years. However, repairs generated by patrols, surveys, inspections, or tests required by subparts L and M of this part must be retained in accordance with paragraph (c) of this section.

(c) A record of each patrol, survey, inspection, and test required by subparts L and M of this part must be retained for at least 5 years or until the next patrol, survey, inspection, or test is completed, whichever is longer.

Panther failed to maintain records of its right-of-way patrolling as required by §192.709(c). During the PHMSA inspection, Panther indicated that the right-of-way-patrolling was conducted; however, it did maintain corresponding record. Panther's written procedure Section 2.14.1, Right-of-Way Patrolling, states that patrolling will be conducted at a maximum of 15 months but at least once each calendar year, and the record will be documented on the "Pipeline Right of Way Patrol" form.

5. §192.745 Valve maintenance: Transmission lines.

(a) Each transmission line valve that might be required during any emergency must be inspected and partially operated at intervals not exceeding 15 months, but at least once each calendar year.

Panther failed to inspect its 16" and 20" valves that may be required during an emergency at intervals not exceeding 15 months, but at least once each calendar year as required by § 192.745(a). During the PHMSA inspection, Panther provided inspection records for valve inspections conducted on the 6", 8", and 10" valves on 02/08/2019, at the Sabine yard location, however, the records did not include the 16" and 20" valves.

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.

With respect to items 2 and 3 pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Panther. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

Warning Items

With respect to items 1, 4, and 5 we have reviewed the circumstance 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 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 4-2020-2001** 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 Panther Interstate Pipeline Energy, LLC (Panther), a Compliance Order incorporating the following remedial requirements to ensure the compliance of Panther with the pipeline safety regulations:

1. In regard to Item Number 2 of the Notice pertaining to failure to have sufficient test points or other contact points for electrical measurement to determine the adequacy of the cathodic protection (CP) system, Panther must evaluate the CP system and pipeline design and determine the locations for test stations such that the adequacy of the CP system can be assessed. Following the determination, the test stations must be installed and maintained. Following the installation of necessary test stations, Panther must survey the CP system and provide the results to Director, Southwest Region, to demonstrate the adequacy of the CP system on the referenced pipelines.
2. In regard to Item Number 3 of the Notice pertaining to Panther's failure to conduct underwater inspection, Panther must identify the affected underwater pipelines and conduct underwater inspection after conducting proper risk analysis and decide the interval of underwater inspection. In addition, Panther must amend its procedure Section 2.12 underwater inspection to specify underwater inspection intervals instead of "periodic inspection."
3. Panther must complete all items within 90 days of issuance of the Final Order.
4. It is requested (not mandated) that Panther maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to 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.