



U.S. Department
of Transportation

Pipeline and Hazardous Materials
Safety Administration

12300 W. Dakota Ave., Suite 110
Lakewood, CO 80228

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

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

September 9, 2009

Mr. LeRoy Frank
Director of Operations
Norgasco, Inc.
4341 B, Suite 306
Anchorage, Alaska 99503

CPF 5-2009-0021

Dear Mr. Frank:

On April 22, 2009, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, conducted an onsite pipeline safety inspection of your Operator Qualification (OQ) program, including records and procedures, at your headquarters in Anchorage, Alaska.

As a result of the inspection, it appears that you have committed a probable violation, as noted below, of the pipeline safety regulations, Title 49, Code of Federal Regulation (CFR), Part 192. The items inspected and the probable violation are:

- 1. §192.805 Qualification program.**
Each operator shall have and follow a written qualification program. The program shall include provisions to:
 - (a) Identify covered tasks;**
 - (b) Ensure through evaluation that individuals performing covered tasks are qualified;**
 - (c) Allow individuals that are not qualified pursuant to this subpart to perform a covered task if directed and observed by an individual that is qualified;**
 - (d) Evaluate an individual if the operator has reason to believe that the individual's**

- performance of a covered task contributed to an incident as defined in Part 191;**
- (e) Evaluate an individual if the operator has reason to believe that the individual is no longer qualified to perform a covered task;**
 - (f) Communicate changes that affect covered tasks to individuals performing those covered tasks; and**
 - (g) Identify those covered tasks and the intervals at which evaluation of the individual's qualifications is needed.**

Norgasco, Inc.'s Operator qualification program was deficient in the following areas:

- (a) The covered task listed in the operator program manual was incomplete. The covered task list did not list the following: leak detection, line locate, corrosion inspection, welding inspection, and fusion of plastic pipe inspection. Some of these tasks were listed under Key Equipment and Tools, but no procedures were in the manual on performing these tasks associated with these tools and equipment.
- (b) The OQ manual did not address contract personnel performing covered tasks.
- (c) The OQ manual did not address non-qualified individuals to perform covered tasks, while being directed and observed by a qualified individual.
- (d) The OQ manual did not address how the operator's personnel would be trained to recognize and react to abnormal operating conditions.
- (e) The OQ manual did not address qualification records.
- (f) The OQ manual did not address how changes in cover tasks would be communicated to individuals performing them.
- (g) The OQ manual did not address the notification of PHMSA of significant changes to the operator's OQ plan.

The specific evidence upon which the probable violation is based is a copy of the OQ Manual.

Proposed Compliance Order

With respect to item 1, pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Norgasco, Inc. 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. 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). 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 5-2009-0021** and send all responses

to my attention at 222 W. 7th Ave. #200, PO Box 37, Anchorage, Alaska 99513. For each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

A handwritten signature in black ink, appearing to read "Dennis Hinnah". The signature is fluid and cursive, with the first name "Dennis" written in a larger, more prominent script than the last name "Hinnah".

Dennis Hinnah
Deputy Director, Western Region
Pipeline and Hazardous Materials Safety Administration

Enclosures: *Proposed Compliance Order*
Response Options for Pipeline Operators in Compliance Proceedings

cc: PHP-60 Compliance Registry
PHP-500 B. Flanders (#124853)

PROPOSED COMPLIANCE ORDER

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

In regard to Item 1 of the Notice pertaining to the operator's OQ program, Norgasco, Inc. must complete the following elements of the Operator Qualification Program:

1. Identify covered tasks and develop a covered tasklist as required by §192.805. Refer to §192.805(a) for a description of covered tasks.
2. Develop a process of evaluation as defined in §192.805, that individuals performing covered tasks are qualified. Submit to the Western Region Office your process for the evaluation of individuals performing covered tasks
3. Develop a process to allow individuals that are not qualified pursuant to this subpart to perform a covered task if directed and observed by an individual that is qualified
4. Develop a process to evaluate an individual if the operator has reason to believe that the individual's performance of a covered task contributed to an accident as defined in Part 192
5. Develop a process to evaluate an individual if the operator has reason to believe that the individual is no longer qualified to perform a covered task.
6. Develop a process to communicate changes that affect covered tasks to individuals performing those covered tasks.
7. Develop a process to identify those covered tasks and the intervals at which evaluation of the individual qualifications is needed.
8. Develop a process to ensure that contract personnel performing covered task meet §192.805 requirements.
9. Develop a process to ensure personnel are trained to recognize and react to abnormal operating conditions.
10. Norgasco, Inc. will submit their revised OQ manual that incorporates items 19 within 120 days of the receipt of the final order to the Anchorage office of the Pipeline and Hazardous Materials Safety Administration.
11. Norgasco, Inc. shall maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Dennis Hinnah, Deputy Director, Western Region, Pipeline and Hazardous Materials Safety Administration. Costs shall 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.