

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

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

February 12, 2010

Mr. Ron Templeman
General Manager
Oahu Gas Service
91-290 Hanua Street
Kapolei, HI 96707-1783

CPF 5-2010-0005

Dear Mr. Templeman:

On December 8, 2008, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected your Oahu Gas Service facilities in Kapolei, Hawaii.

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 violations are:

- 1. § 192.463 External corrosion controls: Cathodic Protection.**
 - a) Each cathodic protection system required by this subpart must provide a level of cathodic protection that complies with one or more of the applicable criteria contained in Appendix D of this part. If none of these criteria is applicable, the cathodic protection system must provide a level of cathodic protection at least equal to that provided by compliance with one or more of these criteria.**

Oahu Gas Service was not providing adequate cathodic protection (CP) for your one-inch buried steel piping at two (2) locations. Inadequate CP was revealed at the Ewa Complex and Maile Center, and records indicate it has been deficient for multiple years. The total length of inadequate protected piping for both locations is approximately 200 feet.

2. §192.491 Corrosion control records.

(a) Each operator shall maintain records or maps to show the location of cathodically protected piping, cathodic protection facilities, galvanic anodes, and neighboring structures bonded to the cathodic protection system. Records or maps showing a stated number of anodes, installed in a stated manner or spacing, need not show specific distances to each buried anode.

(b) Each record or map required by paragraph (a) of this section must be retained for as long as the pipeline remains in service.

(c) Each operator shall maintain a record of each test, survey, or inspection required by this subpart in sufficient detail to demonstrate the adequacy of corrosion control measures or that a corrosive condition does not exist. These records must be retained for at least 5 years, except that records related to §§192.465(a) and (e) and 192.475 (b) must be retained for as long as the pipeline remains in service.

Oahu Gas Service did not maintain corrosion control records for the 250-foot long, 3-inch diameter line at the Westridge Complex. No pipe-to-soil readings or other CP records to demonstrate adequate corrosion control for this line were available.

3. §192.511 Test requirements for service lines.

(b) Each segment of a service line (other than plastic) intended to be operated at a pressure of at least 1 p.s.i. (6.9 kPa) gage but not more than 40 p.s.i. (276 kPa) gage must be given a leak test at a pressure of not less than 50 p.s.i. (345 kPa) gage.

Oahu Gas Service did not adequately pressure test portions of their system prior to putting it into service. Review of the October 1984 test records for the 3-inch diameter line at the Westridge Complex indicate the pipe was pressure tested to 25 psig for 45 minutes. It should be tested to a minimum of 50 psig for 60 minutes. The original pressure test levels were inadequate.

4. §192.225 Welding procedures.

(a) Welding must be performed by a qualified welder in accordance with welding procedures qualified under section 5 of API 1104 (incorporated by reference, see §192.7) or section IX of the ASME Boiler and Pressure Vessel Code "Welding and Brazing Qualifications" (incorporated by reference, see §192.7) to produce welds meeting the requirements of this subpart. The quality of the test welds used to qualify welding procedures shall be determined by destructive testing in accordance with the applicable welding standard(s).

(b) Each welding procedure must be recorded in detail, including the results of the qualifying tests. This record must be retained and followed whenever the procedure is used.

Oahu Gas Service does not have welding procedures for its steel pipelines.

5. §192.245 Repair or removal of defects.

(a) Each weld that is unacceptable under §192.241(c) must be removed or repaired. Except for welds on an offshore pipeline being installed from a pipeline vessel, a weld must be removed if it has a crack that is more than 8 percent of the weld length.

(b) Each weld that is repaired must have the defect removed down to sound metal and the segment to be repaired must be preheated if conditions exist which would adversely affect the quality of the weld repair. After repair, the segment of the weld that was repaired must be inspected to ensure its acceptability.

(c) Repair of a crack, or of any defect in a previously repaired area must be in accordance with written weld repair procedures that have been qualified under §192.225. Repair procedures must provide that the minimum mechanical properties specified for the welding procedure used to make the original weld are met upon completion of the final weld repair.

Oahu Gas Service does not have weld repair procedures for its steel pipelines.

Proposed Compliance Order

With respect to items 1 to 5, pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Oahu Gas Service. 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 5-2010-0005** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

Chris Hoidal
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 P. Nguyen (#122343)

PROPOSED COMPLIANCE ORDER

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

1. In regard to Item Number 1 of the Notice pertinent to the buried pipe at the Ewa Complex and Maile Center, Oahu Gas Service must provide adequate cathodic protection in accordance with § 192.463(a) External corrosion controls: Cathodic Protection.
2. In regard to Item Number 2 of the Notice pertaining to the 3-inch diameter pipe at the Westridge Complex, Oahu Gas Service must maintain records of each corrosion control test, survey and inspection in accordance with §192.491 (a), (b) and (c) - Corrosion control records.
3. In regard to Item Number 3 of the Notice pertaining to the 3-inch diameter pipe at the Westridge Complex, Oahu Gas Service must pressure test the line in accordance with §192.511 (b) – Test requirements for service lines.
4. In regard to Item Number 4 of the Notice pertaining to welding procedures, Oahu Gas Service must establish written welding procedures for its steel pipelines in accordance with §192.225 (a) and (b) – Welding procedures.
5. In regard to Item Number 5 of the Notice pertaining to weld repairs, Oahu Gas Service must establish weld repair procedures for its steel pipelines §192.245 – Repair or removal of defects.
6. Within 90 days from the receipt of the Final Order, Oahu Gas Service must complete all items contained in this proposed compliance order.
7. Oahu Gas Service shall maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to Chris Hoidal, 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.