

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

February 12, 2010

Mr. David Elder
General Manager
Island Energy
440 Walnut Avenue
Mare Island, CA 94592-0001

CPF 5-2010-0008W

Dear Mr. Elder:

On December 15 - 16, 2009, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected your gas distribution system at Mare Island, California.

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. **§192.605 Procedural Manual for operations, maintenance, and emergencies.**
 - (b) ***Maintenance and normal operations.* The manual required by paragraph (a) of this section must include procedures for the following, if applicable, to provide safety during maintenance and operations.**
 - (8) **Periodically reviewing the work done by operator personnel to determine the effectiveness and adequacy of the procedures used in normal operation and maintenance and modifying the procedures when deficiencies are found.**

There were no records available at the time of the inspection to document periodic review of the work done by operator's personnel to determine the effectiveness and adequacy of procedures.

2. §192.615 Emergency plans.

(c) Each operator shall establish and maintain liaison with appropriate fire, police, and other public officials to:

- (1) Learn the responsibility and resources of each government organization that may respond to a gas pipeline emergency;**
- (2) Acquaint the officials with the operator's ability in responding to a gas pipeline emergency;**
- (3) Identify the types of gas pipeline emergencies of which the operator notifies the official; and**
- (4) Plan how the operator and officials can engage in mutual assistance to minimize hazards to life or property.**

There were no records available at the time of the inspection to document required liaison activities had been performed.

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 line, not in excess of 100 feet (30 meters), or separately protected service line, these pipelines may be surveyed on a sampling basis. At least 10 percent of these protected structures, distributed over the entire system must be surveyed each calendar year, with a different 10 percent checked each subsequent year, so that the entire system is tested in each 10-year period.

Records were unavailable at the time of the inspection to document compliance with the inspection and testing requirements for corrosion control. Only a few recorded readings could be found.

4. §192.465 External corrosion control: Monitoring.

(b) Each cathodic protection rectifier or other impressed current power source must be inspected six times each calendar year, but with intervals not exceeding 2 ½ months.

Records were unavailable at the time of the inspection to document compliance with the inspection and testing requirements for corrosion control. Only a few recorded readings could be found.

5. §192.16 Customer Notification.

(d) Each operator must make the following records available for inspection by the Administrator or a State agency participating under 49 U.S.C. 60105 or 60106:

(1) A copy of the notice currently in use; and

(2) Evidence that notices have been sent to customers within the previous 3 years.

No records pertaining to customer notification were available during the inspection.

6. §192.739 Pressure Limiting and regulating stations: Inspection and testing.

(a) Each pressure limiting stations, 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-

(1) In good mechanical condition;

(2) Adequate from the standpoint of capacity and reliability of operation for the service in which it is employed.

(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);

No documentation of required pressure regulator and monitor testing for calendar years 2006 and 2007 was available during the inspection.

7. §192.747 Valve maintenance: Distribution systems.

(a) Each valve, the use of which may be necessary for the safe operation of a distribution system, must be checked and serviced at intervals not exceeding 15 months, but at least once each calendar year.

No documentation of required valve maintenance for calendar years 2006 and 2007 was available during the inspection.

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$100,000 for each violation for each day the violation persists up to a maximum of \$1,000,000 for any related series of violations. 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 correct the items identified in this letter. Failure to do so will result in Island Energy being subject to additional enforcement action.

No reply to this letter is required. If you choose to reply, in your correspondence please refer to **CPF 5-2010-0008W**. 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).

Sincerely,

Chris Hoidal
Director, Western Region
Pipeline and Hazardous Materials Safety Administration

cc: PHP-60 Compliance Registry
PHP-500 J. Stahoviak (#123931)