ENMARK ENERGY, INC.

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January 30, 2014

Wayne T. Lemoi
Director, Office of Pipeline Safety
PHMSA Southern Region
233 Peachtree Street Ste. 600
Atlanta, GA 30303

CPF 2-2013-6012M

Dear Mr. Lemoi:

On August 12-15, and August 27, 2013, representatives of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Southern Region, Office of Pipeline Safety (OPS) inspected the Enmark Energy, Inc. (Enmark) Sandhill and Air Liquide Carbon Dioxide ($C0_2$) pipelines in Madison, Mississippi. The following are proposed amended procedures that will address the apparent inadequacies that were determined during the subject inspection:

1. **§195.452 Pipeline integrity management in high consequence areas.**
   ... (d) *When must operators complete baseline assessments?* Operators must complete baseline assessments as follows:
   ... (3) *Newly-identified areas.*
   (i) When information is available from the information analysis (see paragraph (g) of this section), or from Census Bureau maps, that the population density around a pipeline segment has changed so as to fall within the definition in §195.450 of a high population area or other populated area, the operator must incorporate the area into its baseline assessment plan as a high consequence area within one year from the date the area is identified. An operator must complete the baseline assessment of any line pipe that could affect the newly identified high consequence area within five years from the date the area is identified.

   Enmark's Integrity Management Program (IMP) procedures did not address the use of all the information that should be available from the *Information Analysis* required by the IMP regulations in § 195.452(g). This information would include, but not be limited to development or planned development along the pipeline, as well as data gathered through assessments, inspections, tests, surveillance, patrols, and other maintenance activities. This information is used to help identify new high population areas or other populated areas that could be newly-identified high consequence areas (HCAs).

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That is, while Enmark's IMP *Section* 8.2 *Integration of Inspection Data* addressed incorporating information from changes to the pipeline system itself, it did not address information concerning changes in the population density around the pipeline. Similarly, IMP *Sections 4.0 Identifying Pipeline Segments with Potential HCA Impact* and 8.3 *Procedure for Determination of Integrity Assessment Intervals* addressed the use of data from the National Pipeline Mapping System (NPMS) to determine HCAs, but did not address the use of information on population density changes identified through the *Information Analysis* required by § 195.452(g).

Enmark's Amended Procedures

Enmark's IMP *Section 8.2 - Integration of Inspection Data (page 1 of 3), Section 8.3- Procedure for Determination of Integrity Assessment Intervals (page 1 of 3), and Section 4.4 - Data Sources (page 2 of 6)* was revised based on comments and findings developed as a result of Enmark's inspection. See attached revised Enmark's IMP *Section 8.2 - Integration of Inspection Data (page 1 of 3), Section 8.3- Procedure for Determination of Integrity Assessment Intervals (page 1 of 3), and Sections 4.4 - Data Sources (page2 of 6).*

2. **§195.452 Pipeline integrity management in high consequence areas.**
... (d) *When must operators complete baseline assessments?* Operators must complete baseline assessments as follows:
... (3) *Newly-identified areas.*
(i) When information is available from the information analysis (see paragraph (g) of this section), or from Census Bureau maps, that the population density around a pipeline segment has changed so as to fall within the definition in §195.450 of a high population area or other populated area, the operator must incorporate the area into its baseline assessment plan as a high consequence area within one year from the date the area is identified. An operator must complete the baseline assessment of any line pipe that could affect the newly-identified high consequence area within five years from the date the area is identified.
(ii) An operator must incorporate a new unusually sensitive area into its baseline assessment plan within one year from the date the area is identified. An operator must complete the baseline assessment of any line pipe that could affect the newly-identified high consequence area within five years from the date the area is identified.

While Enmark's IMP *Section* 6.9 *Summary / Recommended Baseline Assessment* required newly identified HCAs to be incorporated into its IMP within one year of their discovery, it incorrectly required the baseline assessment for these newly identified HCAs to be completed within five years of their being incorporated into the IMP. The baseline assessment of a newly identified HCA must be completed within five years from the date the HCA is identified, not within five years after being incorporated into the Enmark IMP.

Enmark's Amended Procedure

Enmark's IMP *Section 6.9 - Summary / Recommended Baseline Assessment (page 20 of 22)* was revised based on comments and findings developed as a result of Enmark's inspection. See attached revised Enmark's IMP *Section 6.9 - Summary / Recommended*

Baseline Assessment (page 20 of 22).

3. §195.452 Pipeline integrity management in high consequence areas.
... (h) *What actions must an operator take to address integrity issues?*
... (2) *Discovery of condition.* Discovery of a condition occurs when an operator has adequate information about the condition to determine that the condition presents a potential threat to the integrity of the pipeline. An operator must promptly, but no later than 180 days after an integrity assessment, obtain sufficient information about a condition to make that determination, unless the operator can demonstrate that the l80-day period is impracticable.

Enmark's IMP *Section* 7. 0 *Pipeline Repair Strategy* did not fully address all the relevant information that may lead to the *"discovery of condition"* requiring remediation. *Sections 7.1 Introduction* and 7.5 *Other Conditions That Warrant Evaluation and/or Repair* discuss evaluating baseline and subsequent integrity assessment results and the repair of conditions warranting repairs; however, the procedures did not address other information Enmark should be obtaining during maintenance activities and pipeline operations to determine if a condition requiring remediation exists.

Enmark's Amended Procedure
Enmark's IMP *Section 7.0 - Pipeline Repair Strategy (page 1 of 3)* was revised based on comments and findings developed as a result of Enmark's inspection. See attached revised Enmark's IMP *Section 7.0 - Pipeline Strategy (page 1 of 3).*

4. **§195.452 Pipeline integrity management in high consequence areas.**
... (h) *What actions must an operator take to address integrity issues?*
... (4) *Special requirements for scheduling remediation.*
(i) *Immediate repair conditions.* An operator's evaluation and remediation schedule must provide for immediate repair conditions. To maintain safety, an operator must temporarily reduce operating pressure or shut down the pipeline until the operator completes the repair of these conditions. An operator must calculate the temporary reduction in operating pressure using the formula in Section 451.6.2.2 (b) of ANSIIASME B31.4 (incorporated by reference, see § 195.3). An operator must treat the following conditions as immediate repair conditions:

Enmark's IMP *Section* 7. 2 *Immediate Repair Conditions* required a temporary reduction in operating pressure of its pipelines if an *Immediate Repair Condition* was identified. The procedure stated, *" ... the pipeline operating pressure will be reduced in accordance with ASME B31.4 (or other basis for determining safe operating pressure) until the repair(s) are completed."* However, Enmark's IMP and O&M procedures did not address how a pressure reduction for corrosion anomalies would actually be determined in accordance with ASME B31.4, nor how a reduced operating pressure would be determined for other *Immediate Repair Conditions,* such as certain dents.

Additionally, Enmark's IMP did not address how Enmark would implement a temporary operating pressure reduction. Enmark did not have pressure control devices on its pipeline so pressure control for Enmark's pipelines is provided by Denbury. But, Enmark did not

have procedures for coordinating and implementing a pressure reduction on its pipeline with Denbury.

Enmark's Amended Procedure
Enmark's IMP *Section 7.2 - Immediate Repair Conditions (page 1 of 3)* was revised based on comments and findings developed as a result of Enmark's inspection. See attached revised Enmark's IMP *Section 7.2 - Immediate Repair Conditions (page 1 of 3).*

5. **§195.505 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 a qualified;

The Enmark written Operator Qualification Program (OQP) did not provide adequate procedures on how Enmark would 1) evaluate an outside entity's OQP to assure OQ covered tasks have been identified and 2) ensure that the individuals performing covered tasks that could affect Enmark's Sandhill and Air Liquide pipelines are properly OQ qualified.

Enmark's OQP *Section* 13 - *Mutual Assistance* indicated that a process was developed to ensure the consistent review of a third-party pipeline operator's or operating subsidiary's OQP in the event that the third-party might be called upon to perform an OQ covered task. However, the process was not explained in sufficient detail to understand what is required. Further, *Section* 13 specifically stated it is *"applicable to those entities that are (they/themselves) subject to the* OQ *rule because they operate regulated (Part 195/192) assets."* Individuals working for Enmark's customers, Sandhill and Air Liquide, perform covered tasks that affect the operation of Enmark's pipelines and neither company is regulated under Part 195 or Part 192.

Enmark's Amended Procedure
Enmark's OQP *Section 13 - Mutual Assistance (page 22)* was revised based on comments and findings developed as a result of Enmark's inspection. See attached revised *Section 13 - Mutual Assistance (page 22)* of Enmark's OQP.

6. **§19S.S0S Qualification program.**
Each operator shall have and follow a written qualification program. The program shall include provisions to:
... (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;

The Enmark OQP did not adequately address the process for allowing individuals that are not qualified to perform an OQ covered task under the direction and observation of a qualified individual.

Enmark's OQP *Section* 11- *Non-Qualified Individuals* indicated that it is the responsibility of the qualified person directing and observing an individual to limit the number of non-qualified individuals performing a given covered task to the span of control ratio indicated

in the covered task list; yet, the covered task list did not list any span of control ratios. Additionally, *Section* 12 - *Contractors* stated *"The contractor must provide span of control acceptable to Enmark Energy while Covered Tasks are performed"* but the OQP did not indicate or explain what is acceptable to Enmark.

Enmark's Amended Procedure

Enmark's OQP *Section 11 - Non-Qualified Individuals (page 20)* and *Section 12 - Contractors (page 21)* was revised in order to address the process for allowing individuals that are not qualified to perform an OQ covered task under the direction and observation of a qualified individual. See attached revised Enmark's *Section 11 - Non-Qualified Individuals (page 20)* and *Section 12 - Contractors (page 21)*.

If you should have any questions regarding Enmark's Amended Procedures, please contact me at your convenience. Thank you for your thorough inspection of our records and procedures. Pipeline Safety is extremely important to Enmark Energy, Inc.

Sincerely yours,

Connell Rader

Connell Rader
President
Enmark Energy, Inc.

Enclosures
cc: Michael Schwarzkopf (via e-mail)